

**AUDIT REPORT
OF
MERRICK COUNTY**

JULY 1, 2018, THROUGH JUNE 30, 2019

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the Auditor of Public Accounts.**

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Issued on April 28, 2020

MERRICK COUNTY

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MERRICK COUNTY
1510 18th Street
Central City, NE 68826

LIST OF COUNTY OFFICIALS
At June 30, 2019

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Roger Wiegert	Jan. 2021
	Clifford Yrkoski	Jan. 2023
	Jan Placke	Jan. 2023
	Edward Dexter	Jan. 2023
	Russell Kreachbaum	Jan. 2021
	Carolyn Kucera	Jan. 2021
	Tom Weller	Jan. 2023
Assessor	Jennifer Myers	Jan. 2023
Attorney	Lynelle Homolka	Jan. 2023
Clerk Election Commissioner Register of Deeds	Marcia Wichmann	Jan. 2023
Clerk of the District Court	Theresa Good	Jan. 2023
Sheriff	John Westman	Jan. 2023
Treasurer	Sharon Gilg	Jan. 2023
Veterans' Service Officer	Tom Reimers	Appointed
Weed Superintendent	Kevin Koziol	Appointed
Highway Superintendent Surveyor	Michael Meyer	Appointed
Emergency Manager	Denise Ziemba	Appointed
Planning and Zoning	Kay Lyons	Appointed



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MERRICK COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Merrick County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Merrick County, as of and for the year ended June 30, 2019, 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 audit opinions.

Summary of Opinions

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

Basis for Adverse Opinion on the Discretely Presented Component Unit

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of Merrick County, as of June 30, 2019, 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, 2019, 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 19-33, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2020, 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.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

April 15, 2020

MERRICK COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2019

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 2,299,756
Investments (Note 1.D)	1,543,142
TOTAL ASSETS	\$ 3,842,898
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 9,255
911 Emergency Services	45,780
Drug Education	1,306
Law Enforcement	5,508
Preservation of Records	17,558
Debt Service	52,404
Road Project	454,733
Building Project	227,276
Unrestricted	3,029,078
TOTAL NET POSITION	\$ 3,842,898

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, 2019

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (2,585,675)	\$ 394,691	\$ 42,983	\$ (2,148,001)
Public Safety	(1,815,272)	32,516	109,523	(1,673,233)
Public Works	(3,638,734)	10	1,965,028	(1,673,696)
Public Assistance	(31,338)	-	-	(31,338)
Culture and Recreation	(5,103)	-	-	(5,103)
Debt Payments	(301,888)	-	-	(301,888)
Total Governmental Activities	\$ (8,378,010)	\$ 427,217	\$ 2,117,534	(5,833,259)

General Receipts:

Property Taxes	4,598,979
Grants and Contributions Not Restricted to Specific Programs	994,667
Investment Income	54,756
Licenses and Permits	32,359
Miscellaneous	92,463
Total General Receipts	5,773,224
 Increase in Net Position	 (60,035)
Net Position - Beginning of year	3,902,933
Net Position - End of year	\$ 3,842,898

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, 2019

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Street Road Buyback Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 774,057	\$ 253,674	\$ 352,704	\$ 454,733	\$ 464,588	\$ 2,299,756
Investments (Note 1.D)	-	-	1,543,142	-	-	1,543,142
TOTAL ASSETS	<u>\$ 774,057</u>	<u>\$ 253,674</u>	<u>\$ 1,895,846</u>	<u>\$ 454,733</u>	<u>\$ 464,588</u>	<u>\$ 3,842,898</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	9,255	9,255
911 Emergency Services	-	-	-	-	45,780	45,780
Drug Education	-	-	-	-	1,306	1,306
Law Enforcement	-	-	-	-	5,508	5,508
Preservation of Records	-	-	-	-	17,558	17,558
Debt Service	-	-	-	-	52,404	52,404
Road Project	-	-	-	454,733	-	454,733
Building Project	-	-	-	-	227,276	227,276
Committed to:						
Law Enforcement	-	-	-	-	55,591	55,591
Road Maintenance	-	253,674	-	-	-	253,674
Aid and Assistance	-	-	-	-	7,523	7,523
County Buildings	-	-	-	-	2,293	2,293
County Equipment	-	-	-	-	40,094	40,094
Assigned to:						
Other Purposes	-	-	1,895,846	-	-	1,895,846
Unassigned	774,057	-	-	-	-	774,057
TOTAL CASH BASIS FUND BALANCES	<u>\$ 774,057</u>	<u>\$ 253,674</u>	<u>\$ 1,895,846</u>	<u>\$ 454,733</u>	<u>\$ 464,588</u>	<u>\$ 3,842,898</u>

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

MERRICK COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	General Fund	Road Fund	Inheritance Fund	Street Road Buyback Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$ 3,952,574	\$ -	\$ 431,319	\$ -	\$ 215,086	\$ 4,598,979
Licenses and Permits	32,359	-	-	-	-	32,359
Investment Income	53,578	-	-	-	1,178	54,756
Intergovernmental	496,653	2,093,507	-	389,993	132,048	3,112,201
Charges for Services	384,837	10	-	-	42,370	427,217
Miscellaneous	33,276	22,227	-	-	36,960	92,463
TOTAL RECEIPTS	<u>4,953,277</u>	<u>2,115,744</u>	<u>431,319</u>	<u>389,993</u>	<u>427,642</u>	<u>8,317,975</u>
DISBURSEMENTS						
General Government	2,541,685	-	13,404	-	30,586	2,585,675
Public Safety	1,399,311	-	-	-	415,961	1,815,272
Public Works	55,965	3,124,706	-	458,063	-	3,638,734
Public Assistance	30,638	-	-	-	700	31,338
Culture and Recreation	-	-	-	-	5,103	5,103
Debt Service:						
Principal Payments	-	-	-	-	245,000	245,000
Interest and Fiscal Charges	-	-	-	-	56,888	56,888
TOTAL DISBURSEMENTS	<u>4,027,599</u>	<u>3,124,706</u>	<u>13,404</u>	<u>458,063</u>	<u>754,238</u>	<u>8,378,010</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>925,678</u>	<u>(1,008,962)</u>	<u>417,915</u>	<u>(68,070)</u>	<u>(326,596)</u>	<u>(60,035)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	1,575,001	478,163	-	16,000	2,069,164
Transfers out	(1,041,001)	(450,000)	(550,000)	-	(28,163)	(2,069,164)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,041,001)</u>	<u>1,125,001</u>	<u>(71,837)</u>	<u>-</u>	<u>(12,163)</u>	<u>-</u>
Net Change in Fund Balances	(115,323)	116,039	346,078	(68,070)	(338,759)	(60,035)
CASH BASIS FUND BALANCES - BEGINNING						
	<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>
CASH BASIS FUND BALANCES - ENDING						
	<u>\$ 774,057</u>	<u>\$ 253,674</u>	<u>\$ 1,895,846</u>	<u>\$ 454,733</u>	<u>\$ 464,588</u>	<u>\$ 3,842,898</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, 2019

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 670,130
 LIABILITIES	
Due to other governments	
State	135,652
Schools	223,520
Educational Service Units	1,856
Technical College	12,074
Natural Resource Districts	3,103
Fire Districts	3,922
Municipalities	40,334
Agricultural Society	598
Drainage Districts	1,856
Townships	214,839
Others	32,376
TOTAL LIABILITIES	670,130
 TOTAL NET ASSETS	 \$ -

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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

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. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

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 \$20,114 toward the operation of the Region during fiscal year 2019. 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 2018).

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 \$30,546 toward the operation of the Department during fiscal year 2019. 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) (Cum. Supp. 2018). 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 Net Position presents the County’s non-fiduciary assets in two categories:

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

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

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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

establish, modify, or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for financial resources of the general government, except those required to be accounted for in another fund.

Road Fund. This fund is used to account for costs associated with the repair and maintenance of roads and bridges and is primarily funded by State tax receipts.

Inheritance Fund. This fund is used to account for the receipts generated from inheritance taxes and is used for various projects.

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 2018) and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

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

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

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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$813,820 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.

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$2,299,756 for County funds and \$670,130 for Fiduciary funds. The bank balances for all funds totaled \$2,991,468. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2019, 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 \$1,543,142 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-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.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 2018, for the 2018 taxes, which will be materially collected in May and September 2019, was set at \$.224987/\$100 of assessed valuation. The levy set in October 2017, for the 2017 taxes, which were materially collected in May and September 2018, was set at \$.236324/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

Additionally, there is currently a statutory lid limitation, which limits taxation to the prior year's level, with provisions for growth. The lid may be increased by 1% upon the approval of a three-fourths majority of the County Board.

4. Retirement System

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2018) 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.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

For the year ended June 30, 2019, 77 employees contributed \$111,995, and the County contributed \$167,262. Contributions included \$4,344 in cash contributions towards the supplemental law enforcement plan for 10 law enforcement employees. Lastly, the County paid \$960 directly to seven 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 96 counties and local governments throughout Nebraska.

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed 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, 2019, consisted of the following:

Transfers to	Transfers from				Total
	General Fund	Road Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 1,025,001	\$ -	\$ 550,000	\$ -	\$ 1,575,001
Inheritance Fund	-	450,000	-	28,163	478,163
Nonmajor Funds	16,000	-	-	-	16,000
Total	<u>\$ 1,041,001</u>	<u>\$ 450,000</u>	<u>\$ 550,000</u>	<u>\$ 28,163</u>	<u>\$ 2,069,164</u>

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

6. **Interfund Transfers** (Concluded)

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, 2019, the County made a one-time transfer of \$8,051 from the 911 Wireless Service Fund to the Inheritance Fund to reimburse eligible expenses originally paid from the Inheritance Fund in accordance with requirements of the Nebraska Public Service Commission. Additionally, a one-time transfer of \$15,128 from the Courthouse Bond Fund and one-time transfer of \$4,984 from the 4-H Building Bond Fund to the Inheritance Fund were made to repay the Inheritance Fund for prior year bond payments. Lastly, one transfer, totaling \$450,000, was made from the Road Fund to the Inheritance Fund to repay the Road Fund for previously borrowed funds.

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, 2018	\$ 92,772
Purchases	-
Payments	23,193
Balance June 30, 2019	<u>\$ 69,579</u>
Future Payments:	
Year	
2020	\$ 23,193
2021	23,193
2022	23,193
Total Future Payments	<u>69,579</u>
Carrying Value of the Related Fixed Asset	<u>\$ 115,965</u>

8. **Contingent Liabilities**

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

9. **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, 2019, was \$860,000. 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.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

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

Future Payments:			
Year	Principal	Interest	Total
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	130,000	6,015	136,015
2025-2026	240,000	4,733	244,733
Total Payments	\$ 860,000	\$ 53,923	\$ 913,923

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, 2019, was \$1,650,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:			
Year	Principal	Interest	Total
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	130,000	29,668	159,668
2025-2029	705,000	98,382	803,382
2030-2031	315,000	10,044	325,044
Total Payments	\$ 1,650,000	\$ 282,784	\$ 1,932,784

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 4,190,000	\$ 4,190,000	\$ 3,952,574	\$ (237,426)
Licenses and Permits	26,130	26,130	32,359	6,229
Interest	19,000	19,000	53,578	34,578
Intergovernmental	381,230	381,230	496,653	115,423
Charges for Services	360,455	360,455	384,837	24,382
Miscellaneous	6,600	6,600	33,276	26,676
TOTAL RECEIPTS	<u>4,983,415</u>	<u>4,983,415</u>	<u>4,953,277</u>	<u>(30,138)</u>
DISBURSEMENTS				
General Government:				
County Board	106,248	106,248	103,459	2,789
County Clerk	164,119	164,119	149,853	14,266
County Treasurer	158,243	158,243	152,255	5,988
County Assessor	148,985	148,985	124,090	24,895
Election Commissioner	21,290	22,633	22,633	-
Building and Zoning	28,680	28,680	27,394	1,286
Clerk of the District Court	99,781	99,781	91,350	8,431
County Court System	9,150	9,150	8,506	644
Building and Grounds	178,005	178,005	136,151	41,854
Reappraisal	70,000	68,657	45,578	23,079
Agricultural Extension Agent	121,385	121,385	117,869	3,516
Child Support	21,749	21,749	14,748	7,001
Miscellaneous	1,939,223	1,939,223	1,547,799	391,424
Public Safety				
County Sheriff	702,934	702,934	655,776	47,158
County Attorney	227,390	227,390	209,434	17,956
Communication Center	187,673	251,042	240,385	10,657
County Jail	450,304	386,935	282,599	104,336
Emergency Management	94,271	94,271	11,117	83,154
Public Works				
County Surveyor	61,139	61,139	55,965	5,174
Public Assistance				
Veterans' Service Officer	34,844	34,844	30,638	4,206
TOTAL DISBURSEMENTS	<u>4,825,413</u>	<u>4,825,413</u>	<u>4,027,599</u>	<u>797,814</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
	<u>158,002</u>	<u>158,002</u>	<u>925,678</u>	<u>767,676</u>

(Continued)

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

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,188,414	1,188,414	-	(1,188,414)
Transfers out	<u>(1,041,000)</u>	<u>(1,041,000)</u>	<u>(1,041,001)</u>	<u>(1)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>147,414</u>	<u>147,414</u>	<u>(1,041,001)</u>	<u>(1,188,415)</u>
Net Change in Fund Balance	305,416	305,416	(115,323)	(420,739)
FUND BALANCE - BEGINNING	<u>883,380</u>	<u>883,380</u>	<u>889,380</u>	<u>6,000</u>
FUND BALANCE - ENDING	<u><u>\$ 1,188,796</u></u>	<u><u>\$ 1,188,796</u></u>	<u><u>\$ 774,057</u></u>	<u><u>\$ (414,739)</u></u>

(Concluded)

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 2,551,811	\$ 2,551,811	\$ 2,093,507	\$ (458,304)
Charges for Services	10,000	10,000	10	(9,990)
Miscellaneous	42,000	42,000	22,227	(19,773)
TOTAL RECEIPTS	2,603,811	2,603,811	2,115,744	(488,067)
DISBURSEMENTS	3,766,446	3,766,446	3,124,706	641,740
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,162,635)	(1,162,635)	(1,008,962)	153,673
OTHER FINANCING SOURCES (USES)				
Transfers in	1,275,000	1,275,000	1,575,001	300,001
Transfers out	-	-	(450,000)	(450,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,275,000	1,275,000	1,125,001	(149,999)
Net Change in Fund Balance	112,365	112,365	116,039	3,674
FUND BALANCE - BEGINNING	137,635	137,635	137,635	-
FUND BALANCE - ENDING	\$ 250,000	\$ 250,000	\$ 253,674	\$ 3,674
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 52,000	\$ 52,000	\$ 431,319	\$ 379,319
TOTAL RECEIPTS	52,000	52,000	431,319	379,319
DISBURSEMENTS	233,861	233,861	13,404	220,457
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(181,861)	(181,861)	417,915	599,776
OTHER FINANCING SOURCES (USES)				
Transfers in	62,500	62,500	478,163	415,663
Transfers out	(1,430,042)	(1,430,042)	(550,000)	880,042
TOTAL OTHER FINANCING SOURCES (USES)	(1,367,542)	(1,367,542)	(71,837)	1,295,705
Net Change in Fund Balance	(1,549,403)	(1,549,403)	346,078	1,895,481
FUND BALANCE - BEGINNING	1,549,768	1,549,768	1,549,768	-
FUND BALANCE - ENDING	\$ 365	\$ 365	\$ 1,895,846	\$ 1,895,481

(Continued)

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>STREET ROAD BUYBACK FUND</u>				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 389,993	\$ 389,993
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>389,993</u>	<u>389,993</u>
DISBURSEMENTS	<u>522,803</u>	<u>522,803</u>	<u>458,063</u>	<u>64,740</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(522,803)</u>	<u>(522,803)</u>	<u>(68,070)</u>	<u>454,733</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(522,803)	(522,803)	(68,070)	454,733
FUND BALANCE - BEGINNING	<u>522,803</u>	<u>522,803</u>	<u>522,803</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,733</u>	<u>\$ 454,733</u>

(Concluded)

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITOR'S PROMOTION FUND				
Receipts	\$ 4,000	\$ 4,000	\$ 6,618	\$ 2,618
Disbursements	(7,740)	(7,740)	(5,103)	2,637
Net Change in Fund Balance	(3,740)	(3,740)	1,515	5,255
Fund Balance - Beginning	7,740	7,740	7,740	-
Fund Balance - Ending	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 9,255</u>	<u>\$ 5,255</u>
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 5,000	\$ 5,000	\$ 6,624	\$ 1,624
Disbursements	(14,521)	(14,521)	(3,587)	10,934
Net Change in Fund Balance	(9,521)	(9,521)	3,037	12,558
Fund Balance - Beginning	14,521	14,521	14,521	-
Fund Balance - Ending	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 17,558</u>	<u>\$ 12,558</u>
VETERAN'S RELIEF FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(8,223)	(8,223)	(700)	7,523
Net Change in Fund Balance	(8,223)	(8,223)	(700)	7,523
Fund Balance - Beginning	8,223	8,223	8,223	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,523</u>	<u>\$ 7,523</u>
JUVENILE DIVERSION FUND				
Receipts	\$ 143,319	\$ 143,319	\$ 115,610	\$ (27,709)
Disbursements	(181,629)	(181,629)	(145,914)	35,715
Transfers in	16,000	16,000	16,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(22,310)	(22,310)	(14,304)	8,006
Fund Balance - Beginning	22,310	22,310	22,310	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,006</u>	<u>\$ 8,006</u>
STOP PROGRAM FUND				
Receipts	\$ 2,000	\$ 2,000	\$ 2,400	\$ 400
Disbursements	(6,848)	(6,848)	(5,301)	1,547
Net Change in Fund Balance	(4,848)	(4,848)	(2,901)	1,947
Fund Balance - Beginning	6,848	6,848	6,848	-
Fund Balance - Ending	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 3,947</u>	<u>\$ 1,947</u>

(Continued)

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DRUG LAW ENFORCEMENT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(2,306)	(2,306)	(1,000)	1,306
Net Change in Fund Balance	(2,306)	(2,306)	(1,000)	1,306
Fund Balance - Beginning	2,306	2,306	2,306	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,306</u>	<u>\$ 1,306</u>
DARE FUND				
Receipts	\$ -	\$ -	\$ 257	\$ 257
Disbursements	(38)	(38)	-	38
Net Change in Fund Balance	(38)	(38)	257	295
Fund Balance - Beginning	38	38	38	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295</u>	<u>\$ 295</u>
CANINE FUND				
Receipts	\$ 5,000	\$ 5,000	\$ 2,200	\$ (2,800)
Disbursements	(13,205)	(13,205)	(1,785)	11,420
Net Change in Fund Balance	(8,205)	(8,205)	415	8,620
Fund Balance - Beginning	13,205	13,205	13,205	-
Fund Balance - Ending	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 13,620</u>	<u>\$ 8,620</u>
JUVENILE SERVICES GRANT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(5,508)	(5,508)	-	5,508
Net Change in Fund Balance	(5,508)	(5,508)	-	5,508
Fund Balance - Beginning	5,508	5,508	5,508	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,508</u>	<u>\$ 5,508</u>
911 WIRELESS SERVICE FUND				
Receipts	\$ 40,000	\$ 40,000	\$ 4,053	\$ (35,947)
Disbursements	(66,604)	(66,604)	(58,553)	8,051
Transfers in	-	-	-	-
Transfers out	-	-	(8,051)	(8,051)
Net Change in Fund Balance	(26,604)	(26,604)	(62,551)	(35,947)
Fund Balance - Beginning	62,551	62,551	62,551	-
Fund Balance - Ending	<u>\$ 35,947</u>	<u>\$ 35,947</u>	<u>\$ -</u>	<u>\$ (35,947)</u>

(Continued)

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
911 WIRELESS SERVICE HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(111,632)	(111,632)	(111,632)	-
Net Change in Fund Balance	(111,632)	(111,632)	(111,632)	-
Fund Balance - Beginning	111,632	111,632	111,632	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COMMISSARY FUND				
Receipts	\$ 6,000	\$ 6,000	\$ 7,549	\$ 1,549
Disbursements	(15,396)	(15,396)	(5,532)	9,864
Transfers in	-	-	-	-
Transfers out	(7,000)	(7,000)	-	7,000
Net Change in Fund Balance	(16,396)	(16,396)	2,017	18,413
Fund Balance - Beginning	22,396	22,396	22,396	-
Fund Balance - Ending	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 24,413</u>	<u>\$ 18,413</u>
COUNTY SINKING FUND				
Receipts	\$ -	\$ -	\$ 5	\$ 5
Disbursements	(40,089)	(40,089)	-	40,089
Net Change in Fund Balance	(40,089)	(40,089)	5	40,094
Fund Balance - Beginning	40,089	40,089	40,089	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,094</u>	<u>\$ 40,094</u>
4-H BUILDING BOND FUND				
Receipts	\$ 75,650	\$ 75,650	\$ 102,875	\$ 27,225
Disbursements	(167,281)	(167,281)	(162,297)	4,984
Transfers in	-	-	-	-
Transfers out	-	-	(4,984)	(4,984)
Net Change in Fund Balance	(91,631)	(91,631)	(64,406)	27,225
Fund Balance - Beginning	91,692	91,692	91,692	-
Fund Balance - Ending	<u>\$ 61</u>	<u>\$ 61</u>	<u>\$ 27,286</u>	<u>\$ 27,225</u>
COURTHOUSE BUILDING FUND				
Receipts	\$ 1,372	\$ 1,372	\$ 921	\$ (451)
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(1,372)	(1,372)	-	1,372
Net Change in Fund Balance	-	-	921	921
Fund Balance - Beginning	-	-	1,372	1,372
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,293</u>	<u>\$ 2,293</u>

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ADULT DRUG COURT FUND				
Receipts	\$ 2,500	\$ 2,500	\$ 2,198	\$ (302)
Disbursements	(5,253)	(5,253)	(141)	5,112
Net Change in Fund Balance	(2,753)	(2,753)	2,057	4,810
Fund Balance - Beginning	3,253	3,253	3,253	-
Fund Balance - Ending	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 5,310</u>	<u>\$ 4,810</u>
ECONOMIC DEVELOPMENT FUND				
Receipts	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Disbursements	(5,000)	(5,000)	-	5,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
911 EMERGENCY MANAGEMENT FUND				
Receipts	\$ 16,175	\$ 16,175	\$ 24,547	\$ 8,372
Disbursements	(109,845)	(109,845)	(86,103)	23,742
Net Change in Fund Balance	(93,670)	(93,670)	(61,556)	32,114
Fund Balance - Beginning	107,336	107,336	107,336	-
Fund Balance - Ending	<u>\$ 13,666</u>	<u>\$ 13,666</u>	<u>\$ 45,780</u>	<u>\$ 32,114</u>
4-H BUILDING FUND				
Receipts	\$ 510,000	\$ 510,000	\$ 59,303	\$ (450,697)
Disbursements	(500,000)	(500,000)	(26,999)	473,001
Transfers in	-	-	-	-
Transfers out	(62,500)	(62,500)	-	62,500
Net Change in Fund Balance	(52,500)	(52,500)	32,304	84,804
Fund Balance - Beginning	194,972	194,972	194,972	-
Fund Balance - Ending	<u>\$ 142,472</u>	<u>\$ 142,472</u>	<u>\$ 227,276</u>	<u>\$ 84,804</u>
COURTHOUSE BOND FUND				
Receipts	\$ 70,800	\$ 70,800	\$ 92,482	\$ 21,682
Disbursements	(154,719)	(154,719)	(139,591)	15,128
Transfers in	-	-	-	-
Transfers out	-	-	(15,128)	(15,128)
Net Change in Fund Balance	(83,919)	(83,919)	(62,237)	21,682
Fund Balance - Beginning	87,355	87,355	87,355	-
Fund Balance - Ending	<u>\$ 3,436</u>	<u>\$ 3,436</u>	<u>\$ 25,118</u>	<u>\$ 21,682</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, 2019

	Visitor's Promotion Fund	Preservation and Modernization Fund	Veteran's Relief Fund	Juvenile Diversion Fund	STOP Program Fund
RECEIPTS					
Property Taxes	\$ 6,618	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	-	-	115,610	-
Charges for Services	-	6,624	-	-	2,400
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>6,618</u>	<u>6,624</u>	<u>-</u>	<u>115,610</u>	<u>2,400</u>
DISBURSEMENTS					
General Government	-	3,587	-	-	-
Public Safety	-	-	-	145,914	5,301
Public Assistance	-	-	700	-	-
Culture and Recreation	5,103	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>5,103</u>	<u>3,587</u>	<u>700</u>	<u>145,914</u>	<u>5,301</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,515</u>	<u>3,037</u>	<u>(700)</u>	<u>(30,304)</u>	<u>(2,901)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	16,000	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>-</u>
Net Change in Fund Balances	1,515	3,037	(700)	(14,304)	(2,901)
FUND BALANCES - BEGINNING	<u>7,740</u>	<u>14,521</u>	<u>8,223</u>	<u>22,310</u>	<u>6,848</u>
FUND BALANCES - ENDING	<u>\$ 9,255</u>	<u>\$ 17,558</u>	<u>\$ 7,523</u>	<u>\$ 8,006</u>	<u>\$ 3,947</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	9,255	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	17,558	-	-	-
Debt Service	-	-	-	-	-
Building Project	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	8,006	3,947
Aid and Assistance	-	-	7,523	-	-
County Buildings	-	-	-	-	-
County Equipment	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 9,255</u>	<u>\$ 17,558</u>	<u>\$ 7,523</u>	<u>\$ 8,006</u>	<u>\$ 3,947</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, 2019

	Drug Law Enforcement Fund	DARE Fund	Canine Fund	Juvenile Services Grant Fund	911 Wireless Service Fund	911 Wireless Service Holding Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 4,053	\$ -
Investment Income	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	257	2,200	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>257</u>	<u>2,200</u>	<u>-</u>	<u>4,053</u>	<u>-</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	-
Public Safety	1,000	-	1,785	-	58,553	111,632
Public Assistance	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>1,000</u>	<u>-</u>	<u>1,785</u>	<u>-</u>	<u>58,553</u>	<u>111,632</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,000)</u>	<u>257</u>	<u>415</u>	<u>-</u>	<u>(54,500)</u>	<u>(111,632)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(8,051)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,051)</u>	<u>-</u>
Net Change in Fund Balances	(1,000)	257	415	-	(62,551)	(111,632)
FUND BALANCES - BEGINNING	<u>2,306</u>	<u>38</u>	<u>13,205</u>	<u>5,508</u>	<u>62,551</u>	<u>111,632</u>
FUND BALANCES - ENDING	<u>\$ 1,306</u>	<u>\$ 295</u>	<u>\$ 13,620</u>	<u>\$ 5,508</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education	1,306	-	-	-	-	-
Law Enforcement	-	-	-	5,508	-	-
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Building Project	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	295	13,620	-	-	-
Aid and Assistance	-	-	-	-	-	-
County Buildings	-	-	-	-	-	-
County Equipment	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 1,306</u>	<u>\$ 295</u>	<u>\$ 13,620</u>	<u>\$ 5,508</u>	<u>\$ -</u>	<u>\$ -</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, 2019

	Commissary Fund	County Sinking Fund	4-H Building Bond Fund	Courthouse Building Fund	Adult Drug Court Fund
RECEIPTS					
Property Taxes	\$ -	\$ 5	\$ 94,449	\$ 786	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	-	8,426	135	-
Charges for Services	7,549	-	-	-	-
Miscellaneous	-	-	-	-	2,198
TOTAL RECEIPTS	<u>7,549</u>	<u>5</u>	<u>102,875</u>	<u>921</u>	<u>2,198</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	5,532	-	-	-	141
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	120,000	-	-
Interest and Fiscal Charges	-	-	42,297	-	-
TOTAL DISBURSEMENTS	<u>5,532</u>	<u>-</u>	<u>162,297</u>	<u>-</u>	<u>141</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>2,017</u>	<u>5</u>	<u>(59,422)</u>	<u>921</u>	<u>2,057</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(4,984)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(4,984)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,017	5	(64,406)	921	2,057
FUND BALANCES - BEGINNING	<u>22,396</u>	<u>40,089</u>	<u>91,692</u>	<u>1,372</u>	<u>3,253</u>
FUND BALANCES - ENDING	<u>\$ 24,413</u>	<u>\$ 40,094</u>	<u>\$ 27,286</u>	<u>\$ 2,293</u>	<u>\$ 5,310</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	27,286	-	-
Building Project	-	-	-	-	-
Committed to:					
Law Enforcement	24,413	-	-	-	5,310
Aid and Assistance	-	-	-	-	-
County Buildings	-	-	-	2,293	-
County Equipment	-	40,094	-	-	-
TOTAL FUND BALANCES	<u>\$ 24,413</u>	<u>\$ 40,094</u>	<u>\$ 27,286</u>	<u>\$ 2,293</u>	<u>\$ 5,310</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, 2019

	Economic Development Fund	911 Emergency Management Fund	4-H Building Fund	Courthouse Bond Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ -	\$ 24,547	\$ 23	\$ 84,605	\$ 215,086
Investment Income	-	-	1,178	-	1,178
Intergovernmental	-	-	-	7,877	132,048
Charges for Services	-	-	25,797	-	42,370
Miscellaneous	-	-	32,305	-	36,960
TOTAL RECEIPTS	<u>-</u>	<u>24,547</u>	<u>59,303</u>	<u>92,482</u>	<u>427,642</u>
DISBURSEMENTS					
General Government	-	-	26,999	-	30,586
Public Safety	-	86,103	-	-	415,961
Public Assistance	-	-	-	-	700
Culture and Recreation	-	-	-	-	5,103
Debt Service:					
Principal Payments	-	-	-	125,000	245,000
Interest and Fiscal Charges	-	-	-	14,591	56,888
TOTAL DISBURSEMENTS	<u>-</u>	<u>86,103</u>	<u>26,999</u>	<u>139,591</u>	<u>754,238</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>(61,556)</u>	<u>32,304</u>	<u>(47,109)</u>	<u>(326,596)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	16,000
Transfers out	-	-	-	(15,128)	(28,163)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,128)</u>	<u>(12,163)</u>
Net Change in Fund Balances	-	(61,556)	32,304	(62,237)	(338,759)
FUND BALANCES - BEGINNING	<u>-</u>	<u>107,336</u>	<u>194,972</u>	<u>87,355</u>	<u>803,347</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 45,780</u>	<u>\$ 227,276</u>	<u>\$ 25,118</u>	<u>\$ 464,588</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	9,255
911 Emergency Services	-	45,780	-	-	45,780
Drug Education	-	-	-	-	1,306
Law Enforcement	-	-	-	-	5,508
Preservation of Records	-	-	-	-	17,558
Debt Service	-	-	-	25,118	52,404
Building Project	-	-	227,276	-	227,276
Committed to:					
Law Enforcement	-	-	-	-	55,591
Aid and Assistance	-	-	-	-	7,523
County Buildings	-	-	-	-	2,293
County Equipment	-	-	-	-	40,094
TOTAL FUND BALANCES	<u>\$ -</u>	<u>\$ 45,780</u>	<u>\$ 227,276</u>	<u>\$ 25,118</u>	<u>\$ 464,588</u>

(Concluded)

MERRICK COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2019

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer
BALANCES JULY 1, 2018	\$ 22,009	\$ 32,022	\$ 15,084	\$ 20	\$ 139,214	\$ 357
RECEIPTS						
Property Taxes	-	-	-	-	-	-
Licenses and Permits	700	-	780	-	-	-
Intergovernmental	-	-	-	8,297	88,139	-
Charges for Services	67,100	14,813	27,048	4,878	15,436	-
Miscellaneous	-	-	4,747	-	4,629	700
State Fees	73,628	25,681	-	-	758	-
Other Liabilities	-	177,217	102,512	7,405	-	-
TOTAL RECEIPTS	141,428	217,711	135,087	20,580	108,962	700
DISBURSEMENTS						
Payments to County Treasurer	72,435	14,172	32,632	13,165	158,474	-
Payments to State Treasurer	80,536	23,326	-	-	603	-
Other Liabilities	-	174,456	108,730	7,405	-	311
TOTAL DISBURSEMENTS	152,971	211,954	141,362	20,570	159,077	311
BALANCES JUNE 30, 2019	<u>\$ 10,466</u>	<u>\$ 37,779</u>	<u>\$ 8,809</u>	<u>\$ 30</u>	<u>\$ 89,099</u>	<u>\$ 746</u>
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 6,046	\$ 1,523	\$ 5,801	\$ 30	\$ 88,774	\$ 746
Petty Cash	1,100	-	-	-	-	-
Due to State Treasurer	3,320	2,570	-	-	325	-
Due to Others	-	33,686	3,008	-	-	-
BALANCES JUNE 30, 2019	<u>\$ 10,466</u>	<u>\$ 37,779</u>	<u>\$ 8,809</u>	<u>\$ 30</u>	<u>\$ 89,099</u>	<u>\$ 746</u>

(Continued)

MERRICK COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2019

	County Surveyor	County Extension	County Planning and Zoning	County Assessor	County Treasurer	Total
BALANCES JULY 1, 2018	\$ 8,678	\$ 6,925	\$ 45	\$ 47	\$ 6,000	\$ 230,401
RECEIPTS						
Property Taxes	-	-	-	-	-	-
Licenses and Permits	-	-	4,955	-	-	6,435
Intergovernmental	-	-	688	-	-	97,124
Charges for Services	10,489	26,112	-	-	-	165,876
Miscellaneous	-	-	-	71	1,248	11,395
State Fees	-	-	-	-	-	100,067
Other Liabilities	-	4,615	-	-	-	291,749
TOTAL RECEIPTS	<u>10,489</u>	<u>30,727</u>	<u>5,643</u>	<u>71</u>	<u>1,248</u>	<u>672,646</u>
DISBURSEMENTS						
Payments to County Treasurer	9,247	26,302	5,688	103	-	332,218
Payments to State Treasurer	-	-	-	-	-	104,465
Other Liabilities	-	4,605	-	-	1,248	296,755
TOTAL DISBURSEMENTS	<u>9,247</u>	<u>30,907</u>	<u>5,688</u>	<u>103</u>	<u>1,248</u>	<u>733,438</u>
BALANCES JUNE 30, 2019	<u>\$ 9,920</u>	<u>\$ 6,745</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ 6,000</u>	<u>\$ 169,609</u>
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 9,920	\$ 4,673	\$ -	\$ 15	-	\$ 117,528
Petty Cash	-	2,000	-	-	6,000	9,100
Due to State Treasurer	-	-	-	-	-	6,215
Due to Others	-	72	-	-	-	36,766
BALANCES JUNE 30, 2019	<u>\$ 9,920</u>	<u>\$ 6,745</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ 6,000</u>	<u>\$ 169,609</u>

(Concluded)

MERRICK COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2019

Item	2014	2015	2016	2017	2018
Tax Certified by Assessor					
Real Estate	\$ 19,481,316	\$ 20,505,599	\$ 22,073,568	\$ 21,915,746	\$ 22,047,462
Personal and Specials	1,502,757	1,264,484	1,038,752	972,940	927,525
Total	20,984,073	21,770,083	23,112,320	22,888,686	22,974,987
Corrections					
Additions	11,612	4,010	3,750	5,592	227
Deductions	(8,205)	(2,022)	(3,740)	(2,594)	(3,772)
Net Additions/ (Deductions)	3,407	1,988	10	2,998	(3,545)
Corrected Certified Tax	20,987,480	21,772,071	23,112,330	22,891,684	22,971,442
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2015	13,182,577	-	-	-	-
June 30, 2016	7,770,984	13,886,833	-	-	-
June 30, 2017	21,942	7,866,010	14,497,488	-	-
June 30, 2018	5,696	15,391	8,606,231	14,585,814	-
June 30, 2019	114	1,652	3,842	8,297,460	14,496,839
Total Net Collections	20,981,313	21,769,886	23,107,561	22,883,274	14,496,839
Total Uncollected Tax	\$ 6,167	\$ 2,185	\$ 4,769	\$ 8,410	\$ 8,474,603
Percentage Uncollected Tax	0.03%	0.01%	0.02%	0.04%	36.89%

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, 2019, and the related notes to the financial statements, which collectively comprise Merrick County's basic financial statements, and have issued our report thereon dated April 15, 2020. 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 April 15, 2020.

Merrick County's Response to Findings

Merrick County declined to respond to the finding described above.

Purpose of this Report

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



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

April 15, 2020



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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April 15, 2020

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, 2019, and have issued our report thereon dated April 15, 2020. 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 TREASURER

Real Property Tax Credit Distribution

During testing of real estate property tax credit distributions, we noted that the distributions were not distributed correctly due to the centrally assessed tax credit amounts not being entered into the system and the unused tax credit not being appropriately removed from the system.

Subdivision	Over/(Under) Payments
County Funds	\$ (1,310)
Central City	\$ 1,341
Chapman	\$ (185)
Palmer	\$ 504
Platte Valley Fire District	\$ (180)
Clarks Fire District	\$ 261
Chapman Fire District	\$ (395)
Palmer Fire District	\$ 241
Central Platte NRD	\$ (243)
Lower Loup NRD	\$ 106
Central Community College	\$ (559)
Central City 4 School District	\$ 5,364
Palmer 49 School District	\$ 6,520
NW High 82 School District	\$ (2,510)
Fullerton 1 School District	\$ 546
Twin River 30 School District	\$ (7,256)
High Plains 75 School District	\$ (3,982)

Subdivision	Over/(Under) Payments
Community Redevelopment Authority	\$ 2,109
Townships (11 Townships)*	\$ (161)
Municipalities (2 Villages)*	\$ (35)
Fire Districts (3 Districts)*	\$ 27
Ag Society	\$ (27)
Schools/ESU (2 Districts/1 School)*	\$ (13)
State Treasurer Excess	\$ (163)

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

Additionally, we noted that the amount certified to the Nebraska Department of Revenue on Form 403 did not agree to the amount received from the State and was based on the amounts originally certified by the County Assessor rather than the actual amounts distributed. The table above shows that the County received \$163 more from the State than originally certified, which was distributed to all subdivisions.

Neb. Rev. Stat. § 77-4212(3) (Reissue 2018) provides the following:

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)(a) 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. A similar comment was noted in the prior year's audit report.

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.

Bond Fee Coding

During our audit, we noted that \$325 of 10% bond fees received by the County Treasurer from the Clerk of the District Court were incorrectly coded to the Fines and Licenses Fund rather than recorded to the County General Fund. This resulted in these monies being incorrectly distributed to the school districts.

Per the Filing Fees and Court Costs Schedule issued by the Nebraska Judicial Branch, 10% bond fees are remitted to the County. As these fees are to reimburse the Clerk of the District Court operating costs paid by the County, these fees should be recorded to the County General Fund. Good internal controls require procedures to ensure appropriate recording of fees.

When such procedures do not exist, there is an increased risk of loss, misuse, or theft of public funds.

We recommend the County Treasurer implement procedures to ensure appropriate recording of bond fees.

COUNTY CLERK

Balancing Procedures

During our review of the County Clerk's office, we noted that a complete and accurate bank reconciliation was not completed for June 30, 2019. This lack of reconciliation resulted in the following errors:

- In January 2017, one \$53 deposit was made to the County Imprest bank account instead of the County Clerk's bank account. This issue was noted in the prior year audit but had not been corrected at the time of audit fieldwork in late March 2020.
- 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, 2019. This was also noted during the prior year audit.

A monthly asset-to-liability reconciliation was not performed, resulting in office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) exceeding office liabilities (accounts payable, trust balances, etc.) by \$1,391 at June 30, 2019. This appears to be related to the County Clerk's accounts receivable listing being inaccurate. When accounts receivable are not accurately updated for when monies are received, this results in an overstatement of assets, causing office assets to exceed office liabilities.

Neb. Rev. Stat. § 33-130 (Reissue 2016) requires all fees collected by the County Clerk to be remitted to the County Treasurer "not later than the fifteenth day of the month following the calendar month in which fees are received."

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

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

We recommend the County Clerk implement procedures to ensure adequate records are maintained at all times to support balances, and complete, accurate monthly bank reconciliations are performed. We recommend also the strengthening of procedures to ensure the accounts receivable listing is accurate going forward. Finally, we recommend the County Clerk remit to the County Treasurer all fees received, as required by statute.

Unclaimed Property

We noted that the County Clerk held six checks, totaling \$1,220, in the County Imprest bank account that were issued from January 16, 2015, to June 17, 2016. As these were outstanding for over three years, these checks qualified as unclaimed property and were required to be remitted to the State Treasurer.

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

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

Neb. Rev. Stat. § 69-1310 (Reissue 2018), 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 Clerk implement procedures to ensure that outstanding checks qualifying as unclaimed property are remitted to the State Treasurer in accordance with State statute.

CLERK OF THE DISTRICT COURT

Case Balance

During our audit, we noted that a court case received a bindover bond of \$225 on February 22, 2017. The defendant was ordered for early termination of probation on January 25, 2019, and the judge ordered release of the bond held. On March 17, 2020, over a year later, this balance was paid out only after the auditor inquired about the balance.

Good internal control requires the Clerk of the District Court to have procedures for an ongoing, detailed review of monthly financial reports, including the Monthly Case Balance Report, to ensure the proper resolution of outstanding balances on hand.

When such procedures do not exist, there is an increased risk of loss, theft, or misuse of funds.

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

COUNTY SURVEYOR/HIGHWAY DEPARTMENT

Accounts Receivable

During the audit, we noted multiple issues related to the accounts receivable in the County Highway Department and County Surveyor offices, as described below.

- Numerous delinquent accounts receivable balances over two years old remained uncollected at June 30, 2019. Those balances are detailed in the following table:

Fiscal Year	County Surveyor		County Highway Department	
	Number of Outstanding Accounts	Amount Due at 6/30/19	Number of Outstanding Accounts	Amount Due at 6/30/19
2005	4	\$ 433	0	\$ 0
2006	0	\$ 0	2	\$ 522
2007	2	\$ 135	0	\$ 0
2008	1	\$ 124	0	\$ 0
2009	2	\$ 290	0	\$ 0
2010	6	\$ 600	4	\$ 492
2011	8	\$ 1,247	1	\$ 96
2012	1	\$ 271	1	\$ 235

Fiscal Year	County Surveyor		County Highway Department	
	Number of Outstanding Accounts	Amount Due at 6/30/19	Number of Outstanding Accounts	Amount Due at 6/30/19
2013	5	\$ 574	0	\$ 0
2014	6	\$ 491	1	\$ 15
2015	5	\$ 649	3	\$ 2,529
2016	3	\$ 371	3	\$ 5,600
2017	4	\$ 369	4	\$ 1,473
	47	\$ 5,554	19	\$ 10,962

- One account on the Highway records still showed \$401 due at June 30, 2019, but that amount was actually received during fiscal year 2019. As a result, the accounts receivable records were overstated by this amount.

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 BOARD

Lack of Adequate Documentation

During the fiscal year, the County made a payment of \$6,000 to Platte PEER Group – a non-profit organization – for the management of Bader Memorial Park. However, no subsequent follow-up was completed by the County to ensure the funds were used appropriately.

A good internal control plan and sound business practices require procedures to ensure that any grant of public funds is supported by adequate documentation showing that the monies were spent appropriately.

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

We recommend the County Board implement procedures to ensure any grant of public funds is supported by adequate documentation showing the monies were spent appropriately.

COUNTY SHERIFF

Balancing Procedures

During our audit, we noted the following issues with the County Sheriff's balancing procedures at June 30, 2019:

- A monthly asset-to-liability reconciliation was not performed, resulting in a cash long of \$4,019 in the Civil Process Account and \$114 in the Corrections Account at June 30, 2019.

- Accurate monthly bank reconciliations were not performed for each of the County Sheriff's Fee bank accounts.

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.

Sound accounting practices and good internal controls require procedures 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. 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

A lack of such 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. Furthermore, we recommend the County Sheriff implement procedures to ensure all fees earned are remitted timely to the County Treasurer.

COUNTY OVERALL

Financial Discrepancies and Disbursement/Transfer Approval

During our audit, we noted multiple financial discrepancies between the disbursements recorded in the County Clerk's records and the actual disbursements by the County Treasurer, as described below:

- The County Board approved a transfer of \$250,000 from the Inheritance Fund to the Road Fund, which was recorded in the County Treasurer's records, but not the County Clerk's records.
- The County Treasurer transferred \$450,000 from the Road Fund to the Inheritance Fund; however, this transfer was neither approved by the County Board nor recorded in the County Clerk's records.
- In fiscal year 2019, the Inheritance Fund had \$13,404 in disbursements per the County Treasurer records; however, the County Clerk's records reported disbursements of \$5,353, a discrepancy of \$8,051. This was a result of the County Clerk recording a transfer of \$8,051 from the 911 Wireless Service to the Inheritance Fund as a negative disbursement in the Inheritance Fund.
- The County Treasurer disbursed \$464 from the General Fund; however, this payment was neither approved by the County Board nor recorded in the County Clerk's records.

Good internal controls and sound business practices require procedures to ensure all activity of the County is reflected properly in the County Clerk's records. Such procedures should include a timely and periodic reconciliation of disbursements between the County Clerk and County Treasurer records. Additionally, good internal control and sound accounting practice require the County Board to approve all transfers and disbursements prior to their actually occurring.

Without such procedures, there is an increased risk of not only the County Board not being fully apprised of the financial status of the County's funds but also the loss, theft, or misuse of County money. A similar comment was noted in prior year's audit report.

We recommend the County Clerk implement procedures to ensure: 1) all activity of the County is reflected properly in the County Clerk's records; 2) a timely and periodic reconciliation is performed of disbursements between the County Clerk and County Treasurer records; and 3) the County Board approves all transfers and disbursements prior to their occurrence.

Segregation of Duties

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

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

We recommend the County review this situation. As always, the County must weigh the cost of hiring additional personnel versus the benefit of a proper segregation of duties.

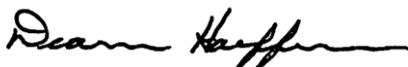
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. The County declined to respond.

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

Sincerely,



Deann Haeffner, CPA
Assistant Deputy Auditor