

**AUDIT REPORT
OF
MERRICK COUNTY**

JULY 1, 2019, THROUGH JUNE 30, 2020

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Issued on May 25, 2021

MERRICK COUNTY

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MERRICK COUNTY
1510 18th Street
Central City, NE 68826

LIST OF COUNTY OFFICIALS
At June 30, 2020

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Edward Dexter	Jan. 2023
	Russell Kreachbaum	Jan. 2021
	Carolyn Kucera	Jan. 2021
	Janet Placke	Jan. 2023
	Thomas Weller	Jan. 2023
	Roger Wiegert	Jan. 2021
	Clifford Yrkoski	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
Surveyor Highway Superintendent	Michael Meyer	Jan. 2023 Appointed
Veterans' Service Officer	Tom Reimers	Appointed
Weed Superintendent	Kevin Koziol	Appointed
Planning & Zoning	Kay Lyons	Appointed
Emergency Manager	Denise Ziemba	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, 2020, 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, 2020, 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, 2020, 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 May 17, 2021, 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.



Kris Kucera, CPA, CFE
Audit Manager
Lincoln, Nebraska

May 17, 2021

MERRICK COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2020

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 36,749
Investments (Note 1.D)	4,209,843
TOTAL ASSETS	\$ 4,246,592
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 8,492
911 Emergency Services	22,240
Drug Education	2,272
Law Enforcement	5,508
Preservation of Records	20,268
Debt Service	183,128
Drug Court	6,530
County Buildings	261,800
Road Projects	423,418
Unrestricted	3,312,936
TOTAL NET POSITION	\$ 4,246,592

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, 2020

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	\$ (2,476,805)	\$ 354,913	\$ 46,132	\$ (2,075,760)
Public Safety	(1,729,526)	31,217	125,533	(1,572,776)
Public Works	(3,261,485)	1,215	2,036,775	(1,223,495)
Public Assistance	(28,826)	-	-	(28,826)
Culture and Recreation	(6,253)	-	-	(6,253)
Debt Payments	(293,113)	-	-	(293,113)
Total Governmental Activities	\$ (7,796,008)	\$ 387,345	\$ 2,208,440	(5,200,223)

General Receipts:

Property Taxes	4,720,233
Grants and Contributions Not Restricted to Specific Programs	678,274
Investment Income	52,878
Licenses and Permits	43,633
Miscellaneous	108,899
Total General Receipts	5,603,917
 Increase in Net Position	 403,694
Net Position - Beginning of year	3,842,898
Net Position - End of year	\$ 4,246,592

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, 2020

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 36,749	\$ -	\$ -	\$ -	\$ 36,749
Investments (Note 1.D)	847,085	393,876	1,906,594	1,062,288	4,209,843
TOTAL ASSETS	\$ 883,834	\$ 393,876	\$ 1,906,594	\$ 1,062,288	\$ 4,246,592
 FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	8,492	8,492
911 Emergency Services	-	-	-	22,240	22,240
Drug Education	-	-	-	2,272	2,272
Law Enforcement	-	-	-	5,508	5,508
Preservation of Records	-	-	-	20,268	20,268
Debt Service	-	-	-	183,128	183,128
Drug Court	-	-	-	6,530	6,530
County Buildings	-	-	-	261,800	261,800
Road Projects	-	-	-	423,418	423,418
Committed to:					
Law Enforcement	-	-	-	81,013	81,013
Road Maintenance	-	393,876	-	-	393,876
Aid and Assistance	-	-	-	7,523	7,523
County Equipment	-	-	-	40,096	40,096
Assigned to:					
Other Purposes	-	-	1,906,594	-	1,906,594
Unassigned	883,834	-	-	-	883,834
TOTAL CASH BASIS FUND BALANCES	\$ 883,834	\$ 393,876	\$ 1,906,594	\$ 1,062,288	\$ 4,246,592

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, 2020

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 3,987,923	\$ -	\$ 484,968	\$ 247,342	\$ 4,720,233
Licenses and Permits	43,633	-	-	-	43,633
Investment Income	52,301	-	-	577	52,878
Intergovernmental	541,950	2,168,705	-	176,059	2,886,714
Charges for Services	344,425	1,215	-	41,705	387,345
Miscellaneous	46,579	21,894	-	40,426	108,899
TOTAL RECEIPTS	<u>5,016,811</u>	<u>2,191,814</u>	<u>484,968</u>	<u>506,109</u>	<u>8,199,702</u>
DISBURSEMENTS					
General Government	2,436,800	-	6,220	33,785	2,476,805
Public Safety	1,546,850	-	-	182,676	1,729,526
Public Works	53,558	3,176,612	-	31,315	3,261,485
Public Assistance	28,826	-	-	-	28,826
Culture and Recreation	-	-	-	6,253	6,253
Debt Service:					
Principal Payments	-	-	-	240,000	240,000
Interest and Fiscal Charges	-	-	-	53,113	53,113
TOTAL DISBURSEMENTS	<u>4,066,034</u>	<u>3,176,612</u>	<u>6,220</u>	<u>547,142</u>	<u>7,796,008</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>950,777</u>	<u>(984,798)</u>	<u>478,748</u>	<u>(41,033)</u>	<u>403,694</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	400,000	1,685,000	560,000	184,000	2,829,000
Transfers out	(1,241,000)	(560,000)	(1,028,000)	-	(2,829,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(841,000)</u>	<u>1,125,000</u>	<u>(468,000)</u>	<u>184,000</u>	<u>-</u>
Net Change in Fund Balances	109,777	140,202	10,748	142,967	403,694
CASH BASIS FUND BALANCES - BEGINNING	<u>774,057</u>	<u>253,674</u>	<u>1,895,846</u>	<u>919,321</u>	<u>3,842,898</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 883,834</u>	<u>\$ 393,876</u>	<u>\$ 1,906,594</u>	<u>\$ 1,062,288</u>	<u>\$ 4,246,592</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, 2020

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 824,227
 LIABILITIES	
Due to other governments	
State	222,436
Schools	235,672
Educational Service Units	2,482
Technical College	15,397
Natural Resource Districts	4,107
Fire Districts	3,678
Municipalities	33,467
Agricultural Society	1,147
Drainage Districts	2,766
Townships	184,299
Others	118,776
TOTAL LIABILITIES	824,227
 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, 2020

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 \$23,188 toward the operation of the Region during fiscal year 2020. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

Health Department – The County has entered into an agreement with the Central District Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2018).

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$28,521 toward the operation of the Department during fiscal year 2020. 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. 2020). 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 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.

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.

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.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

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 \$933,656 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.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$36,749 for County funds and \$824,227 for Fiduciary funds. The bank balances for all funds totaled \$1,095,972. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2020, 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 \$4,209,843 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.

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 2019, for the 2019 taxes, which will be materially collected in May and September 2020, was set at \$.245969/\$100 of assessed valuation. The levy set in October 2018, for the 2018 taxes, which were materially collected in May and September 2019, was set at \$.224987/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

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. 2020) 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, 2020, 77 employees contributed \$117,736, and the County contributed \$174,114. Contributions included \$4,578 in cash contributions towards the supplemental law enforcement plan for 12 law enforcement employees. Lastly, the County paid \$1,380 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 98 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, 2020, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Road Fund	
General Fund	\$ -	\$ 400,000	\$ -	\$ 400,000
Road Fund	1,225,000	460,000	-	1,685,000
Inheritance Fund	-	-	560,000	560,000
Nonmajor Funds	16,000	168,000	-	184,000
Total	<u>\$ 1,241,000</u>	<u>\$ 1,028,000</u>	<u>\$ 560,000</u>	<u>\$ 2,829,000</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, 2020, the County made a one-time transfer of \$560,000 from the Road Fund to the Inheritance Fund to repay an interfund loan.

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:

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. **Capital Leases Payable** (Concluded)

	Radio Equipment
Balance July 1, 2019	\$ 69,579
Purchases	-
Payments	23,193
Balance June 30, 2020	<u>\$ 46,386</u>
Future Payments:	
Year	
2021	\$ 23,193
2022	23,193
Total Future Payments	<u>\$ 46,386</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 issued to refinance the costs of constructing and equipping an addition to the Courthouse. The bond payable balance, as of June 30, 2020, was \$740,000. 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
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	130,000	3,578	133,578
2026	110,000	1,155	111,155
Total Payments	<u>\$ 740,000</u>	<u>\$ 40,708</u>	<u>\$ 780,708</u>

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. The bond payable balance, as of June 30, 2020, was \$1,530,000. 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. Subsequent to year-end, the County refunded the Series 2015 limited tax county building bonds with Series 2020 limited tax refunding bonds, totaling \$1,430,000.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

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

Future Payments:

Year	Principal	Interest	Total
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	135,000	26,685	161,685
2026-2030	725,000	79,181	804,181
2031	160,000	2,560	162,560
Total Payments	<u>\$ 1,530,000</u>	<u>\$ 242,886</u>	<u>\$ 1,772,886</u>

9. **Subsequent Event**

In September 2020, the County Board approved the issuance of Series 2020 Revenue Bonds to finance a portion of the cost of constructing a new medical center for the Merrick Medical Center not to exceed \$10,000,000. On December 1, 2020, the County issued revenue bonds in the amount of \$1,430,000, maturing on December 1, 2030. These bonds are special limited obligations of the County payable solely from and secured by loan payments to be received from the Hospital. The bonds do not constitute a debt or pledge of faith of the County and, accordingly, have not been reported in the accompanying financial statements.

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 4,290,000	\$ 4,290,000	\$ 3,987,923	\$ (302,077)
Licenses and Permits	26,620	26,620	43,633	17,013
Interest	30,000	30,000	52,301	22,301
Intergovernmental	96,630	96,630	541,950	445,320
Charges for Services	323,880	323,880	344,425	20,545
Miscellaneous	6,100	6,100	46,579	40,479
TOTAL RECEIPTS	<u>4,773,230</u>	<u>4,773,230</u>	<u>5,016,811</u>	<u>243,581</u>
DISBURSEMENTS				
General Government:				
County Board	111,385	111,385	107,660	3,725
County Clerk	175,589	175,589	158,060	17,529
County Treasurer	174,249	174,249	154,543	19,706
County Assessor	152,916	152,916	150,854	2,062
Election Commissioner	25,290	25,290	18,595	6,695
Building and Zoning	29,110	29,110	23,543	5,567
Clerk of the District Court	103,698	103,698	99,323	4,375
County Court System	9,180	9,180	9,091	89
Building and Grounds	182,372	182,372	110,177	72,195
Reappraisal	56,500	56,500	13,500	43,000
Agricultural Extension Agent	123,531	123,531	123,151	380
Miscellaneous	2,076,402	2,076,402	1,468,303	608,099
Public Safety				
County Sheriff	770,737	770,737	677,376	93,361
County Attorney	240,281	240,281	217,647	22,634
Communication Center	183,116	183,116	173,738	9,378
Child Support	22,380	22,380	16,807	5,573
County Jail	497,800	497,800	440,873	56,927
Emergency Management	32,258	32,258	20,409	11,849
Public Works				
County Surveyor	62,640	62,640	53,558	9,082
Public Assistance				
Veterans' Service Officer	35,739	35,739	28,826	6,913
TOTAL DISBURSEMENTS	<u>5,065,173</u>	<u>5,065,173</u>	<u>4,066,034</u>	<u>999,139</u>
EXCESS (DEFICIENCY) OF RECEIPTS				
OVER DISBURSEMENTS	<u>(291,943)</u>	<u>(291,943)</u>	<u>950,777</u>	<u>1,242,720</u>

(Continued)

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

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,788,030	1,788,030	400,000	(1,388,030)
Transfers out	(991,000)	(991,000)	(1,241,000)	(250,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>797,030</u>	<u>797,030</u>	<u>(841,000)</u>	<u>(1,638,030)</u>
Net Change in Fund Balance	505,087	505,087	109,777	(395,310)
FUND BALANCE - BEGINNING	<u>764,189</u>	<u>764,189</u>	<u>774,057</u>	<u>9,868</u>
FUND BALANCE - ENDING	<u><u>\$ 1,269,276</u></u>	<u><u>\$ 1,269,276</u></u>	<u><u>\$ 883,834</u></u>	<u><u>\$ (385,442)</u></u>

(Concluded)

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,890,960	\$ 1,890,960	\$ 2,168,705	\$ 277,745
Charges for Services	5,000	5,000	1,215	(3,785)
Miscellaneous	30,000	30,000	21,894	(8,106)
TOTAL RECEIPTS	<u>1,925,960</u>	<u>1,925,960</u>	<u>2,191,814</u>	<u>265,854</u>
DISBURSEMENTS	<u>4,476,283</u>	<u>4,476,283</u>	<u>3,176,612</u>	<u>1,299,671</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,550,323)</u>	<u>(2,550,323)</u>	<u>(984,798)</u>	<u>1,565,525</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,225,000	1,225,000	1,685,000	460,000
Transfers out	-	-	(560,000)	(560,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,225,000</u>	<u>1,225,000</u>	<u>1,125,000</u>	<u>(100,000)</u>
Net Change in Fund Balance	(1,325,323)	(1,325,323)	140,202	1,465,525
FUND BALANCE - BEGINNING	<u>1,575,323</u>	<u>1,575,323</u>	<u>253,674</u>	<u>(1,321,649)</u>
FUND BALANCE - ENDING	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 393,876</u>	<u>\$ 143,876</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 484,968	\$ 484,968
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>484,968</u>	<u>484,968</u>
DISBURSEMENTS	<u>20,694</u>	<u>20,694</u>	<u>6,220</u>	<u>14,474</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(20,694)</u>	<u>(20,694)</u>	<u>478,748</u>	<u>499,442</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	560,000	560,000
Transfers out	(2,231,136)	(2,231,136)	(1,028,000)	1,203,136
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,231,136)</u>	<u>(2,231,136)</u>	<u>(468,000)</u>	<u>1,763,136</u>
Net Change in Fund Balance	(2,251,830)	(2,251,830)	10,748	2,262,578
FUND BALANCE - BEGINNING	<u>2,251,830</u>	<u>2,251,830</u>	<u>1,895,846</u>	<u>(355,984)</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,906,594</u>	<u>\$ 1,906,594</u>

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

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITORS' PROMOTION FUND				
Receipts	\$ 4,000	\$ 4,000	\$ 5,490	\$ 1,490
Disbursements	(9,255)	(9,255)	(6,253)	3,002
Net Change in Fund Balance	(5,255)	(5,255)	(763)	4,492
Fund Balance - Beginning	9,255	9,255	9,255	-
Fund Balance - Ending	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 8,492</u>	<u>\$ 4,492</u>
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 5,000	\$ 5,000	\$ 6,329	\$ 1,329
Disbursements	(17,558)	(17,558)	(3,619)	13,939
Net Change in Fund Balance	(12,558)	(12,558)	2,710	15,268
Fund Balance - Beginning	17,558	17,558	17,558	-
Fund Balance - Ending	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 20,268</u>	<u>\$ 15,268</u>
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(7,523)	(7,523)	-	7,523
Net Change in Fund Balance	(7,523)	(7,523)	-	7,523
Fund Balance - Beginning	7,523	7,523	7,523	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,523</u>	<u>\$ 7,523</u>
JUVENILE DIVERSION FUND				
Receipts	\$ 149,857	\$ 149,857	\$ 141,817	\$ (8,040)
Disbursements	(173,444)	(173,444)	(132,126)	41,318
Transfers in	16,000	16,000	16,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(7,587)	(7,587)	25,691	33,278
Fund Balance - Beginning	7,587	7,587	8,006	419
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,697</u>	<u>\$ 33,697</u>
STOP PROGRAM FUND				
Receipts	\$ 2,000	\$ 2,000	\$ 1,900	\$ (100)
Disbursements	(6,962)	(6,962)	(613)	6,349
Transfers in	3,041	3,041	-	(3,041)
Transfers out	-	-	-	-
Net Change in Fund Balance	(1,921)	(1,921)	1,287	3,208
Fund Balance - Beginning	3,922	3,922	3,947	25
Fund Balance - Ending	<u>\$ 2,001</u>	<u>\$ 2,001</u>	<u>\$ 5,234</u>	<u>\$ 3,233</u>

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

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COUNTY DRUG LAW ENFORCEMENT AND EDUCATION FUND				
Receipts	\$ -	\$ -	\$ 966	\$ 966
Disbursements	(1,306)	(1,306)	-	1,306
Net Change in Fund Balance	(1,306)	(1,306)	966	2,272
Fund Balance - Beginning	1,306	1,306	1,306	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,272</u>	<u>\$ 2,272</u>
ADULT DRUG COURT FUND				
Receipts	\$ 1,800	\$ 1,800	\$ 2,056	\$ 256
Disbursements	(5,310)	(5,310)	(836)	4,474
Net Change in Fund Balance	(3,510)	(3,510)	1,220	4,730
Fund Balance - Beginning	5,310	5,310	5,310	-
Fund Balance - Ending	<u>\$ 1,800</u>	<u>\$ 1,800</u>	<u>\$ 6,530</u>	<u>\$ 4,730</u>
DARE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(295)	(295)	-	295
Net Change in Fund Balance	(295)	(295)	-	295
Fund Balance - Beginning	295	295	295	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295</u>	<u>\$ 295</u>
CANINE FUND				
Receipts	\$ 35,000	\$ 35,000	\$ 4,223	\$ (30,777)
Disbursements	(13,620)	(13,620)	(2,416)	11,204
Net Change in Fund Balance	21,380	21,380	1,807	(19,573)
Fund Balance - Beginning	13,620	13,620	13,620	-
Fund Balance - Ending	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 15,427</u>	<u>\$ (19,573)</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>

(Continued)

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

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>ECONOMIC DEVELOPMENT FUND</u>				
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>
<u>911 EMERGENCY MANAGEMENT FUND</u>				
Receipts	\$ 20,497	\$ 20,497	\$ 20,068	\$ (429)
Disbursements	(55,725)	(55,725)	(43,608)	12,117
Net Change in Fund Balance	(35,228)	(35,228)	(23,540)	11,688
Fund Balance - Beginning	44,535	44,535	45,780	1,245
Fund Balance - Ending	<u>\$ 9,307</u>	<u>\$ 9,307</u>	<u>\$ 22,240</u>	<u>\$ 12,933</u>
<u>LAW ENFORCEMENT FUND</u>				
Receipts	\$ 10,000	\$ 10,000	\$ 100	\$ (9,900)
Disbursements	(10,000)	(10,000)	-	10,000
Net Change in Fund Balance	-	-	100	100
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>
<u>COMMISSARY FUND</u>				
Receipts	\$ 1,000	\$ 1,000	\$ 4,924	\$ 3,924
Disbursements	(25,413)	(25,413)	(3,077)	22,336
Net Change in Fund Balance	(24,413)	(24,413)	1,847	26,260
Fund Balance - Beginning	24,413	24,413	24,413	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,260</u>	<u>\$ 26,260</u>
<u>COURTHOUSE BOND FUND</u>				
Receipts	\$ 121,050	\$ 121,050	\$ 104,037	\$ (17,013)
Disbursements	(138,199)	(138,199)	(133,215)	4,984
Transfers in	-	-	79,000	79,000
Transfers out	-	-	-	-
Net Change in Fund Balance	(17,149)	(17,149)	49,822	66,971
Fund Balance - Beginning	24,097	24,097	25,118	1,021
Fund Balance - Ending	<u>\$ 6,948</u>	<u>\$ 6,948</u>	<u>\$ 74,940</u>	<u>\$ 67,992</u>

(Continued)

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
4-H BUILDING BOND FUND				
Receipts	\$ 191,650	\$ 191,650	\$ 151,800	\$ (39,850)
Disbursements	(164,881)	(164,881)	(159,898)	4,983
Transfers in	190,482	190,482	89,000	(101,482)
Transfers out	-	-	-	-
Net Change in Fund Balance	217,251	217,251	80,902	(136,349)
Fund Balance - Beginning	(23,201)	(23,201)	27,286	50,487
Fund Balance - Ending	<u>\$ 194,050</u>	<u>\$ 194,050</u>	<u>\$ 108,188</u>	<u>\$ (85,862)</u>
COURTHOUSE BUILDING FUND				
Receipts	\$ -	\$ -	\$ 483	\$ 483
Disbursements	(3,080)	(3,080)	-	3,080
Net Change in Fund Balance	(3,080)	(3,080)	483	3,563
Fund Balance - Beginning	3,080	3,080	2,293	(787)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,776</u>	<u>\$ 2,776</u>
4-H BUILDING FUND				
Receipts	\$ 51,000	\$ 51,000	\$ 56,914	\$ 5,914
Disbursements	(227,119)	(227,119)	(25,166)	201,953
Net Change in Fund Balance	(176,119)	(176,119)	31,748	207,867
Fund Balance - Beginning	227,119	227,119	227,276	157
Fund Balance - Ending	<u>\$ 51,000</u>	<u>\$ 51,000</u>	<u>\$ 259,024</u>	<u>\$ 208,024</u>
COUNTY SINKING FUND				
Receipts	\$ -	\$ -	\$ 2	\$ 2
Disbursements	(40,055)	(40,055)	-	40,055
Net Change in Fund Balance	(40,055)	(40,055)	2	40,057
Fund Balance - Beginning	40,055	40,055	40,094	39
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,096</u>	<u>\$ 40,096</u>
STREET ROAD BUYBACK FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(454,733)	(454,733)	(31,315)	423,418
Net Change in Fund Balance	(454,733)	(454,733)	(31,315)	423,418
Fund Balance - Beginning	454,733	454,733	454,733	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423,418</u>	<u>\$ 423,418</u>

(Continued)

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

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
911 EMERGENCY SERVICES FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(417)	(417)	-	417
Net Change in Fund Balance	(417)	(417)	-	417
Fund Balance - Beginning	417	417	-	(417)
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

(Concluded)

MERRICK COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Visitors' Promotion Fund	Preservation and Modernization Fund	Veterans' Aid Fund	Juvenile Diversion Fund	STOP Program Fund	County Drug Law Enforcement and Education Fund
RECEIPTS						
Property Taxes	\$ 5,490	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	-	-	-
Intergovernmental	-	-	-	136,504	-	-
Charges for Services	-	6,329	-	1,580	1,900	966
Miscellaneous	-	-	-	3,733	-	-
TOTAL RECEIPTS	<u>5,490</u>	<u>6,329</u>	<u>-</u>	<u>141,817</u>	<u>1,900</u>	<u>966</u>
DISBURSEMENTS						
General Government	-	3,619	-	-	-	-
Public Safety	-	-	-	132,126	613	-
Public Works	-	-	-	-	-	-
Culture and Recreation	6,253	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>6,253</u>	<u>3,619</u>	<u>-</u>	<u>132,126</u>	<u>613</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(763)</u>	<u>2,710</u>	<u>-</u>	<u>9,691</u>	<u>1,287</u>	<u>966</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>	<u>-</u>
Net Change in Fund Balances	(763)	2,710	-	25,691	1,287	966
FUND BALANCES - BEGINNING	<u>9,255</u>	<u>17,558</u>	<u>7,523</u>	<u>8,006</u>	<u>3,947</u>	<u>1,306</u>
FUND BALANCES - ENDING	<u>\$ 8,492</u>	<u>\$ 20,268</u>	<u>\$ 7,523</u>	<u>\$ 33,697</u>	<u>\$ 5,234</u>	<u>\$ 2,272</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	8,492	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	-	-	2,272
Law Enforcement	-	-	-	-	-	-
Preservation of Records	-	20,268	-	-	-	-
Debt Service	-	-	-	-	-	-
Drug Court	-	-	-	-	-	-
County Buildings	-	-	-	-	-	-
Road Projects	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	-	-	33,697	5,234	-
Aid and Assistance	-	-	7,523	-	-	-
County Equipment	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 8,492</u>	<u>\$ 20,268</u>	<u>\$ 7,523</u>	<u>\$ 33,697</u>	<u>\$ 5,234</u>	<u>\$ 2,272</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, 2020

	Adult Drug Court Fund	DARE Fund	Canine Fund	Juvenile Services Grant Fund	Economic Development Fund	911 Emergency Management Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,068
Investment Income	-	-	-	-	-	-
Intergovernmental	-	-	-	-	5,000	-
Charges for Services	2,056	-	-	-	-	-
Miscellaneous	-	-	4,223	-	-	-
TOTAL RECEIPTS	2,056	-	4,223	-	5,000	20,068
DISBURSEMENTS						
General Government	-	-	-	-	5,000	-
Public Safety	836	-	2,416	-	-	43,608
Public Works	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	836	-	2,416	-	5,000	43,608
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	1,220	-	1,807	-	-	(23,540)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
Net Change in Fund Balances	1,220	-	1,807	-	-	(23,540)
FUND BALANCES - BEGINNING	5,310	295	13,620	5,508	-	45,780
FUND BALANCES - ENDING	\$ 6,530	\$ 295	\$ 15,427	\$ 5,508	\$ -	\$ 22,240
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	22,240
Drug Education	-	-	-	-	-	-
Law Enforcement	-	-	-	5,508	-	-
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Drug Court	6,530	-	-	-	-	-
County Buildings	-	-	-	-	-	-
Road Projects	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	295	15,427	-	-	-
Aid and Assistance	-	-	-	-	-	-
County Equipment	-	-	-	-	-	-
TOTAL FUND BALANCES	\$ 6,530	\$ 295	\$ 15,427	\$ 5,508	\$ -	\$ 22,240

(Continued)

MERRICK COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Law Enforcement Fund	Commissary Fund	Courthouse Bond Fund	4-H Building Bond Fund	Courthouse Building Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ 90,584	\$ 130,705	\$ 476
Investment Income	-	-	-	-	-
Intergovernmental	-	-	13,453	21,095	7
Charges for Services	-	4,924	-	-	-
Miscellaneous	100	-	-	-	-
TOTAL RECEIPTS	<u>100</u>	<u>4,924</u>	<u>104,037</u>	<u>151,800</u>	<u>483</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	3,077	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	120,000	120,000	-
Interest and Fiscal Charges	-	-	13,215	39,898	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>3,077</u>	<u>133,215</u>	<u>159,898</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>100</u>	<u>1,847</u>	<u>(29,178)</u>	<u>(8,098)</u>	<u>483</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	79,000	89,000	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>79,000</u>	<u>89,000</u>	<u>-</u>
Net Change in Fund Balances	100	1,847	49,822	80,902	483
FUND BALANCES - BEGINNING	<u>-</u>	<u>24,413</u>	<u>25,118</u>	<u>27,286</u>	<u>2,293</u>
FUND BALANCES - ENDING	<u>\$ 100</u>	<u>\$ 26,260</u>	<u>\$ 74,940</u>	<u>\$ 108,188</u>	<u>\$ 2,776</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	74,940	108,188	-
Drug Court	-	-	-	-	-
County Buildings	-	-	-	-	2,776
Road Projects	-	-	-	-	-
Committed to:					
Law Enforcement	100	26,260	-	-	-
Aid and Assistance	-	-	-	-	-
County Equipment	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 100</u>	<u>\$ 26,260</u>	<u>\$ 74,940</u>	<u>\$ 108,188</u>	<u>\$ 2,776</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, 2020

	4-H Building Fund	County Sinking Fund	Street Road Buyback Fund	911 Emergency Services Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ 17	\$ 2	\$ -	\$ -	\$ 247,342
Investment Income	577	-	-	-	577
Intergovernmental	-	-	-	-	176,059
Charges for Services	23,950	-	-	-	41,705
Miscellaneous	32,370	-	-	-	40,426
TOTAL RECEIPTS	56,914	2	-	-	506,109
DISBURSEMENTS					
General Government	25,166	-	-	-	33,785
Public Safety	-	-	-	-	182,676
Public Works	-	-	31,315	-	31,315
Culture and Recreation	-	-	-	-	6,253
Debt Service:					
Principal Payments	-	-	-	-	240,000
Interest and Fiscal Charges	-	-	-	-	53,113
TOTAL DISBURSEMENTS	25,166	-	31,315	-	547,142
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	31,748	2	(31,315)	-	(41,033)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	184,000
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	184,000
Net Change in Fund Balances	31,748	2	(31,315)	-	142,967
FUND BALANCES - BEGINNING	227,276	40,094	454,733	-	919,321
FUND BALANCES - ENDING	\$ 259,024	\$ 40,096	\$ 423,418	\$ -	\$ 1,062,288
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	8,492
911 Emergency Services	-	-	-	-	22,240
Drug Education	-	-	-	-	2,272
Law Enforcement	-	-	-	-	5,508
Preservation of Records	-	-	-	-	20,268
Debt Service	-	-	-	-	183,128
Drug Court	-	-	-	-	6,530
County Buildings	259,024	-	-	-	261,800
Road Projects	-	-	423,418	-	423,418
Committed to:					
Law Enforcement	-	-	-	-	81,013
Aid and Assistance	-	-	-	-	7,523
County Equipment	-	40,096	-	-	40,096
TOTAL FUND BALANCES	\$ 259,024	\$ 40,096	\$ 423,418	\$ -	\$ 1,062,288

(Concluded)

MERRICK COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2020

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer
BALANCES JULY 1, 2019	\$ 10,466	\$ 37,779	\$ 8,809	\$ 30	\$ 89,099	\$ 746
RECEIPTS						
Licenses and Permits	775	-	965	-	-	-
Intergovernmental	-	-	-	3,505	224,829	-
Charges for Services	65,682	14,593	24,156	3,560	14,945	-
Miscellaneous	-	-	68	-	661	-
State Fees	71,819	21,243	-	-	415	-
Other Liabilities	98	170,210	162,525	11,211	-	-
TOTAL RECEIPTS	138,374	206,046	187,714	18,276	240,850	-
DISBURSEMENTS						
Payments to County Treasurer	66,685	14,742	24,176	7,085	148,870	-
Payments to State Treasurer	68,670	22,644	-	-	530	-
Other Liabilities	98	131,023	159,505	11,211	-	-
TOTAL DISBURSEMENTS	135,453	168,409	183,681	18,296	149,400	-
BALANCES JUNE 30, 2020	<u>\$ 13,387</u>	<u>\$ 75,416</u>	<u>\$ 12,842</u>	<u>\$ 10</u>	<u>\$ 180,549</u>	<u>\$ 746</u>
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 6,719	\$ 1,374	\$ 6,730	\$ 10	\$ 180,339	\$ 746
Petty Cash	200	-	-	-	-	-
Due to State Treasurer	6,468	1,169	-	-	210	-
Due to Others	-	72,873	6,112	-	-	-
BALANCES JUNE 30, 2020	<u>\$ 13,387</u>	<u>\$ 75,416</u>	<u>\$ 12,842</u>	<u>\$ 10</u>	<u>\$ 180,549</u>	<u>\$ 746</u>

(Continued)

MERRICK COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2020

	<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, 2019	\$ 9,920	\$ 6,745	\$ -	\$ 15	\$ 6,000	\$ 169,609
RECEIPTS						
Licenses and Permits	-	-	5,450	-	-	7,190
Intergovernmental	-	-	4,101	-	-	232,435
Charges for Services	5,878	22,983	-	-	-	151,797
Miscellaneous	-	1,170	-	57	569	2,525
State Fees	-	-	-	-	-	93,477
Other Liabilities	-	8,704	-	-	-	352,748
TOTAL RECEIPTS	<u>5,878</u>	<u>32,857</u>	<u>9,551</u>	<u>57</u>	<u>569</u>	<u>840,172</u>
DISBURSEMENTS						
Payments to County Treasurer	5,359	25,070	9,551	59	-	301,597
Payments to State Treasurer	-	-	-	-	-	91,844
Other Liabilities	-	8,466	-	-	569	310,872
TOTAL DISBURSEMENTS	<u>5,359</u>	<u>33,536</u>	<u>9,551</u>	<u>59</u>	<u>569</u>	<u>704,313</u>
BALANCES JUNE 30, 2020	<u>\$ 10,439</u>	<u>\$ 6,066</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 6,000</u>	<u>\$ 305,468</u>
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 10,439	\$ 2,471	\$ -	\$ 13	\$ -	\$ 208,841
Petty Cash	-	2,000	-	-	6,000	8,200
Due to State Treasurer	-	-	-	-	-	7,847
Due to Others	-	1,595	-	-	-	80,580
BALANCES JUNE 30, 2020	<u>\$ 10,439</u>	<u>\$ 6,066</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 6,000</u>	<u>\$ 305,468</u>

(Concluded)

MERRICK COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
 June 30, 2020

Item	2015	2016	2017	2018	2019
Tax Certified by Assessor					
Real Estate	\$ 20,505,599	\$ 22,073,568	\$ 21,915,746	\$ 22,047,462	\$ 21,274,186
Personal and Specials	1,264,484	1,038,752	972,940	927,525	887,522
Total	21,770,083	23,112,320	22,888,686	22,974,987	22,161,708
Corrections					
Additions	4,010	3,815	9,200	5,277	1,857
Deductions	(2,022)	(3,805)	(2,698)	(62,474)	(6,781)
Net Additions/ (Deductions)	1,988	10	6,502	(57,197)	(4,924)
Corrected Certified Tax	21,772,071	23,112,330	22,895,188	22,917,790	22,156,784
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2016	13,886,833	-	-	-	-
June 30, 2017	7,866,010	14,497,488	-	-	-
June 30, 2018	15,391	8,606,231	14,585,814	-	-
June 30, 2019	1,652	3,842	8,297,460	14,496,839	-
June 30, 2020	1,164	3,012	7,954	8,417,253	13,599,954
Total Net Collections	21,771,050	23,110,573	22,891,228	22,914,092	13,599,954
Total Uncollected Tax	\$ 1,021	\$ 1,757	\$ 3,960	\$ 3,698	\$ 8,556,830
Percentage Uncollected Tax	0.00%	0.01%	0.02%	0.02%	38.62%

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, 2020, and the related notes to the financial statements, which collectively comprise Merrick County's basic financial statements, and have issued our report thereon dated May 17, 2021. 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in the County's internal control to be a significant deficiency:

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

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 May 17, 2021.

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.



Kris Kucera, CPA, CFE
Audit Manager
Lincoln, Nebraska

May 17, 2021



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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May 17, 2021

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, 2020, and have issued our report thereon dated May 17, 2021. 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 BOARD

Claims Issues

Duplicate Payment

We noted that three claims, totaling \$958, were duplicate payments, which the County did not discover through its internal review process. The following table details those duplicate payments:

Payee	Amount	Original Claim		Duplicate Claim	
		Claim #	Date	Claim #	Date
GALLS	\$ 415	19080051	8/13/2019	19090035	9/10/2019
US Foods	\$ 354	19110117	11/12/2019	19120100	12/10/2019
Bob Barker Company	\$ 189	20050009	5/13/2020	20060007	6/9/2020

Credits for the duplicate payments have been applied by the Vendor.

Lack of Adequate Documentation

During the fiscal year, the County made a payment of \$5,000 to the Merrick County Historical Society, a non-profit organization. No subsequent follow-up was completed by the County to ensure the funds were used appropriately. A similar issue was noted in the prior audit.

Good internal controls and sound business practices require procedures to ensure: 1) invoices are paid only once, and any duplicate payments are resolved in a timely manner; and 2) 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 for the loss and/or misuse of County funds.

We recommend the County Board implement procedures to ensure: 1) invoices are paid only once, and any duplicate payments are resolved in a timely manner; and 2) any grant of public funds is supported by adequate documentation showing the monies were spent appropriately.

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, 2020. The lack of reconciliation resulted in the following errors:

- One deposit, totaling \$53, was deposited into the County Board bank account instead of the County Clerk's bank account in January 2017. This issue has been noted for several years; however, it had not been corrected at the time of audit fieldwork in March 2021.
- Fees collected from the sale of plat books in August 2015, totaling \$20, have never been remitted to the County Treasurer, and they were still held at June 30. This was also noted in the prior year audit.
- The petty cash fund held in the bank account of \$1,000 was reduced to \$100 during the fiscal year; however, only \$808 was remitted to the County Treasurer, resulting in an overage held in the account of \$92.

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 \$127 at June 30, 2020. This appears to be related to the County Clerk's accounts receivable listing being inaccurate. During the fiscal year, the County Clerk switched accounting systems, and during this process, the accounts receivable balance was reduced from \$1,474 at June 30, 2019, to \$20 as of June 30, 2020. The office was not able to provide support for the collection and/or write-off of the balance.

Neb. Rev. Stat. § 33-130 (Reissue 2016) requires all fees collected by the County Clerk to be remitted to the County Treasurer "no 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 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 the County Clerk remit to the County Treasurer all fees received, as required by statute.

Unclaimed Property

We noted that the County Clerk held 16 checks, totaling \$2,693, in the County Imprest bank account that were issued from January 16, 2015, to May 31, 2017. 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.

Insufficient Pledged Collateral

During our audit, we noted that the County Treasurer did not maintain securities for fully covering deposits held in the County Clerk's accounts at Pinnacle Bank. The accounts maintained at Pinnacle Bank were uncollateralized for 18 days during the fiscal year, with uncollateralized amounts ranging from \$8,267 to \$336,356. While each official is ultimately responsible for the coverage of his or her bank accounts, the County Clerk did not have separate securities, and instead relied on securities provided by the County Treasurer.

Neb. Rev. Stat. § 77-2395(1) (Cum. Supp. 2020) states, in relevant part, the following:

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

Furthermore, sound accounting practices and a good internal control plan require procedures to ensure that public funds deposited in banks are fully protected by FDIC coverage or otherwise properly collateralized, and such security is properly documented.

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

We recommend the County Treasurer and County Clerk implement procedures for closely monitoring all County bank accounts to ensure they are properly secured by either sufficient FDIC coverage or adequate collateral.

COUNTY SHERIFF

Accounting Procedures

During our audit, we noted the following issues with the County Sheriff's accounting procedures at June 30, 2020. We noted a monthly asset-to-liability reconciliation was not performed, resulting in cash longs of \$448 in the Corrections Account and \$4,065 in the Civil Process Account, as detailed in the table below:

Account	Corrections	Civil Process
<i>Assets</i>		
Book Balance	\$ 1,875	\$ 8,834
Cash on Hand	1,393	493
Accounts Receivable*	47	65
Total Assets	\$ 3,315	\$ 9,392
<i>Liabilities</i>		
Due to County: June Collections	\$ 539	\$ 855
Due to County: Excess Balance*	70	618
Due to Others: Known*	2,258	381
Due to Others: Unknown*	-	3,473
Total Liabilities	\$ 2,867	\$ 5,327
Long	\$ 448	\$ 4,065

*More information is available on these items below.

Corrections Account

Accounts Receivable

Postage of \$22 was paid out of the Corrections Account; however, the County Sheriff does not have an approved petty cash fund, and inmate funds cannot be used for this purpose.

Excess Balance

Inmate commissary purchases, totaling \$70, collected in the Corrections account from September 2019 to March 2020 were not paid to the County Treasurer and were still held at the end of the year. This error was the result of purchases being coded to a category that was not included in the monthly summaries.

Due to Others: Known

Inmate balances held, totaling \$1,058, were not monitored appropriately. The report provided from the accounting system indicated that the balances held as of June 30, 2020, totaled \$935. In addition, we noted that one inmate balance held, totaling \$25, was paid out twice by the office. No refund was noted during the fiscal year.

We also noted that adequate records were not maintained, as follows:

- No receipts were maintained for bank deposits totaling \$252. We were unable to determine which inmate account(s) these variances affected.
- Trust activity, totaling \$8,399, was deposited and paid out of the bank account; however, no corresponding receipt or disbursement into the records was noted.
- The records reflected two disbursements totaling \$9; however, no corresponding check was noted. For one of those disbursements in the amount of \$8, the office explained that the funds were returned in cash; however, no support was on file to verify this information.

Civil Process Account

Excess Balance

Civil fees and mileage earned, totaling \$412, throughout the fiscal year was not paid to the County Treasurer. Additionally, execution commission, totaling \$206, was received in August 2019 and included on the monthly report to the County Board as an amount owed; however, this balance was not paid to the County Treasurer and was still held at the end of the year.

Due to Others: Known

We noted that \$52 collected in August 2019 from an execution had not been paid to the County District Court and was still held at the end of the year.

Due to Others: Unknown

Adequate records were not maintained, as an accurate listing of accounts payable was not readily available. The accounts payable listing provided as of June 30, 2020, detailed an amount due to others as \$328; however, records maintained in the office show this balance was actually \$3,801, resulting in unknown payables of \$3,473.

Cash Transactions

We also noted that adequate records were not maintained for cash transactions, as follows:

- Nine VIN Inspection receipts were recorded for \$10 each, totaling \$90; however, no corresponding payment to the County Treasurer was noted.
- One VIN Inspection receipt stated that the inspection was not completed, and the \$10 receipt was refunded; however, the receipt was still noted on the monthly fee report as an amount collected and paid to the County Treasurer.
- One VIN Inspection receipt for \$10 was paid to the County Treasurer; however, no corresponding receipt was noted.
- Two Gun Permit receipts for \$5 each, totaling \$10, were paid to the County Treasurer; however, no corresponding receipts were noted.
- Two bond payments for \$1,000 each, totaling \$2,000, were paid out to the County Court; however, no corresponding receipts were noted.

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.

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

It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provision for payment of county money is otherwise made by law.

Neb. Rev. Stat. § 23-3106 (Reissue 2012) states the following, in relevant part:

The purchasing agent, under the supervision of the county board, or the county board, if there is no purchasing agent, shall purchase all personal property and services required by any office, officer, department, or agency of the county government in the county, subject to the County Purchasing Act.

Sound accounting practices and good internal controls require procedures to ensure: 1) adequate reconciliation and balancing methods are utilized; 2) all variances identified are resolved, and proper documentation is maintained to support correct balances; 3) all fees earned by the office are remitted timely to the County Treasurer; and 4) purchases of goods and services are made through the claims process.

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

A similar issue 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, property documentation is maintained to support balances, and all funds are remitted to the County Treasurer in a timely manner. We further recommend the County Sheriff implement procedures to ensure all purchases and expenditures are made through the claims process for inclusion in the budget.

COUNTY SURVEYOR/ HIGHWAY DEPARTMENT

Accounts Receivable

During the audit, we noted that the County Highway Department and County Surveyor offices had numerous delinquent accounts receivable balances over two years old that remained uncollected at June 30, 2020.

Those balances are detailed in the following table:

Fiscal Year	County Surveyor		County Highway Department	
	Number of Outstanding Accounts	Amount Due at 6/30/2020	Number of Outstanding Accounts	Amount Due at 6/30/2020
2005	4	\$ 433	0	\$ -
2006	0	-	2	522
2007	2	135	0	-
2008	1	124	0	-
2009	2	290	0	-
2010	6	600	4	492
2011	8	1,247	1	96
2012	1	271	1	235
2013	5	574	0	-
2014	6	491	1	15
2015	5	649	3	2,529
2016	3	371	3	5,600
2017	4	369	4	1,473
2018	7	1,253	11	15,819
	54	\$ 6,807	30	\$ 26,781

Sound accounting practices and good internal controls require procedures to ensure that a periodic review of overdue accounts receivable is completed, at least annually, 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 such procedures, there is an increased risk of delinquent accounts not being 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 the completion of a periodic review with the County Board, at least annually, to determine whether accounts receivable should be pursued or approved to be written off.

COUNTY OVERALL

Items Not Included on Inventory Listings

During our audit, we noted that 12 items purchased by the County, totaling \$3,811, were not included on the inventory listing provided to the County Board.

The items missing from the inventory listing are detailed in the table below:

Claim #	Claim Date	Office	Description	Quantity	Price Per Item	Total
19120187	12/10/2019	Supervisor	Defibrillator	3	\$ 985	\$ 2,955
19120187	12/10/2019	Supervisor	Wall Cabinet for Defibrillator	3	\$ 92	\$ 276
19090019	9/10/2019	Jail	Laptop Docking Station	1	\$ 160	\$ 160
20010134	1/14/2020	Sheriff	10TB External Hard Drive	1	\$ 180	\$ 180
20010134	1/14/2020	Sheriff	2TB External Hard Drive	4	\$ 60	\$ 240
Total						\$ 3,811

Neb. Rev. Stat. § 23-347 (Reissue 2012) states the following:

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

The County Inventory Policy, approved June 28, 2010, states that all assets purchased “over \$50 needs to be put on the inventories.”

When assets are not added to the inventory lists in accordance with State statute and County policy, there is an increased risk for the misappropriation of assets.

We recommend the County implement procedures to ensure that all items purchased are added to the inventory listings in accordance with State statute and County policy.

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 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.

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.

* * * * *

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.

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

Sincerely,

A handwritten signature in blue ink that reads "Kris Kucera". The signature is written in a cursive, flowing style.

Kris Kucera, CPA, CFE
Audit Manager