

**AUDIT REPORT
OF
MERRICK COUNTY**

JULY 1, 2007 THROUGH JUNE 30, 2008

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the Auditor of Public Accounts.**

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Issued on April 6, 2009

MERRICK COUNTY

TABLE OF CONTENTS

	<u>Page</u>
List of County Officials	1
Financial Section	
Independent Auditors' Report	2 - 3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets – Cash Basis	4
Statement of Activities – Cash Basis	5
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds	6
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds	7
Statement of Fiduciary Assets and Liabilities – Cash Basis – Fiduciary Funds	8
Notes to Financial Statements	9 - 17
Required Supplementary Information:	
Budgetary Comparison Schedule – Budget and Actual – General Fund	18 - 19
Budgetary Comparison Schedule – Budget and Actual – Major Funds	20 - 21
Notes to Required Supplementary Information	22
Combining Statements and Schedules:	
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Nonmajor Governmental Funds	23 - 24
Budgetary Comparison Schedule – Budget and Actual – Nonmajor Funds	25 - 32
Schedule of Office Activities	33
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	34
Government Auditing Standards Section	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	35 - 36

MERRICK COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2008

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Norman Euse	Board of Supervisors	Jan. 2011
D. L. Hahn		Jan. 2011
Robert Husmann		Jan. 2014
John Jefferson		Jan. 2014
Dan Schneiderheinze		Jan. 2011
Herman Schuett		Jan. 2014
Rex Weller		Jan. 2011
Jan Placke	Assessor	Jan. 2011
Steve Curry	Attorney	Jan. 2011
Marcia Wichmann	Clerk Election Commissioner Register of Deeds	Jan. 2011
Theresa Good	Clerk of the District Court	Jan. 2011
Anthony McPhillips	Sheriff	Jan. 2011
Karen Dunham	Treasurer	Jan. 2011
Gary Berry	Veterans' Service Officer	Appointed
Jerry Willhoft	Weed Superintendent	Appointed
Michael Meyer	Highway Superintendent Surveyor	Appointed
Jennifer Myers	Planning / Zoning Superintendent	Appointed



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MERRICK COUNTY

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Merrick County, Nebraska

We have audited the accompanying 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, 2008, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The financial statements referred to above include only the primary government of Merrick County, which consists of all funds, departments, and offices that comprise the County's legal entity. The financial statements do not include financial data for the County's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the County's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Merrick County as of June 30, 2008, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Merrick County, as of June 30, 2008, and the respective changes in cash balances thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2009, 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 should be considered in assessing the results of our audit.

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The County has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, nonmajor 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. Such statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.

Signed Original on File

April 2, 2009

Deann Haeffner, CPA
Assistant Deputy Auditor

MERRICK COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
 June 30, 2008

		<u>Governmental Activities</u>
ASSETS		
Cash and Cash Equivalents (Note 1.D)	\$	1,353,348
Investments (Note 1.D)		1,123,268
TOTAL ASSETS	\$	<u>2,476,616</u>
 NET ASSETS		
Restricted for:		
911 Emergency Services	\$	17,139
Other Purposes		19,390
Debt Service		167,881
Unrestricted		<u>2,272,206</u>
TOTAL NET ASSETS	\$	<u>2,476,616</u>

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, 2008

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (1,583,619)	\$ 224,072	\$ 51,216	\$ (1,308,331)
Public Safety	(632,473)	8,427	28,134	(595,912)
Public Works	(1,921,253)	516	1,042,247	(878,490)
Health and Sanitation	(160,008)	-	-	(160,008)
Public Assistance	(40,019)	-	934	(39,085)
Culture and Recreation	(30,652)	-	-	(30,652)
Debt Payments	(39,452)	-	-	(39,452)
Capital Outlay	(834,048)	-	-	(834,048)
Total Governmental Activities	\$ (5,241,524)	\$ 233,015	\$ 1,122,531	(3,885,978)

General Receipts:	
Property Taxes	2,714,507
Grants and Contributions Not Restricted to Specific Programs	370,155
Investment Income	138,456
Miscellaneous	123,976
Total General Receipts	3,347,094
Change in Net Assets	(538,884)
Net Assets - Beginning	3,015,500
Net Assets - Ending	\$ 2,476,616

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, 2008

	General Fund	Road Fund	Inheritance Fund	Courthouse Building Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents (Note 1.D)	\$ 221,644	\$ 306,445	\$ 79,345	\$ 242,360	\$ 503,554	\$ 1,353,348
Investments (Note 1.D)	220,000	-	903,268	-	-	1,123,268
TOTAL ASSETS	<u>\$ 441,644</u>	<u>\$ 306,445</u>	<u>\$ 982,613</u>	<u>\$ 242,360</u>	<u>\$ 503,554</u>	<u>\$ 2,476,616</u>
FUND BALANCES						
Unreserved, reported in:						
General fund	\$ 441,644	\$ -	\$ -	\$ -	\$ -	\$ 441,644
Special revenue funds	-	306,445	982,613	-	335,673	1,624,731
Debt service funds	-	-	-	-	167,881	167,881
Capital project funds	-	-	-	242,360	-	242,360
TOTAL CASH BASIS FUND BALANCES	<u>\$ 441,644</u>	<u>\$ 306,445</u>	<u>\$ 982,613</u>	<u>\$ 242,360</u>	<u>\$ 503,554</u>	<u>\$ 2,476,616</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, 2008

	General Fund	Road Fund	Inheritance Fund	Courthouse Building Project Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$ 2,170,291	\$ -	\$ 252,633	\$ -	\$ 291,583	\$ 2,714,507
Licenses and Permits	33,653	-	-	-	-	33,653
Interest	118,369	-	-	-	20,087	138,456
Intergovernmental	285,133	1,176,892	-	-	30,661	1,492,686
Charges for Services	232,499	516	-	-	-	233,015
Miscellaneous	23,711	64,692	-	690	1,230	90,323
TOTAL RECEIPTS	<u>2,863,656</u>	<u>1,242,100</u>	<u>252,633</u>	<u>690</u>	<u>343,561</u>	<u>4,702,640</u>
DISBURSEMENTS						
General Government	1,418,778	-	151,934	-	12,907	1,583,619
Public Safety	555,788	-	-	-	76,685	632,473
Public Works	40,017	1,881,236	-	-	-	1,921,253
Health and Sanitation	160,008	-	-	-	-	160,008
Public Assistance	26,578	-	-	-	13,441	40,019
Culture and Recreation	25,700	-	-	-	4,952	30,652
Debt Service:						
Interest and Fiscal Charges	-	-	-	-	39,452	39,452
Capital Outlay	-	-	-	834,048	-	834,048
TOTAL DISBURSEMENTS	<u>2,226,869</u>	<u>1,881,236</u>	<u>151,934</u>	<u>834,048</u>	<u>147,437</u>	<u>5,241,524</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>636,787</u>	<u>(639,136)</u>	<u>100,699</u>	<u>(833,358)</u>	<u>196,124</u>	<u>(538,884)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	694,566	90,000	-	1,000	785,566
Transfers out	(604,566)	(90,000)	(90,000)	-	(1,000)	(785,566)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(604,566)</u>	<u>604,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	32,221	(34,570)	100,699	(833,358)	196,124	(538,884)
CASH BASIS FUND BALANCES - BEGINNING	<u>409,423</u>	<u>341,015</u>	<u>881,914</u>	<u>1,075,718</u>	<u>307,430</u>	<u>3,015,500</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 441,644</u>	<u>\$ 306,445</u>	<u>\$ 982,613</u>	<u>\$ 242,360</u>	<u>\$ 503,554</u>	<u>\$ 2,476,616</u>

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

MERRICK COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS
FIDUCIARY FUNDS
June 30, 2008

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 506,876
 LIABILITIES	
Due to other governments	
State	113,369
Schools	211,087
Educational Service Units	1,202
Technical College	6,426
Natural Resource Districts	5,076
Fire Districts	4,797
Municipalities	23,488
Agricultural Society	460
Community Redevelopment Authority	929
Townships	120,667
Drainage Districts	1,596
Hospital	-
Others	17,779
TOTAL LIABILITIES	506,876
 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, 2008

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 elected 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, and other organizations which are fiscally dependent on the County, or the significance of their relationship with the County is such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

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

Joint Organization.

Behavioral Health Region III - The County has entered into an agreement with surrounding counties and the Nebraska Health and Human Services System 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. The 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, Merrick, Webster, and Nuckolls.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of federal, state, local, and private funding. The County contributed \$25,326 toward the operation of the Region during fiscal year 2008. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Health and Human Services System 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 Central District Health Department to provide public health services. Agreements were established under authority of the Interlocal Cooperation Act for services to be provided per State Statutes 71-1626 to 71-1636.

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 \$33,000 toward the operation of the Department during fiscal year 2008. 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 required to be audited annually in accordance with State Statute 84-304. Financial information for the Department is available in that report.

B. Basis of Presentation

Government-wide Financial Statements. The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County, and are in the format of government-wide statements as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities and the Hospital. Internal activities in these statements have not been eliminated. Governmental GAAP would require internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The County is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods,

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 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.

Inheritance Fund. This fund is used to account for the revenues generated from estate taxes.

Courthouse Building Project Fund. This fund is used to account for costs associated with the courthouse remodeling project.

The County reports the following additional fund types:

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

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

Capital Project Funds. These funds account for all resources received and used for the acquisition or development of major capital improvements.

Debt Service Funds. These funds account for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 Assets - Cash Basis and the Statement of Activities - Cash Basis. Revenues are recognized when received and expenditures 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 revenues are recorded when earned and expenses 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 require 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, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

D. Assets and Net Assets

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 2003), 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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 an expenditure 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 Assets. 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 assets are reported as restricted when constraints placed on their use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$204,410 of restricted net assets, which is restricted by enabling legislation.

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 2003).

At year end, the County's carrying amount of deposits was \$1,353,348 for County funds and \$506,876 for Fiduciary funds. The bank balances for all funds totaled \$1,862,821. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits as of June 30, 2008, 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 are stated at cost, which approximates market. Investments consisted of \$220,000 in local Tax Increment Financing Bonds and of \$903,268 deposited in the Nebraska Public Agency Investment Trust (NPAIT).

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. Deposits and Investments (Concluded)

NPAIT is a public entity investment pool operated under the direction of a seven member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income which 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 participant's 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. The Tax Increment Financing Bonds were held by the County or its agent in the name of the County.

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 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. They may levy taxes in addition to the 50 cent limitation upon a vote of the people.

The levy set in October 2007, for the 2007 taxes which will be materially collected in May and September, 2008, was set at \$.335633/\$100 of assessed valuation. The levy set in October 2006, for the 2006 taxes which were materially collected in May and September, 2007, was set at \$.325797/\$100 of assessed valuation. The amount collected for 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. It may be increased by 1% by a three-fourths majority of the County Board.

4. Retirement System

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2335 and may be amended through legislative action.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

Participation in the Plan is required of all full time employees. Part time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 20. 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 Neb. Rev. Stat. §§ 23-2307 and 23-2308 (Reissue 2007), 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, including the twelve month eligibility period or credit for participation in another governmental plan prior to actual contribution to the Plan. Prior service benefits are paid directly by the County to the retired employee.

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

For the year ended June 30, 2008, 64 employees contributed \$70,085; the County contributed \$104,051, which consisted of cash contributions. Additionally, for the year ended June 30, 2008, 6 law enforcement employees and the County contributed \$2,152 in cash contributions for the supplemental law enforcement plan. Lastly, the County paid \$2,364 directly to 14 retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to 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 77 counties throughout Nebraska.

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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

contribution of all participants for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, shall be sent to each county in writing, and each county shall thereafter have sixty (60) days in which to pay the amount of such assessment. Each county shall remain liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, and for liabilities of the Pool incurred during such county's period of membership.

The agreement with NIRMA provides that NIRMA will 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
Worker's Compensation Claim	\$ 300,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the Pool in the last three fiscal years and no assessments are anticipated for fiscal year 2009. The County has not had to pay out any amounts that exceeded coverage provided by the Pool in the last three fiscal years.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2008, consisted of the following:

Transfers to	Transfers from				Total
	General Fund	Inheritance Fund	Road Fund	Nonmajor Funds	
Inheritance Fund	\$ -	\$ -	\$ 90,000	\$ -	\$ 90,000
Road Fund	604,566	90,000	-	-	694,566
Nonmajor Funds	-	-	-	1,000	1,000
Total	\$ 604,566	\$ 90,000	\$ 90,000	\$ 1,000	\$ 785,566

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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

7. Long Term Debt

The County issued bonds on July 11, 2006, in the amount of \$1,850,000. The bond payable balance as of June 30, 2008 was \$1,850,000. Future tax resources will be used to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
2009	\$ 65,000	\$ 78,904	\$ 143,904
2010	70,000	76,499	146,499
2011	70,000	73,874	143,874
2012	75,000	71,214	146,214
2013	75,000	68,326	143,326
2014-2018	435,000	293,203	728,203
2019-2023	535,000	192,339	727,339
2024-2027	525,000	61,900	586,900
Total Payments	<u>\$ 1,850,000</u>	<u>\$ 916,259</u>	<u>\$ 2,766,259</u>

8. Hospital Bonds

In June 2004, \$2,250,000 of Series 2004 general obligation bonds were issued by the Litzenberg Memorial County Hospital with the proceeds to be used to cover the costs of renovations and improvements to the Hospital. As the bonds are general obligation bonds of the County, the County has the authority to levy additional ad valorem taxes, if necessary, to make the required principal and interest payments on the bonds in the event the Hospital cannot meet the debt service obligation. As of June 30, 2008, no additional taxes have been levied by the County. The balance of bonds payable at June 30, 2008, was \$1,920,000. Full disclosure of the liability can be found in the separately issued Hospital audit report.

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 2,246,263	\$ 2,246,263	\$ 2,170,291	\$ (75,972)
Licenses and Permits	26,210	26,210	33,653	7,443
Interest	70,000	70,000	118,369	48,369
Intergovernmental	123,600	123,600	285,133	161,533
Charges for Services	215,750	215,750	232,499	16,749
Miscellaneous	36,000	36,000	23,711	(12,289)
TOTAL RECEIPTS	2,717,823	2,717,823	2,863,656	145,833
DISBURSEMENTS				
General Government:				
County Board	80,575	80,575	79,192	1,383
County Clerk	142,092	142,092	118,055	24,037
County Treasurer	103,989	103,989	102,883	1,106
County Assessor	126,143	126,143	115,601	10,542
Election Commissioner	28,750	28,750	24,023	4,727
Building and Zoning	26,270	26,270	22,545	3,725
Clerk of the District Court	80,940	80,940	73,288	7,652
County Court System	9,200	9,200	9,111	89
Building and Grounds	131,130	131,130	81,985	49,145
Reappraisal	76,400	76,400	65,716	10,684
Agricultural Extension Agent	72,650	72,650	72,516	134
Miscellaneous	694,794	694,794	653,863	40,931
Public Safety:				
County Sheriff	321,152	321,152	298,639	22,513
County Attorney	108,300	108,300	108,199	101
Communication Center	69,164	69,164	78,558	(9,394)
County Jail	65,545	65,545	57,672	7,873
Emergency Management	3,800	3,800	2,626	1,174
Child Support	11,490	11,490	5,204	6,286
Miscellaneous	5,000	5,000	4,890	110
Public Works:				
County Surveyor	28,300	28,300	27,267	1,033
Miscellaneous	12,750	12,750	12,750	-
Public Health:				
Miscellaneous	162,383	162,383	160,008	2,375

(Continued)

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Assistance				
Veterans' Service Officer	21,785	21,785	20,922	863
Miscellaneous	5,655	5,655	5,656	(1)
Culture and Recreation				
Miscellaneous	25,700	25,700	25,700	-
TOTAL DISBURSEMENTS	<u>2,413,957</u>	<u>2,413,957</u>	<u>2,226,869</u>	<u>187,088</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	303,866	303,866	636,787	332,921
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(713,289)	(713,289)	(604,566)	108,723
TOTAL OTHER FINANCING SOURCES (USES)	<u>(713,289)</u>	<u>(713,289)</u>	<u>(604,566)</u>	<u>108,723</u>
Net Change in Fund Balance	(409,423)	(409,423)	32,221	441,644
FUND BALANCES - BEGINNING	<u>409,423</u>	<u>409,423</u>	<u>409,423</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 441,644</u></u>	<u><u>\$ 441,644</u></u>

(Concluded)

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,071,487	\$ 1,071,487	\$ 1,176,892	\$ 105,405
Charges for Services	500	500	516	16
Miscellaneous	49,800	49,800	64,692	14,892
TOTAL RECEIPTS	<u>1,121,787</u>	<u>1,121,787</u>	<u>1,242,100</u>	<u>120,313</u>
DISBURSEMENTS	<u>2,176,091</u>	<u>2,176,091</u>	<u>1,881,236</u>	<u>294,855</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,054,304)	(1,054,304)	(639,136)	415,168
OTHER FINANCING SOURCES (USES)				
Transfers in	713,289	713,289	694,566	(18,723)
Transfers out	-	-	(90,000)	(90,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>713,289</u>	<u>713,289</u>	<u>604,566</u>	<u>(108,723)</u>
Net Change in Fund Balance	(341,015)	(341,015)	(34,570)	306,445
FUND BALANCE - BEGINNING	341,015	341,015	341,015	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 306,445</u>	<u>\$ 306,445</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 136,086	\$ 136,086	\$ 252,633	\$ 116,547
TOTAL RECEIPTS	<u>136,086</u>	<u>136,086</u>	<u>252,633</u>	<u>116,547</u>
DISBURSEMENTS	<u>328,700</u>	<u>328,700</u>	<u>151,934</u>	<u>176,766</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(192,614)	(192,614)	100,699	293,313
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	90,000	90,000
Transfers out	(689,300)	(689,300)	(90,000)	599,300
TOTAL OTHER FINANCING SOURCES (USES)	<u>(689,300)</u>	<u>(689,300)</u>	<u>-</u>	<u>689,300</u>
Net Change in Fund Balance	(881,914)	(881,914)	100,699	982,613
FUND BALANCE - BEGINNING	881,914	881,914	881,914	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 982,613</u>	<u>\$ 982,613</u>

(Continued)

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COURTHOUSE BUILDING				
PROJECT FUND				
RECEIPTS				
Miscellaneous	\$ -	\$ -	\$ 690	\$ 690
TOTAL RECEIPTS	-	-	690	690
DISBURSEMENTS	1,765,018	1,765,018	834,048	930,970
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,765,018)	(1,765,018)	(833,358)	931,660
OTHER FINANCING SOURCES (USES)				
Transfers in	689,300	689,300	-	(689,300)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	689,300	689,300	-	(689,300)
Net Change in Fund Balance	(1,075,718)	(1,075,718)	(833,358)	242,360
FUND BALANCE - BEGINNING	1,075,718	1,075,718	1,075,718	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 242,360	\$ 242,360

(Concluded)

MERRICK COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2008

BUDGETARY COMPARISON SCHEDULES

GAAP Requirements

Generally Accepted Accounting Principles (GAAP) requires budgetary comparison schedules for the General Fund, and for each major special revenue fund that has a legally adopted annual budget. GAAP further requires the budgetary comparison schedules to include the *original budget* and *final budget* amounts. The *original budget* is the first complete appropriated budget adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes *before* the beginning of the fiscal year. The original budget would also include actual appropriation amounts automatically carried over from prior years when required by law. The *final budget* is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year as approved by the County Board or otherwise legally authorized.

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 revenues which have actually been 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 revenue 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 shall adopt the budget and appropriate 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 expenditures of any fund, an additional public hearing be held. The legal level of budgetary control for the General Fund is at the function level, and the special revenue fund types are at the fund level. The County Board is also authorized to budget for the transfer of money between County funds.

Excess of Expenditures Over Appropriations

For the year ended June 30, 2008, expenditures exceeded budgeted appropriations in the Communication Center function of the General Fund by \$9,394, and in the Canine Fund by \$1,200. These over-expenditures were funded by the available fund balance in the Funds.

MERRICK COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	Emergency Management Fund	Visitor Promotion Fund	Unemployment Fund	Medical Relief Fund	Institutions Fund	Veterans' Aid Fund	Juvenile Diversion Fund	Canine Fund	Drug Law Enforcement Fund
RECEIPTS									
Property Taxes	\$ -	\$ 6,207	\$ -	\$12,947	\$ 19,088	\$ 963	\$ 15,395	\$ -	\$ -
Interest	-	-	551	-	-	-	-	-	-
Intergovernmental	-	-	-	521	1,992	80	11,080	-	-
Miscellaneous	-	-	-	-	-	-	-	1,230	-
TOTAL RECEIPTS	-	6,207	551	13,468	21,080	1,043	26,475	1,230	-
DISBURSEMENTS									
General Government	-	-	2,100	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	20,038	2,200	-
Public Assistance	-	-	-	6,215	7,226	-	-	-	-
Culture and Recreation	-	4,952	-	-	-	-	-	-	-
Debt Service:									
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	-	4,952	2,100	6,215	7,226	-	20,038	2,200	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	1,255	(1,549)	7,253	13,854	1,043	6,437	(970)	-
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	1,000	-
Transfers out	-	-	-	-	-	-	-	-	(1,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	1,000	(1,000)
Net Change in Fund Balances	-	1,255	(1,549)	7,253	13,854	1,043	6,437	30	(1,000)
FUND BALANCES - BEGINNING	114	5,851	26,163	54,706	5,875	7,770	12,029	500	4,471
FUND BALANCES - ENDING	\$ 114	\$ 7,106	\$ 24,614	\$61,959	\$ 19,729	\$ 8,813	\$ 18,466	\$ 530	\$ 3,471

(Continued)

MERRICK COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	Juvenile Services Grant Fund	Law Enforcement Grant Fund	Local Grant Fund	Courthouse Bond Fund	County Building Fund	911 Emergency Services Fund	Groundwater Management Fund	Total Nonmajor Governmental Funds
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ 134,053	\$ 64,833	\$ 38,097	\$ -	\$ 291,583
Interest	-	-	-	19,536	-	-	-	20,087
Intergovernmental	-	-	-	11,532	5,456	-	-	30,661
Miscellaneous	-	-	-	-	-	-	-	1,230
TOTAL RECEIPTS	-	-	-	165,121	70,289	38,097	-	343,561
DISBURSEMENTS								
General Government	-	-	-	-	10,807	-	-	12,907
Public Safety	250	-	-	-	-	54,197	-	76,685
Public Assistance	-	-	-	-	-	-	-	13,441
Culture and Recreation	-	-	-	-	-	-	-	4,952
Debt Service:								
Interest and Fiscal Charges	-	-	-	39,452	-	-	-	39,452
TOTAL DISBURSEMENTS	250	-	-	39,452	10,807	54,197	-	147,437
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(250)	-	-	125,669	59,482	(16,100)	-	196,124
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	1,000
Transfers out	-	-	-	-	-	-	-	(1,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
Net Change in Fund Balances	(250)	-	-	125,669	59,482	(16,100)	-	196,124
FUND BALANCES - BEGINNING	9,436	-	-	42,212	102,467	33,239	2,597	307,430
FUND BALANCES - ENDING	\$ 9,186	\$ -	\$ -	\$ 167,881	\$ 161,949	\$ 17,139	\$ 2,597	\$ 503,554

(Concluded)

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

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EMERGENCY MANAGEMENT FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	114	114	-	114
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(114)	(114)	-	114
FUND BALANCE - BEGINNING	114	114	114	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114</u>	<u>\$ 114</u>
VISITOR PROMOTION FUND				
RECEIPTS				
Taxes	\$ 6,749	\$ 6,749	\$ 6,207	\$ (542)
TOTAL RECEIPTS	<u>6,749</u>	<u>6,749</u>	<u>6,207</u>	<u>(542)</u>
DISBURSEMENTS	<u>12,600</u>	<u>12,600</u>	<u>4,952</u>	<u>7,648</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	(5,851)	(5,851)	1,255	7,106
FUND BALANCE - BEGINNING	5,851	5,851	5,851	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,106</u>	<u>\$ 7,106</u>

(Continued)

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

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
UNEMPLOYMENT FUND				
RECEIPTS				
Interest	\$ 426	\$ 426	\$ 551	\$ 125
Miscellaneous	1,881	1,881	-	(1,881)
TOTAL RECEIPTS	2,307	2,307	551	(1,756)
DISBURSEMENTS	28,470	28,470	2,100	26,370
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(26,163)	(26,163)	(1,549)	24,614
FUND BALANCE - BEGINNING	26,163	26,163	26,163	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,614</u>	<u>\$ 24,614</u>
MEDICAL RELIEF FUND				
RECEIPTS				
Taxes	\$ 4,523	\$ 4,523	\$ 12,947	\$ 8,424
Intergovernmental	477	477	521	44
TOTAL RECEIPTS	5,000	5,000	13,468	8,468
DISBURSEMENTS	59,706	59,706	6,215	53,491
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(54,706)	(54,706)	7,253	61,959
FUND BALANCE - BEGINNING	54,706	54,706	54,706	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,959</u>	<u>\$ 61,959</u>

(Continued)

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

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
INSTITUTIONS FUND				
RECEIPTS				
Taxes	\$ 25,925	\$ 25,925	\$ 19,088	\$ (6,837)
Intergovernmental	-	-	1,992	1,992
TOTAL RECEIPTS	25,925	25,925	21,080	(4,845)
DISBURSEMENTS	31,800	31,800	7,226	24,574
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(5,875)	(5,875)	13,854	19,729
FUND BALANCE - BEGINNING	5,875	5,875	5,875	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,729</u>	<u>\$ 19,729</u>
VETERANS' AID FUND				
RECEIPTS				
Taxes	\$ 1,000	\$ 1,000	\$ 963	\$ (37)
Intergovernmental	-	-	80	80
TOTAL RECEIPTS	1,000	1,000	1,043	43
DISBURSEMENTS	8,770	8,770	-	8,770
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(7,770)	(7,770)	1,043	8,813
FUND BALANCE - BEGINNING	7,770	7,770	7,770	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,813</u>	<u>\$ 8,813</u>

(Continued)

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

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
JUVENILE DIVERSION FUND				
RECEIPTS				
Taxes	\$ 16,000	\$ 16,000	\$ 15,395	\$ (605)
Intergovernmental	7,921	7,921	11,080	3,159
TOTAL RECEIPTS	23,921	23,921	26,475	2,554
DISBURSEMENTS	35,950	35,950	20,038	15,912
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(12,029)	(12,029)	6,437	18,466
FUND BALANCE - BEGINNING	12,029	12,029	12,029	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,466</u>	<u>\$ 18,466</u>
CANINE FUND				
RECEIPTS				
Miscellaneous	\$ 500	\$ 500	\$ 1,230	\$ 730
TOTAL RECEIPTS	500	500	1,230	730
DISBURSEMENTS	1,000	1,000	2,200	(1,200)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,000	1,000
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	1,000	1,000
Net Change in Fund Balance	(500)	(500)	30	530
FUND BALANCE - BEGINNING	500	500	500	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 530</u>	<u>\$ 530</u>

(Continued)

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

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DRUG LAW ENFORCEMENT FUND				
RECEIPTS				
Miscellaneous	\$ 45,529	\$ 45,529	\$ -	\$ (45,529)
TOTAL RECEIPTS	45,529	45,529	-	(45,529)
DISBURSEMENTS	50,000	50,000	-	50,000
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(1,000)	(1,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,000)	(1,000)
Net Change in Fund Balance	(4,471)	(4,471)	(1,000)	3,471
FUND BALANCE - BEGINNING	4,471	4,471	4,471	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,471</u>	<u>\$ 3,471</u>
JUVENILE SERVICES GRANT FUND				
RECEIPTS				
Intergovernmental	\$ 40,564	\$ 40,564	\$ -	\$ (40,564)
TOTAL RECEIPTS	40,564	40,564	-	(40,564)
DISBURSEMENTS	50,000	50,000	250	49,750
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(9,436)	(9,436)	(250)	9,186
FUND BALANCE - BEGINNING	9,436	9,436	9,436	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,186</u>	<u>\$ 9,186</u>

(Continued)

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

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LAW ENFORCEMENT GRANT FUND				
RECEIPTS				
Intergovernmental	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
TOTAL RECEIPTS	50,000	50,000	-	(50,000)
DISBURSEMENTS	50,000	50,000	-	50,000
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LOCAL GRANT FUND				
RECEIPTS				
Intergovernmental	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
TOTAL RECEIPTS	50,000	50,000	-	(50,000)
DISBURSEMENTS	50,000	50,000	-	50,000
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COURTHOUSE BOND FUND				
RECEIPTS				
Taxes	\$ 143,904	\$ 143,904	\$ 134,053	\$ (9,851)
Interest	-	-	19,536	19,536
Intergovernmental	-	-	11,532	11,532
TOTAL RECEIPTS	143,904	143,904	165,121	21,217
DISBURSEMENTS	186,116	186,116	39,452	146,664
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(42,212)	(42,212)	125,669	167,881
FUND BALANCE - BEGINNING	42,212	42,212	42,212	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,881</u>	<u>\$ 167,881</u>
COUNTY BUILDING FUND				
RECEIPTS				
Taxes	\$ 67,738	\$ 67,738	\$ 64,833	\$ (2,905)
Intergovernmental	-	-	5,456	5,456
TOTAL RECEIPTS	67,738	67,738	70,289	2,551
DISBURSEMENTS	170,205	170,205	10,807	159,398
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(102,467)	(102,467)	59,482	161,949
FUND BALANCE - BEGINNING	102,467	102,467	102,467	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,949</u>	<u>\$ 161,949</u>

(Continued)

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

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
911 EMERGENCY SERVICES FUND				
RECEIPTS				
Taxes	\$ 54,961	\$ 54,961	\$ 38,097	\$ (16,864)
TOTAL RECEIPTS	<u>54,961</u>	<u>54,961</u>	<u>38,097</u>	<u>(16,864)</u>
DISBURSEMENTS	<u>88,200</u>	<u>88,200</u>	<u>54,197</u>	<u>34,003</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	(33,239)	(33,239)	(16,100)	17,139
FUND BALANCE - BEGINNING	33,239	33,239	33,239	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,139</u>	<u>\$ 17,139</u>
GROUNDWATER MANAGEMENT FUND				
RECEIPTS				
Interest	\$ 1	\$ 1	\$ -	\$ (1)
TOTAL RECEIPTS	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
DISBURSEMENTS	<u>2,598</u>	<u>2,598</u>	<u>-</u>	<u>2,598</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	(2,597)	(2,597)	-	2,597
FUND BALANCE - BEGINNING	2,597	2,597	2,597	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,597</u>	<u>\$ 2,597</u>

(Concluded)

MERRICK COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2008

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superinte ndent	Veterans' Service Officer	County Surveyor	County Extension	County Planning and Zoning	Total
BALANCE JULY 1, 2007	\$ 18,982	\$ 48,608	\$12,712	\$32,736	\$ 57,159	\$ 1,276	\$ 4,002	\$ 2,558	\$ -	\$ 178,033
RECEIPTS										
Property Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and Permits	495	-	670	-	-	-	-	-	1,805	2,970
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for Services	48,126	7,645	5,726	17,019	203,142	-	12,244	-	-	293,902
Miscellaneous	-	-	629	501	-	-	-	35,798	-	36,928
State Fees	51,599	8,544	-	-	-	-	-	-	-	60,143
Other Liabilities	-	147,048	111,480	12,658	-	-	-	-	-	271,186
TOTAL RECEIPTS	<u>100,220</u>	<u>163,237</u>	<u>118,505</u>	<u>30,178</u>	<u>203,142</u>	<u>-</u>	<u>12,244</u>	<u>35,798</u>	<u>1,805</u>	<u>665,129</u>
DISBURSEMENTS										
Payments to County Treasurer	49,750	8,533	6,952	1,424	195,007	-	12,250	-	1,805	275,721
Payments to State Treasurer	53,128	7,671	-	-	-	-	-	-	-	60,799
Other Liabilities	-	176,496	110,700	23,282	-	500	-	35,768	-	346,746
TOTAL DISBURSEMENTS	<u>102,878</u>	<u>192,700</u>	<u>117,652</u>	<u>24,706</u>	<u>195,007</u>	<u>500</u>	<u>12,250</u>	<u>35,768</u>	<u>1,805</u>	<u>683,266</u>
BALANCE JUNE 30, 2008	<u><u>\$ 16,324</u></u>	<u><u>\$ 19,145</u></u>	<u><u>\$13,565</u></u>	<u><u>\$38,208</u></u>	<u><u>\$65,294</u></u>	<u><u>\$ 776</u></u>	<u><u>\$ 3,996</u></u>	<u><u>\$ 2,588</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 159,896</u></u>
BALANCE CONSISTS OF:										
Due to County Treasurer	\$ 10,649	\$ 773	\$ 768	\$ -	\$65,294	\$ -	\$ 3,996	\$ -	\$ -	\$ 81,480
Petty Cash	100	-	-	-	-	-	-	-	-	100
Due to State Treasurer	5,575	366	-	-	-	-	-	-	-	5,941
Due to Others	-	18,006	12,797	38,208	-	776	-	2,588	-	72,375
BALANCE JUNE 30, 2008	<u><u>\$ 16,324</u></u>	<u><u>\$ 19,145</u></u>	<u><u>\$13,565</u></u>	<u><u>\$38,208</u></u>	<u><u>\$65,294</u></u>	<u><u>\$ 776</u></u>	<u><u>\$ 3,996</u></u>	<u><u>\$ 2,588</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 159,896</u></u>

MERRICK COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
 June 30, 2008

Item	2003	2004	2005	2006	2007
Tax Certified by Assessor					
Real Estate	\$ 9,871,146	\$ 10,821,871	\$ 11,072,365	\$ 11,735,819	\$ 11,971,513
Personal and Specials	471,445	500,754	979,384	750,375	749,466
Total	10,342,591	11,322,625	12,051,749	12,486,194	12,720,979
Corrections					
Additions	3,150	10,618	20,215	5,964	5,805
Deductions	(23,500)	(3,841)	(1,142)	(1,960)	(611)
Net Additions/ (Deductions)	(20,350)	6,777	19,073	4,004	5,194
Corrected Certified Tax	10,322,241	11,329,402	12,070,822	12,490,198	12,726,173
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2004	5,996,608	-	-	-	-
June 30, 2005	4,300,668	6,479,839	-	-	-
June 30, 2006	17,647	4,831,037	6,847,335	-	-
June 30, 2007	5,664	15,606	5,204,891	7,119,004	-
June 30, 2008	676	1,551	13,406	5,347,385	7,279,047
Total Net Collections	10,321,263	11,328,033	12,065,632	12,466,389	7,279,047
Total Uncollected Tax	\$ 978	\$ 1,369	\$ 5,190	\$ 23,809	\$ 5,447,126
Percentage Uncollected Tax	0.01%	0.01%	0.04%	0.19%	42.80%



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MERRICK COUNTY
**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 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, 2008, and have issued our report thereon dated April 2, 2009. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and do not include the financial data of the Merrick County Hospital, a component unit of Merrick County. Except as noted above, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Merrick County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Merrick County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's

financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control over financial reporting:

- The County offices had a lack of segregation of duties since 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. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above to be a material weakness.

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*.

We noted certain matters that we reported to management of Merrick County in a separate letter dated April 2, 2009.

This report is intended solely for the information and use of management, the County Board, others within the entity, the State Legislature, the appropriate Federal, and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

Signed Original on File

April 2, 2009

Deann Haeffner, CPA
Assistant Deputy Auditor