

**AUDIT REPORT
OF
MERRICK COUNTY**

JULY 1, 2005 THROUGH JUNE 30, 2006

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the Auditor of Public Accounts.**

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Issued on June 25, 2007

MERRICK COUNTY

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MERRICK COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2006

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Norman Euse	Board of Supervisors	Jan. 2007
D. L. Hahn		Jan. 2007
Robert Husmann		Jan. 2009
John Jefferson		Jan. 2009
Dan Schneiderheinze		Jan. 2007
Herman Schuett		Jan. 2009
Rex Weller		Jan. 2007
Jan Placke	Assessor	Jan. 2007
Steve Curry	Attorney	Jan. 2007
Gloria Broekemeier	Clerk Election Commissioner Register of Deeds	Jan. 2007
Darlene Miller	Clerk of the District Court	Jan. 2007
Anthony McPhillips	Sheriff	Jan. 2007
Karen Dunham	Treasurer	Jan. 2007
Darrell Widman	Veterans' Service Officer	Appointed
Jerry Willhoft	Weed Superintendent	Appointed
Jim Graves	Highway Superintendent	Appointed
Tracey Slagle	Planning/Zoning	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, 2006, 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, 2006, 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, 2006, 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 May 10, 2007, 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 to 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.

May 10, 2007


Assistant Deputy Auditor

MERRICK COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
June 30, 2006

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents (Note 1.D)	\$ 2,387,314
Investments (Note 1.D)	<u>262,440</u>
TOTAL ASSETS	<u><u>\$ 2,649,754</u></u>
 NET ASSETS	
Restricted for:	
-Veterans' Aid	\$ 7,749
-911 Emergency Services	51,609
-Other Purposes	8,573
Unrestricted	<u>2,581,823</u>
TOTAL NET ASSETS	<u><u>\$ 2,649,754</u></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, 2006

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	\$ (1,518,080)	\$ 202,042	\$ 32,744	\$ (1,283,294)
Public Safety	(713,800)	32,847	76,782	(604,171)
Public Works	(1,657,293)	1,213	918,983	(737,097)
Health and Sanitation	(164,042)	-	10,071	(153,971)
Public Assistance	(27,991)	-	-	(27,991)
Culture and Recreation	(29,932)	-	-	(29,932)
Total Governmental Activities	<u>\$ (4,111,138)</u>	<u>\$ 236,102</u>	<u>\$ 1,038,580</u>	<u>(2,836,456)</u>
General Receipts:				
Property Taxes				2,638,558
Grants and Contributions Not Restricted to Specific Programs				294,540
Investment Income				117,253
Miscellaneous				114,553
Total General Receipts				<u>3,164,904</u>
Change in Net Assets				328,448
Net Assets - Beginning				2,321,306
Net Assets - Ending				<u>\$ 2,649,754</u>

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

MERRICK COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2006

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents (Note 1.D)	\$ 214,679	\$ 377,371	\$ 1,530,340	\$ 264,924	\$ 2,387,314
Investments (Note 1.D)	-	-	262,440	-	262,440
TOTAL ASSETS	<u>\$ 214,679</u>	<u>\$ 377,371</u>	<u>\$ 1,792,780</u>	<u>\$ 264,924</u>	<u>\$ 2,649,754</u>
FUND BALANCES					
Unreserved, reported in:					
General fund	\$ 214,679	\$ -	\$ -	\$ -	\$ 214,679
Special revenue funds	-	377,371	1,792,780	264,924	2,435,075
TOTAL FUND BALANCES	<u>\$ 214,679</u>	<u>\$ 377,371</u>	<u>\$ 1,792,780</u>	<u>\$ 264,924</u>	<u>\$ 2,649,754</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, 2006

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 2,073,708	\$ -	\$ 421,174	\$ 143,676	\$ 2,638,558
Licenses and Permits	35,489	-	-	-	35,489
Interest	116,577	-	-	676	117,253
Intergovernmental	162,088	1,083,838	6,700	80,494	1,333,120
Charges for Services	226,889	1,213	-	8,000	236,102
Miscellaneous	19,550	56,112	3,152	250	79,064
TOTAL RECEIPTS	<u>2,634,301</u>	<u>1,141,163</u>	<u>431,026</u>	<u>233,096</u>	<u>4,439,586</u>
DISBURSEMENTS					
General Government	1,246,393	-	271,487	200	1,518,080
Public Safety	530,590	-	-	183,210	713,800
Public Works	37,374	1,619,919	-	-	1,657,293
Health and Sanitation	157,481	-	-	6,561	164,042
Public Assistance	16,833	-	-	11,158	27,991
Culture and Recreation	23,500	-	-	6,432	29,932
TOTAL DISBURSEMENTS	<u>2,012,171</u>	<u>1,619,919</u>	<u>271,487</u>	<u>207,561</u>	<u>4,111,138</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>622,130</u>	<u>(478,756)</u>	<u>159,539</u>	<u>25,535</u>	<u>328,448</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	637,844	-	2,600	640,444
Transfers out	(587,844)	-	(52,600)	-	(640,444)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(587,844)</u>	<u>637,844</u>	<u>(52,600)</u>	<u>2,600</u>	<u>-</u>
Net Change in Fund Balances	34,286	159,088	106,939	28,135	328,448
CASH BASIS FUND BALANCES - BEGINNING	<u>180,393</u>	<u>218,283</u>	<u>1,685,841</u>	<u>236,789</u>	<u>2,321,306</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 214,679</u>	<u>\$ 377,371</u>	<u>\$ 1,792,780</u>	<u>\$ 264,924</u>	<u>\$ 2,649,754</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, 2006

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 689,399</u>
 LIABILITIES	
Due to other governments	
State	87,711
Schools	279,007
Educational Service Units	959
Technical College	5,304
Natural Resource Districts	2,401
Fire Districts	85,901
Municipalities	45,824
Agricultural Society	15,333
Drainage Districts	3,085
Townships	137,940
Others	<u>25,934</u>
 TOTAL LIABILITIES	 <u>689,399</u>
 TOTAL NET ASSETS	 <u><u>\$ -</u></u>

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, 2006

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

Joint Organization.

Behavioral Health Region III - The County has entered into an agreement with surrounding counties and the Nebraska 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: Loup, Garfield, Wheeler, Custer, Valley, Greeley, Sherman, Howard, Buffalo, Hall, Phelps, Kearney, Adams, Clay, Furnas, Harlan, Hamilton, Merrick, Franklin, 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 \$22,723 toward the operation of the Region during fiscal year 2006. 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 \$38,000 toward the operation of the Health Department during fiscal year 2006. 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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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, 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.

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.

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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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. Sections 77-2315, 77-2340, and 77-2341 R.R.S. 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 capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) to be reported in the applicable governmental activities columns in the government-wide financial statements.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

Compensated Absences. Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as 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 \$67,931 of restricted net assets, of which \$67,931 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. Section 77-2315 R.R.S. 2003.

At year end, the County's carrying amount of deposits was \$2,387,314 for County funds and \$689,399 for Fiduciary funds. The bank balances for all funds totaled \$3,585,693. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits as of June 30, 2006, 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 \$260,000 in Local Tax Increment Financing Bonds and of \$2,440 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven member Board of Trustees. All net income of the trust is determined as of the close of business on each

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. **Deposits and Investments** (Concluded)

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 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. The Local 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 2005, for the 2005 taxes which will be materially collected in May and September, 2006, was set at \$.329316/\$100 of assessed valuation. The levy set in October 2004, for the 2004 taxes which were materially collected in May and September, 2005, was set at \$.265046/\$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 defined contribution plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan provisions are established under Neb. Rev. Stat. Sections 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 upon the completion of 12 months of continuous service and of all full time elected officials upon taking office. Full time or part time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 25 and completing a total of 12 months service within a five-year period. 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. Sections 23-2307 and 23-2308 R.S.Supp., 2004, 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, 2006, 57 employees contributed \$59,408; the County contributed \$89,110, which consisted of cash contributions. Additionally, for the year ended June 30, 2006, seven law enforcement employees and the County contributed \$1,981 in cash contributions for the supplemental law enforcement plan. Lastly, the County paid \$1,920 directly to 12 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 70 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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

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 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	\$ 25,000	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 2007. 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, 2006, consisted of the following:

	Transfers from		
Transfers to	General Fund	Inheritance Fund	Total
Road Fund	\$ 587,844	\$ 50,000	\$ 637,844
Nonmajor Funds	-	2,600	2,600
Total	<u>\$ 587,844</u>	<u>\$ 52,600</u>	<u>\$ 640,444</u>

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

6. **Interfund Transfers** (Concluded)

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.

7. **Courthouse Bonds**

Merrick County issued negotiable bonds on July 11, 2006, in the principal amount of \$1,850,000 for courthouse renovations. The County Treasurer is the designated paying agent and registrar.

8. **Beginning Balances**

The beginning balance of the General Fund, Road Fund, Medical Relief Fund, and Juvenile Diversion Fund were adjusted by \$47,756, \$13,011, \$200, and \$960 respectively to reflect a correct balance.

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 2,238,327	\$ 2,238,327	\$ 2,073,708	\$ (164,619)
Licenses and Permits	27,900	27,900	35,489	7,589
Interest	55,000	55,000	116,577	61,577
Intergovernmental	91,100	91,100	162,088	70,988
Charges for Services	179,350	179,350	226,889	47,539
Miscellaneous	13,500	13,500	19,550	6,050
TOTAL RECEIPTS	<u>2,605,177</u>	<u>2,605,177</u>	<u>2,634,301</u>	<u>29,124</u>
DISBURSEMENTS				
General Government:				
County Board	74,541	74,541	74,837	(296)
County Clerk	130,533	130,533	115,251	15,282
County Treasurer	98,019	98,019	96,922	1,097
County Assessor	111,390	111,390	106,060	5,330
Election Commissioner	25,450	25,450	20,034	5,416
Building and Zoning Administration	24,650	24,650	19,395	5,255
Clerk of the District Court	78,056	78,056	74,575	3,481
County Court System	9,100	9,100	9,029	71
Building and Grounds	120,950	120,950	96,524	24,426
Agricultural Extension Agent	67,050	67,050	66,813	237
Miscellaneous	632,450	632,450	566,953	65,497
Public Safety				
County Sheriff	308,320	308,320	296,109	12,211
County Attorney	99,840	99,840	100,562	(722)
Communication Center	67,670	67,670	63,824	3,846
County Jail	71,594	71,594	60,300	11,294
Emergency Management	3,200	3,200	662	2,538
Miscellaneous	9,200	9,200	9,133	67
Public Works				
County Surveyor	27,079	27,079	25,374	1,705
Miscellaneous	12,250	12,250	12,000	250
Public Health				
Miscellaneous	176,305	176,305	157,481	18,824
Public Assistance				
Veterans' Service Officer	10,600	10,600	11,452	(852)
Miscellaneous	5,500	5,500	5,381	119
Culture and Recreation				
Miscellaneous	23,500	23,500	23,500	-
TOTAL DISBURSEMENTS	<u>2,187,247</u>	<u>2,187,247</u>	<u>2,012,171</u>	<u>175,076</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	417,930	417,930	622,130	204,200
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	-	(50,000)
Transfers out	(696,080)	(696,080)	(587,844)	108,236
TOTAL OTHER FINANCING SOURCES (USES)	<u>(646,080)</u>	<u>(646,080)</u>	<u>(587,844)</u>	<u>58,236</u>
Net Change in Fund Balance	(228,150)	(228,150)	34,286	262,436
FUND BALANCES - BEGINNING	<u>228,150</u>	<u>228,150</u>	<u>180,393</u>	<u>(47,757)</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,679</u>	<u>\$ 214,679</u>

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,092,825	\$ 1,092,825	\$ 1,083,838	\$ (8,987)
Charges for Services	250	250	1,213	963
Miscellaneous	18,300	18,300	56,112	37,812
TOTAL RECEIPTS	1,111,375	1,111,375	1,141,163	29,788
DISBURSEMENTS	2,029,750	2,029,750	1,619,919	409,831
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(918,375)	(918,375)	(478,756)	439,619
OTHER FINANCING SOURCES (USES)				
Transfers in	687,080	687,080	637,844	(49,236)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	687,080	687,080	637,844	(49,236)
Net Change in Fund Balance	(231,295)	(231,295)	159,088	390,383
FUND BALANCE - BEGINNING	231,295	231,295	218,283	(13,012)
FUND BALANCE - ENDING	\$ -	\$ -	\$ 377,371	\$ 377,371
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 421,174	\$ 421,174
Intergovernmental	-	-	6,700	6,700
Miscellaneous	-	-	3,152	3,152
TOTAL RECEIPTS	-	-	431,026	431,026
DISBURSEMENTS	1,285,841	1,285,841	271,487	1,014,354
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,285,841)	(1,285,841)	159,539	1,445,380
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(50,000)	(50,000)	(52,600)	(2,600)
TOTAL OTHER FINANCING SOURCES (USES)	(50,000)	(50,000)	(52,600)	(2,600)
Net Change in Fund Balance	(1,335,841)	(1,335,841)	106,939	1,442,780
FUND BALANCE - BEGINNING	1,685,841	1,685,841	1,685,841	-
FUND BALANCE - ENDING	\$ 350,000	\$ 350,000	\$ 1,792,780	\$ 1,442,780

MERRICK COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2006

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, 2006, expenditures exceeded budgeted appropriations in the County Board, County Attorney, and Veterans' Service Officer functions of the General Fund by \$296, \$722, and \$852, respectively. These over-expenditures were funded by the available fund balance in the General Fund.

MERRICK COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	Emergency Management Fund	Visitor Promotion Fund	Unemployment Fund	Medical Relief Fund	Institutions Fund	Veterans' Aid Fund	Juvenile Diversion Fund
RECEIPTS							
Property Taxes	\$ -	\$ 6,329	\$ -	\$ 13,323	\$ 11,250	\$ 984	\$ 15,672
Interest	-	-	676	-	-	-	-
Intergovernmental	73,782	-	-	551	393	35	3,561
Charges for Services	-	-	-	-	-	-	8,000
Miscellaneous	-	-	-	-	-	-	-
TOTAL RECEIPTS	73,782	6,329	676	13,874	11,643	1,019	27,233
DISBURSEMENTS							
General Government	-	-	200	-	-	-	-
Public Safety	73,838	-	-	-	-	-	29,064
Health and Sanitation	-	-	-	6,561	-	-	-
Public Assistance	-	-	-	-	11,158	-	-
Culture and Recreation	-	6,432	-	-	-	-	-
TOTAL DISBURSEMENTS	73,838	6,432	200	6,561	11,158	-	29,064
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(56)	(103)	476	7,313	485	1,019	(1,831)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	2,600
Transfers out	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	2,600
Net Change in Fund Balances	(56)	(103)	476	7,313	485	1,019	769
FUND BALANCES - BEGINNING	56	4,205	30,450	32,959	19,313	6,730	1,512
FUND BALANCES - ENDING	\$ -	\$ 4,102	\$ 30,926	\$ 40,272	\$ 19,798	\$ 7,749	\$ 2,281

(Continued)

MERRICK COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	Canine Fund	Drug Fund	Federal Grant Fund	County Building Fund	Ground Water Management Fund	911 Emergency Services Fund	Civil Defense	Total Nonmajor Governmental Funds
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ 57,361	\$ -	\$ 38,757	\$ -	\$ 143,676
Interest	-	-	-	-	-	-	-	676
Intergovernmental	-	-	-	2,172	-	-	-	80,494
Charges for Services	-	-	-	-	-	-	-	8,000
Miscellaneous	250	-	-	-	-	-	-	250
TOTAL RECEIPTS	<u>250</u>	<u>-</u>	<u>-</u>	<u>59,533</u>	<u>-</u>	<u>38,757</u>	<u>-</u>	<u>233,096</u>
DISBURSEMENTS								
General Government	-	-	-	-	-	-	-	200
Public Safety	42	-	1,375	-	-	78,891	-	183,210
Health and Sanitation	-	-	-	-	-	-	-	6,561
Public Assistance	-	-	-	-	-	-	-	11,158
Culture and Recreation	-	-	-	-	-	-	-	6,432
TOTAL DISBURSEMENTS	<u>42</u>	<u>-</u>	<u>1,375</u>	<u>-</u>	<u>-</u>	<u>78,891</u>	<u>-</u>	<u>207,561</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>208</u>	<u>-</u>	<u>(1,375)</u>	<u>59,533</u>	<u>-</u>	<u>(40,134)</u>	<u>-</u>	<u>25,535</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	2,600
Transfers out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,600</u>
Net Change in Fund Balances	208	-	(1,375)	59,533	-	(40,134)	-	28,135
FUND BALANCES - BEGINNING	<u>357</u>	<u>4,471</u>	<u>12,578</u>	<u>29,704</u>	<u>2,597</u>	<u>91,743</u>	<u>114</u>	<u>236,789</u>
FUND BALANCES - ENDING	<u>\$ 565</u>	<u>\$ 4,471</u>	<u>\$ 11,203</u>	<u>\$ 89,237</u>	<u>\$ 2,597</u>	<u>\$ 51,609</u>	<u>\$ 114</u>	<u>\$ 264,924</u>

(Concluded)

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EMERGENCY MANAGEMENT FUND				
RECEIPTS				
Intergovernmental	\$ 174,944	\$ 174,944	\$ 73,782	\$ (101,162)
TOTAL RECEIPTS	174,944	174,944	73,782	(101,162)
DISBURSEMENTS	175,000	175,000	73,838	101,162
Net Change in Fund Balance	(56)	(56)	(56)	-
FUND BALANCE - BEGINNING	56	56	56	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ -	\$ -
VISITOR PROMOTION FUND				
RECEIPTS				
Taxes	\$ 7,795	\$ 7,795	\$ 6,329	\$ (1,466)
TOTAL RECEIPTS	7,795	7,795	6,329	(1,466)
DISBURSEMENTS	12,000	12,000	6,432	5,568
Net Change in Fund Balance	(4,205)	(4,205)	(103)	4,102
FUND BALANCE - BEGINNING	4,205	4,205	4,205	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 4,102	\$ 4,102
UNEMPLOYMENT FUND				
RECEIPTS				
Interest	\$ -	\$ -	\$ 676	\$ 676
TOTAL RECEIPTS	-	-	676	676
DISBURSEMENTS	30,650	30,650	200	30,450
Net Change in Fund Balance	(30,650)	(30,650)	476	31,126
FUND BALANCE - BEGINNING	30,650	30,650	30,450	(200)
FUND BALANCE - ENDING	\$ -	\$ -	\$ 30,926	\$ 30,926
MEDICAL RELIEF FUND				
RECEIPTS				
Taxes	\$ 17,000	\$ 17,000	\$ 13,323	\$ (3,677)
Intergovernmental	-	-	551	551
TOTAL RECEIPTS	17,000	17,000	13,874	(3,126)
DISBURSEMENTS	49,960	49,960	6,561	43,399
Net Change in Fund Balance	(32,960)	(32,960)	7,313	40,273
FUND BALANCE - BEGINNING	32,960	32,960	32,959	(1)
FUND BALANCE - ENDING	\$ -	\$ -	\$ 40,272	\$ 40,272

(Continued)

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
INSTITUTIONS FUND				
RECEIPTS				
Taxes	\$ 11,000	\$ 11,000	\$ 11,250	\$ 250
Intergovernmental	-	-	393	393
TOTAL RECEIPTS	11,000	11,000	11,643	643
DISBURSEMENTS	30,315	30,315	11,158	19,157
Net Change in Fund Balance	(19,315)	(19,315)	485	19,800
FUND BALANCE - BEGINNING	19,315	19,315	19,313	(2)
FUND BALANCE - ENDING	\$ -	\$ -	\$ 19,798	\$ 19,798
VETERANS' AID FUND				
RECEIPTS				
Taxes	\$ 1,000	\$ 1,000	\$ 984	\$ (16)
Intergovernmental	-	-	35	35
TOTAL RECEIPTS	1,000	1,000	1,019	19
DISBURSEMENTS	7,730	7,730	-	7,730
Net Change in Fund Balance	(6,730)	(6,730)	1,019	7,749
FUND BALANCE - BEGINNING	6,730	6,730	6,730	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 7,749	\$ 7,749
JUVENILE DIVERSION FUND				
RECEIPTS				
Taxes	\$ 16,000	\$ 16,000	\$ 15,672	\$ (328)
Intergovernmental	8,000	8,000	3,561	(4,439)
Charges for Services	2,240	2,240	8,000	5,760
Miscellaneous	3,290	3,290	-	(3,290)
TOTAL RECEIPTS	29,530	29,530	27,233	(2,297)
DISBURSEMENTS	32,000	32,000	29,064	2,936
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,600	2,600
TOTAL OTHER FINANCING SOURCES (USES)	-	-	2,600	2,600
Net Change in Fund Balance	(2,470)	(2,470)	769	3,239
FUND BALANCE - BEGINNING	2,470	2,470	1,512	(958)
FUND BALANCE - ENDING	\$ -	\$ -	\$ 2,281	\$ 2,281

(Continued)

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CANINE FUND				
RECEIPTS				
Miscellaneous	\$ 10,144	\$ 10,144	\$ 250	\$ (9,894)
TOTAL RECEIPTS	10,144	10,144	250	(9,894)
DISBURSEMENTS	10,500	10,500	42	10,458
Net Change in Fund Balance	(356)	(356)	208	564
FUND BALANCE - BEGINNING	356	356	357	1
FUND BALANCE - ENDING	\$ -	\$ -	\$ 565	\$ 565
DRUG FUND				
RECEIPTS				
Miscellaneous	\$ 25,530	\$ 25,530	\$ -	\$ (25,530)
TOTAL RECEIPTS	25,530	25,530	-	(25,530)
DISBURSEMENTS	30,000	30,000	-	30,000
Net Change in Fund Balance	(4,470)	(4,470)	-	4,470
FUND BALANCE - BEGINNING	4,470	4,470	4,471	1
FUND BALANCE - ENDING	\$ -	\$ -	\$ 4,471	\$ 4,471
FEDERAL GRANT FUND				
RECEIPTS				
Interest	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Intergovernmental	87,422	87,422	-	(87,422)
TOTAL RECEIPTS	137,422	137,422	-	(137,422)
DISBURSEMENTS	22,200	22,200	1,375	20,825
Net Change in Fund Balance	115,222	115,222	(1,375)	(116,597)
FUND BALANCE - BEGINNING	12,578	12,578	12,578	-
FUND BALANCE - ENDING	\$ 127,800	\$ 127,800	\$ 11,203	\$ (116,597)
FEDERAL LAW ENFORCEMENT GRANT FUND				
RECEIPTS				
Intergovernmental	\$ 150,000	\$ 150,000	\$ -	\$ (150,000)
TOTAL RECEIPTS	150,000	150,000	-	(150,000)
DISBURSEMENTS	150,000	150,000	-	150,000
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ -	\$ -

(Continued)

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LOCAL GRANT FUND				
RECEIPTS				
Intergovernmental	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
TOTAL RECEIPTS	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
DISBURSEMENTS	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
HOSPITAL BOND FUND				
RECEIPTS				
Miscellaneous	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
TOTAL RECEIPTS	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
DISBURSEMENTS	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COUNTY BUILDING FUND				
RECEIPTS				
Taxes	\$ 65,000	\$ 65,000	\$ 57,361	\$ (7,639)
Intergovernmental	-	-	2,172	2,172
TOTAL RECEIPTS	<u>65,000</u>	<u>65,000</u>	<u>59,533</u>	<u>(5,467)</u>
DISBURSEMENTS	<u>94,704</u>	<u>94,704</u>	<u>-</u>	<u>94,704</u>
Net Change in Fund Balance	(29,704)	(29,704)	59,533	89,237
FUND BALANCE - BEGINNING	29,704	29,704	29,704	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,237</u>	<u>\$ 89,237</u>
GROUND WATER MANAGEMENT FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	<u>2,597</u>	<u>2,597</u>	<u>-</u>	<u>2,597</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>

(Continued)

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
911 EMERGENCY SERVICES FUND				
RECEIPTS				
Taxes	\$ 14,100	\$ 14,100	\$ 38,757	\$ 24,657
TOTAL RECEIPTS	14,100	14,100	38,757	24,657
DISBURSEMENTS	105,843	105,843	78,891	26,952
Net Change in Fund Balance	(91,743)	(91,743)	(40,134)	51,609
FUND BALANCE - BEGINNING	91,743	91,743	91,743	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 51,609	\$ 51,609
CIVIL DEFENSE				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	-	-	-	-
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	114	114
FUND BALANCE - ENDING	\$ -	\$ -	\$ 114	\$ 114

(Concluded)

MERRICK COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2006

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	County Surveyor	County Extension	Total
BALANCE JULY 1, 2005	\$ 17,445	\$ 28,759	\$ 9,093	\$ 18,768	\$ 40,348	\$ 1,879	\$ 5,683	\$ 16,425	\$ 138,400
RECEIPTS									
Property Taxes	-	-	-	-	-	-	-	-	-
Licenses and Permits	660	-	570	-	-	-	-	-	1,230
Intergovernmental	-	-	-	-	153,799	-	-	-	153,799
Charges for Services	61,495	6,564	6,116	31,037	1,213	-	22,304	-	128,729
Miscellaneous	-	-	595	298	49,330	-	-	33,161	83,384
State Fees	69,036	9,046	-	-	-	-	-	-	78,082
Other Liabilities	-	260,842	121,643	17,032	-	-	-	-	399,517
TOTAL RECEIPTS	131,191	276,452	128,924	48,367	204,342	-	22,304	33,161	844,741
DISBURSEMENTS									
Payments to County Treasurer	51,736	6,668	7,219	1,747	215,120	-	22,266	-	304,756
Payments to State Treasurer	69,045	9,260	-	-	-	-	-	-	78,305
Other Liabilities	-	268,431	106,810	36,975	-	903	-	33,252	446,371
TOTAL DISBURSEMENTS	120,781	284,359	114,029	38,722	215,120	903	22,266	33,252	829,432
BALANCE JUNE 30, 2006	\$ 27,855	\$ 20,852	\$ 23,988	\$ 28,413	\$ 29,570	\$ 976	\$ 5,721	\$ 16,334	\$ 153,709
BALANCE CONSISTS OF:									
Due to County Treasurer	\$ 23,568	\$ 588	\$ 1,585	\$ -	\$ 29,570	\$ -	\$ 5,721	\$ 16,334	\$ 77,366
Petty Cash	-	-	-	-	-	-	-	-	-
Due to State Treasurer	4,287	692	-	-	-	-	-	-	4,979
Due to Others	-	19,572	22,403	28,413	-	976	-	-	71,364
BALANCE JUNE 30, 2006	\$ 27,855	\$ 20,852	\$ 23,988	\$ 28,413	\$ 29,570	\$ 976	\$ 5,721	\$ 16,334	\$ 153,709

MERRICK COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2006

Item	2001	2002	2003	2004	2005
Tax Certified by Assessor					
Real Estate	\$ 9,153,598	\$ 9,200,411	\$ 9,871,146	\$ 10,821,871	\$ 11,072,365
Personal and Specials	500,325	466,377	471,445	500,754	979,384
Total	<u>9,653,923</u>	<u>9,666,788</u>	<u>10,342,591</u>	<u>11,322,625</u>	<u>12,051,749</u>
Corrections					
Additions	32,353	11,568	3,150	10,618	7,712
Deductions	<u>(15,548)</u>	<u>(27,111)</u>	<u>(22,625)</u>	<u>(3,776)</u>	<u>(1,013)</u>
Net Additions/ (Deductions)	<u>16,805</u>	<u>(15,543)</u>	<u>(19,475)</u>	<u>6,842</u>	<u>6,699</u>
Corrected Certified Tax	<u>9,670,728</u>	<u>9,651,245</u>	<u>10,323,116</u>	<u>11,329,467</u>	<u>12,058,448</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2002	5,547,299	-	-	-	-
June 30, 2003	4,062,308	5,539,304	-	-	-
June 30, 2004	49,179	4,091,351	5,996,608	-	-
June 30, 2005	1,911	6,066	4,300,668	6,479,389	-
June 30, 2006	<u>8,346</u>	<u>7,072</u>	<u>17,647</u>	<u>4,831,037</u>	<u>6,847,335</u>
Total Net Collections	<u>9,669,043</u>	<u>9,643,793</u>	<u>10,314,923</u>	<u>11,310,426</u>	<u>6,847,335</u>
Total Uncollected Tax	<u>\$ 1,685</u>	<u>\$ 7,452</u>	<u>\$ 8,193</u>	<u>\$ 19,041</u>	<u>\$ 5,211,113</u>
Percentage Uncollected Tax	<u>0.02%</u>	<u>0.08%</u>	<u>0.08%</u>	<u>0.17%</u>	<u>43.22%</u>



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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, 2006, and have issued our report thereon dated May 10, 2007. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Merrick County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The following reportable conditions were noted:

- 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.

- The procedures the County followed to record year end disbursements resulted in inaccurate balances in the County Treasurer's financial records. Good accounting procedures require the timely recording of disbursements in the County Treasurer office.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable conditions described above are considered to be material weaknesses.

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 also noted certain additional items that we reported to management of Merrick County in a separate letter dated May 10, 2007.

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



Assistant Deputy Auditor

May 10, 2007