

**AUDIT REPORT  
OF  
MERRICK COUNTY**

**JULY 1, 2008 THROUGH JUNE 30, 2009**

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
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**Issued on April 27, 2010**

MERRICK COUNTY

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MERRICK COUNTY

**LIST OF COUNTY OFFICIALS**

At June 30, 2009

<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 Schneiderheinz		Jan. 2011
Rex Weller		Jan. 2014
Roger Wiegert		Jan. 2011
Jan Placke	Assessor	Jan. 2011
Steven 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



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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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, 2009, 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, 2009, 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, 2009, 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 16, 2010, 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

Deann Haeffner, CPA  
Assistant Deputy Auditor

April 16, 2010

MERRICK COUNTY  
**STATEMENT OF NET ASSETS - CASH BASIS**  
 June 30, 2009

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 2,158,843
Investments (Note 1.D)	309,385
<b>TOTAL ASSETS</b>	<b>\$ 2,468,228</b>
 <b>NET ASSETS</b>	
Restricted for:	
911 Emergency Services	\$ 29,476
Visitor Promotion	9,406
Other Purposes	4,839
Debt Service	170,954
Unrestricted	2,253,553
<b>TOTAL NET ASSETS</b>	<b>\$ 2,468,228</b>

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

MERRICK COUNTY  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
For the Year Ended June 30, 2009

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (1,613,582)	\$ 215,392	\$ 54,368	\$ (1,343,822)
Public Safety	(669,644)	11,171	122,487	(535,986)
Public Works	(1,964,766)	109	1,047,969	(916,688)
Health and Sanitation	(171,281)	-	-	(171,281)
Public Assistance	(55,131)	-	295	(54,836)
Culture and Recreation	(20,017)	-	-	(20,017)
Debt Payments	(142,701)	-	-	(142,701)
Capital Outlay	(153,537)	-	-	(153,537)
<b>Total Governmental Activities</b>	<b>\$ (4,790,659)</b>	<b>\$ 226,672</b>	<b>\$ 1,225,119</b>	<b>(3,338,868)</b>

General Receipts:	
Property Taxes	2,808,883
Grants and Contributions Not Restricted to Specific Programs	335,447
Investment Income	67,953
Miscellaneous	118,197
<b>Total General Receipts</b>	<b>3,330,480</b>
Change in Net Assets	(8,388)
Net Assets - Beginning	2,476,616
<b>Net Assets - Ending</b>	<b>\$ 2,468,228</b>

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

MERRICK COUNTY  
**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
June 30, 2009

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents (Note 1.D)	\$ 145,103	\$ 532,510	\$ 902,875	\$ 578,355	\$ 2,158,843
Investments (Note 1.D)	-	-	309,385	-	309,385
<b>TOTAL ASSETS</b>	<u>\$ 145,103</u>	<u>\$ 532,510</u>	<u>\$ 1,212,260</u>	<u>\$ 578,355</u>	<u>\$ 2,468,228</u>
<b>FUND BALANCES</b>					
Unreserved, reported in:					
General fund	\$ 145,103	\$ -	\$ -	\$ -	\$ 145,103
Special revenue funds	-	532,510	1,212,260	318,578	2,063,348
Debt service funds	-	-	-	170,954	170,954
Capital project funds	-	-	-	88,823	88,823
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 145,103</u>	<u>\$ 532,510</u>	<u>\$ 1,212,260</u>	<u>\$ 578,355</u>	<u>\$ 2,468,228</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, 2009

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$ 2,243,718	\$ -	\$ 321,765	\$ 243,400	\$ 2,808,883
Licenses and Permits	34,249	-	-	-	34,249
Interest	66,609	-	-	1,344	67,953
Intergovernmental	291,290	1,234,955	-	34,321	1,560,566
Charges for Services	226,563	109	-	-	226,672
Miscellaneous	32,123	50,357	-	1,468	83,948
<b>TOTAL RECEIPTS</b>	<u>2,894,552</u>	<u>1,285,421</u>	<u>321,765</u>	<u>280,533</u>	<u>4,782,271</u>
<b>DISBURSEMENTS</b>					
General Government	1,470,365	-	92,118	51,099	1,613,582
Public Safety	601,773	-	-	67,871	669,644
Public Works	41,437	1,923,329	-	-	1,964,766
Health and Sanitation	171,281	-	-	-	171,281
Public Assistance	28,514	-	-	26,617	55,131
Culture and Recreation	13,864	-	-	6,153	20,017
Debt Service:					
Principal Payments	-	-	-	65,000	65,000
Interest and Fiscal Charges	-	-	-	77,701	77,701
Capital Outlay	-	-	-	153,537	153,537
<b>TOTAL DISBURSEMENTS</b>	<u>2,327,234</u>	<u>1,923,329</u>	<u>92,118</u>	<u>447,978</u>	<u>4,790,659</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>567,318</u>	<u>(637,908)</u>	<u>229,647</u>	<u>(167,445)</u>	<u>(8,388)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	114	863,973	-	-	864,087
Transfers out	(863,973)	-	-	(114)	(864,087)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(863,859)</u>	<u>863,973</u>	<u>-</u>	<u>(114)</u>	<u>-</u>
Net Change in Fund Balances	(296,541)	226,065	229,647	(167,559)	(8,388)
<b>CASH BASIS FUND BALANCES - BEGINNING</b>					
	<u>441,644</u>	<u>306,445</u>	<u>982,613</u>	<u>745,914</u>	<u>2,476,616</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>					
	<u>\$ 145,103</u>	<u>\$ 532,510</u>	<u>\$ 1,212,260</u>	<u>\$ 578,355</u>	<u>\$ 2,468,228</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, 2009

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 526,663
 <b>LIABILITIES</b>	
Due to other governments	
State	124,518
Schools	164,079
Educational Service Units	1,369
Technical College	8,286
Natural Resource Districts	5,407
Fire Districts	3,749
Municipalities	36,673
Agricultural Society	492
Drainage Districts	286
Townships	168,391
Community Redevelopment Authority	1,461
Others	11,952
<b>TOTAL LIABILITIES</b>	<b>526,663</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2009

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: Blaine, 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 \$25,827 toward the operation of the Region during fiscal year 2009. 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 \$34,000 toward the operation of the Department during the fiscal year. 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] [Nursing Home]. 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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

**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 \$214,675 of restricted net assets, all of 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 2009).

At year end, the County's carrying amount of deposits was \$2,158,843 for County funds and \$526,663 for Fiduciary funds. The bank balances for all funds totaled \$2,582,724. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits as of June 30, 2009, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

MERRICK COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

The County's carrying value of investments are stated at cost, which approximates market. Investments consisted of \$200,000 in local Tax Increment Financing bonds and \$109,464 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income 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 2008, for the 2008 taxes which will be materially collected in May and September, 2009, was set at \$.323069/\$100 of assessed valuation. The levy set in October 2007, for the 2007 taxes which were materially collected in May and September, 2008, was set at \$.335633/\$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.



MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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.

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 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, 2009, 62 employees contributed \$71,417; the County contributed \$107,124, which consisted of cash contributions. Additionally, for the year ended June 30, 2009, 6 law enforcement employees and the County contributed \$2,340 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 78 counties throughout Nebraska.

MERRICK COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**5. Risk Management** (Concluded)

The County pays an annual deposit premium as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire Pool. If the Pool becomes insolvent or 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 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	\$ 350,000	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 2010. 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, 2009, consisted of the following:

<u>Transfers to</u>	Transfers from		Total
	General Fund	Nonmajor Funds	
Road Fund	\$ 863,973	\$ -	\$ 863,973
General Fund	-	114	114
Total	<u>\$ 863,973</u>	<u>\$ 114</u>	<u>\$ 864,087</u>

MERRICK COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**6. Interfund Transfers** (Concluded)

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

**7. Long Term Debt**

The County issued bonds on July 11, 2006, in the amount of \$1,850,000 for the purpose of paying the costs of constructing and equipping an addition on the courthouse. The bond payable balance as of June 30, 2009, was \$1,785,000. Future tax resources will be used to pay off the bonds.

Future Payments:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	80,000	65,401	145,401
2015-2019	455,000	275,256	730,256
2020-2024	555,000	168,920	723,920
2025-2027	405,000	37,865	442,865
Total Payments	<u>\$ 1,785,000</u>	<u>\$ 837,355</u>	<u>\$ 2,622,355</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, 2009, no additional taxes have been levied by the County. The balance of bonds payable at June 30, 2009, was \$1,855,000. 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, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 2,465,462	\$ 2,465,462	\$ 2,243,718	\$ (221,744)
Licenses and Permits	29,290	29,290	34,249	4,959
Interest	133,000	133,000	66,609	(66,391)
Intergovernmental	212,750	212,750	291,290	78,540
Charges for Services	222,000	222,000	226,563	4,563
Miscellaneous	13,000	13,000	32,123	19,123
<b>TOTAL RECEIPTS</b>	<b>3,075,502</b>	<b>3,075,502</b>	<b>2,894,552</b>	<b>(180,950)</b>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	83,279	83,279	82,095	1,184
County Clerk	142,349	142,349	123,901	18,448
County Treasurer	110,427	110,427	107,847	2,580
County Assessor	130,847	130,847	124,275	6,572
Election Commissioner	34,740	34,740	22,859	11,881
Planning and Zoning	26,450	26,450	24,136	2,314
Clerk of the District Court	85,858	85,858	78,979	6,879
County Court System	9,200	9,200	9,014	186
Building and Grounds	89,331	89,331	88,146	1,185
Reappraisal	36,340	31,140	24,502	6,638
Agricultural Extension Agent	77,950	77,950	63,876	14,074
Child Support	13,396	13,396	11,344	2,052
Miscellaneous	824,136	824,136	709,391	114,745
Public Safety:				
County Sheriff	325,322	325,322	324,794	528
County Attorney	108,652	113,852	108,396	5,456
Communication Center	102,484	102,484	102,318	166
County Jail	65,559	65,559	59,116	6,443
Emergency Management	3,800	3,800	2,823	977
Miscellaneous	11,652	11,652	4,326	7,326
Public Works:				
County Surveyor	28,700	28,700	27,987	713
Miscellaneous	14,900	14,900	13,450	1,450
Public Health:				
Miscellaneous	165,157	165,157	171,281	(6,124)

(Continued)

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

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>DISBURSEMENTS, Continued</b>				
Public Assistance:				
Veterans' Service Officer	25,310	25,310	19,098	6,212
Miscellaneous	5,838	5,838	9,416	(3,578)
Culture and Recreation:				
Miscellaneous	23,864	23,864	13,864	10,000
<b>TOTAL DISBURSEMENTS</b>	<u>2,545,541</u>	<u>2,545,541</u>	<u>2,327,234</u>	<u>218,307</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>529,961</u>	<u>529,961</u>	<u>567,318</u>	<u>37,357</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	114	114
Transfers out	(971,605)	(971,605)	(863,973)	107,632
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(971,605)</u>	<u>(971,605)</u>	<u>(863,859)</u>	<u>107,746</u>
Net Change in Fund Balance	(441,644)	(441,644)	(296,541)	145,103
<b>FUND BALANCES - BEGINNING</b>	441,644	441,644	441,644	-
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,103</u>	<u>\$ 145,103</u>

(Concluded)

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

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,091,864	\$ 1,091,864	\$ 1,234,955	\$ 143,091
Charges for Services	500	500	109	(391)
Miscellaneous	25,500	25,500	50,357	24,857
<b>TOTAL RECEIPTS</b>	<u>1,117,864</u>	<u>1,117,864</u>	<u>1,285,421</u>	<u>167,557</u>
<b>DISBURSEMENTS</b>	<u>2,395,914</u>	<u>2,395,914</u>	<u>1,923,329</u>	<u>472,585</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,278,050)</u>	<u>(1,278,050)</u>	<u>(637,908)</u>	<u>640,142</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	971,605	971,605	863,973	(107,632)
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>971,605</u>	<u>971,605</u>	<u>863,973</u>	<u>(107,632)</u>
Net Change in Fund Balance	(306,445)	(306,445)	226,065	532,510
FUND BALANCE - BEGINNING	306,445	306,445	306,445	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 532,510</u>	<u>\$ 532,510</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 200,000	\$ 200,000	\$ 321,765	\$ 121,765
<b>TOTAL RECEIPTS</b>	<u>200,000</u>	<u>200,000</u>	<u>321,765</u>	<u>121,765</u>
<b>DISBURSEMENTS</b>	<u>117,600</u>	<u>117,600</u>	<u>92,118</u>	<u>25,482</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>82,400</u>	<u>82,400</u>	<u>229,647</u>	<u>147,247</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	82,400	82,400	229,647	147,247
FUND BALANCE - BEGINNING	982,613	982,613	982,613	-
FUND BALANCE - ENDING	<u>\$ 1,065,013</u>	<u>\$ 1,065,013</u>	<u>\$ 1,212,260</u>	<u>\$ 147,247</u>

MERRICK COUNTY

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2009

**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.

**MERRICK COUNTY**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2009

	Unemployment Fund	Medical Relief Fund	Institutions Fund	Veterans' Aid Fund	Juvenile Diversion Fund	Drug Law Enforcement Fund	Canine Fund	Juvenile Services Grant Fund
<b>RECEIPTS</b>								
Property Taxes	\$ -	\$ 1,850	\$ 26,138	\$ 400	\$ 6,728	\$ -	\$ -	\$ -
Interest	138	-	-	-	-	-	-	-
Intergovernmental	-	45	2,336	7	20,089	-	-	-
Miscellaneous	-	-	-	-	-	1,368	100	-
<b>TOTAL RECEIPTS</b>	<b>138</b>	<b>1,895</b>	<b>28,474</b>	<b>407</b>	<b>26,817</b>	<b>1,368</b>	<b>100</b>	<b>-</b>
<b>DISBURSEMENTS</b>								
General Government	5,131	-	-	-	-	-	-	-
Public Safety	-	-	-	-	38,583	-	56	1,938
Public Assistance	-	16,372	9,245	1,000	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-
Debt Service:								
Principal Payments	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>5,131</b>	<b>16,372</b>	<b>9,245</b>	<b>1,000</b>	<b>38,583</b>	<b>-</b>	<b>56</b>	<b>1,938</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(4,993)</b>	<b>(14,477)</b>	<b>19,229</b>	<b>(593)</b>	<b>(11,766)</b>	<b>1,368</b>	<b>44</b>	<b>(1,938)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(4,993)	(14,477)	19,229	(593)	(11,766)	1,368	44	(1,938)
<b>FUND BALANCES - BEGINNING</b>	<b>24,614</b>	<b>61,959</b>	<b>19,729</b>	<b>8,813</b>	<b>18,466</b>	<b>3,471</b>	<b>530</b>	<b>9,186</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 19,621</b>	<b>\$ 47,482</b>	<b>\$ 38,958</b>	<b>\$ 8,220</b>	<b>\$ 6,700</b>	<b>\$ 4,839</b>	<b>\$ 574</b>	<b>\$ 7,248</b>

(Continued)



**MERRICK COUNTY**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2009

	Emergency Management Fund	Courthouse Building Project Fund	County Building Fund	Groundwater Management Fund	911 Emergency Services Fund	Courthouse Bond Fund	Visitor Promotion Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>								
Property Taxes	\$ -	\$ -	\$ 26,985	\$ -	\$ 39,631	\$ 133,215	\$ 8,453	\$ 243,400
Interest	-	-	-	-	-	1,206	-	1,344
Intergovernmental	-	-	491	-	-	11,353	-	34,321
Miscellaneous	-	-	-	-	-	-	-	1,468
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>27,476</b>	<b>-</b>	<b>39,631</b>	<b>145,774</b>	<b>8,453</b>	<b>280,533</b>
<b>DISBURSEMENTS</b>								
General Government	-	-	45,968	-	-	-	-	51,099
Public Safety	-	-	-	-	27,294	-	-	67,871
Public Assistance	-	-	-	-	-	-	-	26,617
Culture and Recreation	-	-	-	-	-	-	6,153	6,153
Debt Service:								
Principal Payments	-	-	-	-	-	65,000	-	65,000
Interest and Fiscal Charges	-	-	-	-	-	77,701	-	77,701
Capital Projects	-	153,537	-	-	-	-	-	153,537
<b>TOTAL DISBURSEMENTS</b>	<b>-</b>	<b>153,537</b>	<b>45,968</b>	<b>-</b>	<b>27,294</b>	<b>142,701</b>	<b>6,153</b>	<b>447,978</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>-</b>	<b>(153,537)</b>	<b>(18,492)</b>	<b>-</b>	<b>12,337</b>	<b>3,073</b>	<b>2,300</b>	<b>(167,445)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(114)	-	-	-	-	-	-	(114)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(114)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(114)</b>
Net Change in Fund Balances	(114)	(153,537)	(18,492)	-	12,337	3,073	2,300	(167,559)
<b>FUND BALANCES - BEGINNING</b>	<b>114</b>	<b>242,360</b>	<b>161,949</b>	<b>2,597</b>	<b>17,139</b>	<b>167,881</b>	<b>7,106</b>	<b>745,914</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ -</b>	<b>\$ 88,823</b>	<b>\$ 143,457</b>	<b>\$ 2,597</b>	<b>\$ 29,476</b>	<b>\$ 170,954</b>	<b>\$ 9,406</b>	<b>\$ 578,355</b>

(Concluded)

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

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>UNEMPLOYMENT FUND</b>				
<b>RECEIPTS</b>				
Interest	\$ 500	\$ 500	\$ 138	\$ (362)
<b>TOTAL RECEIPTS</b>	<b>500</b>	<b>500</b>	<b>138</b>	<b>(362)</b>
<b>DISBURSEMENTS</b>	<b>25,114</b>	<b>25,114</b>	<b>5,131</b>	<b>19,983</b>
Net Change in Fund Balance	(24,614)	(24,614)	(4,993)	19,621
FUND BALANCE - BEGINNING	24,614	24,614	24,614	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,621</u>	<u>\$ 19,621</u>
<b>MEDICAL RELIEF FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 1,850	\$ 1,850
Intergovernmental	-	-	45	45
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>1,895</b>	<b>1,895</b>
<b>DISBURSEMENTS</b>	<b>17,120</b>	<b>17,120</b>	<b>16,372</b>	<b>748</b>
Net Change in Fund Balance	(17,120)	(17,120)	(14,477)	2,643
FUND BALANCE - BEGINNING	61,959	61,959	61,959	-
FUND BALANCE - ENDING	<u>\$ 44,839</u>	<u>\$ 44,839</u>	<u>\$ 47,482</u>	<u>\$ 2,643</u>
<b>INSTITUTIONS FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 30,000	\$ 30,000	\$ 26,138	\$ (3,862)
Intergovernmental	-	-	2,336	2,336
<b>TOTAL RECEIPTS</b>	<b>30,000</b>	<b>30,000</b>	<b>28,474</b>	<b>(1,526)</b>
<b>DISBURSEMENTS</b>	<b>48,000</b>	<b>48,000</b>	<b>9,245</b>	<b>38,755</b>
Net Change in Fund Balance	(18,000)	(18,000)	19,229	37,229
FUND BALANCE - BEGINNING	19,729	19,729	19,729	-
FUND BALANCE - ENDING	<u>\$ 1,729</u>	<u>\$ 1,729</u>	<u>\$ 38,958</u>	<u>\$ 37,229</u>

(Continued)

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

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>VETERANS' AID FUND</u></b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 400	\$ 400
Intergovernmental	-	-	7	7
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>407</b>	<b>407</b>
<b>DISBURSEMENTS</b>	<b>8,813</b>	<b>8,813</b>	<b>1,000</b>	<b>7,813</b>
Net Change in Fund Balance	(8,813)	(8,813)	(593)	8,220
FUND BALANCE - BEGINNING	8,813	8,813	8,813	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,220</u>	<u>\$ 8,220</u>
<b><u>JUVENILE DIVERSION FUND</u></b>				
<b>RECEIPTS</b>				
Taxes	\$ 663	\$ 663	\$ 6,728	\$ 6,065
Intergovernmental	22,945	22,945	20,089	(2,856)
<b>TOTAL RECEIPTS</b>	<b>23,608</b>	<b>23,608</b>	<b>26,817</b>	<b>3,209</b>
<b>DISBURSEMENTS</b>	<b>42,074</b>	<b>42,074</b>	<b>38,583</b>	<b>3,491</b>
Net Change in Fund Balance	(18,466)	(18,466)	(11,766)	6,700
FUND BALANCE - BEGINNING	18,466	18,466	18,466	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,700</u>	<u>\$ 6,700</u>
<b><u>DRUG LAW ENFORCEMENT FUND</u></b>				
<b>RECEIPTS</b>				
Miscellaneous	\$ -	\$ -	\$ 1,368	\$ 1,368
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>1,368</b>	<b>1,368</b>
<b>DISBURSEMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	-	-	1,368	1,368
FUND BALANCE - BEGINNING	3,471	3,471	3,471	-
FUND BALANCE - ENDING	<u>\$ 3,471</u>	<u>\$ 3,471</u>	<u>\$ 4,839</u>	<u>\$ 1,368</u>

(Continued)

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

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>CANINE FUND</u></b>				
RECEIPTS				
Miscellaneous	\$ 600	\$ 600	\$ 100	\$ (500)
TOTAL RECEIPTS	<u>600</u>	<u>600</u>	<u>100</u>	<u>(500)</u>
DISBURSEMENTS	<u>600</u>	<u>600</u>	<u>56</u>	<u>544</u>
Net Change in Fund Balance	-	-	44	44
FUND BALANCE - BEGINNING	<u>530</u>	<u>530</u>	<u>530</u>	-
FUND BALANCE - ENDING	<u>\$ 530</u>	<u>\$ 530</u>	<u>\$ 574</u>	<u>\$ 44</u>
<b><u>JUVENILE SERVICES GRANT FUND</u></b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	<u>-</u>	<u>9,186</u>	<u>1,938</u>	<u>7,248</u>
Net Change in Fund Balance	-	(9,186)	(1,938)	7,248
FUND BALANCE - BEGINNING	<u>9,186</u>	<u>9,186</u>	<u>9,186</u>	-
FUND BALANCE - ENDING	<u>\$ 9,186</u>	<u>\$ -</u>	<u>\$ 7,248</u>	<u>\$ 7,248</u>
<b><u>EMERGENCY MANAGEMENT FUND</u></b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(114)</u>	<u>(114)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(114)</u>	<u>(114)</u>
Net Change in Fund Balance	-	-	(114)	(114)
FUND BALANCE - BEGINNING	<u>114</u>	<u>114</u>	<u>114</u>	-
FUND BALANCE - ENDING	<u>\$ 114</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ (114)</u>

(Continued)

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

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>COURTHOUSE BUILDING PROJECT FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	242,360	242,360	153,537	88,823
Net Change in Fund Balance	(242,360)	(242,360)	(153,537)	88,823
FUND BALANCE - BEGINNING	242,360	242,360	242,360	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,823</u>	<u>\$ 88,823</u>
<b>COUNTY BUILDING FUND</b>				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 26,985	\$ 26,985
Intergovernmental	940	940	491	(449)
TOTAL RECEIPTS	<u>940</u>	<u>940</u>	<u>27,476</u>	<u>26,536</u>
DISBURSEMENTS	<u>111,949</u>	<u>111,949</u>	<u>45,968</u>	<u>65,981</u>
Net Change in Fund Balance	(111,009)	(111,009)	(18,492)	92,517
FUND BALANCE - BEGINNING	161,949	161,949	161,949	-
FUND BALANCE - ENDING	<u>\$ 50,940</u>	<u>\$ 50,940</u>	<u>\$ 143,457</u>	<u>\$ 92,517</u>
<b>GROUNDWATER MANAGEMENT FUND</b>				
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, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>911 EMERGENCY SERVICES FUND</u></b>				
<b>RECEIPTS</b>				
Taxes	\$ 30,000	\$ 30,000	\$ 39,631	\$ 9,631
<b>TOTAL RECEIPTS</b>	<u>30,000</u>	<u>30,000</u>	<u>39,631</u>	<u>9,631</u>
 <b>DISBURSEMENTS</b>	 <u>42,580</u>	 <u>42,580</u>	 <u>27,294</u>	 <u>15,286</u>
Net Change in Fund Balance	(12,580)	(12,580)	12,337	24,917
FUND BALANCE - BEGINNING	17,139	17,139	17,139	-
FUND BALANCE - ENDING	<u>\$ 4,559</u>	<u>\$ 4,559</u>	<u>\$ 29,476</u>	<u>\$ 24,917</u>
 <b><u>COURTHOUSE BOND FUND</u></b>				
<b>RECEIPTS</b>				
Taxes	\$ 143,903	\$ 143,903	\$ 133,215	\$ (10,688)
Interest	-	-	1,206	1,206
Intergovernmental	-	-	11,353	11,353
<b>TOTAL RECEIPTS</b>	<u>143,903</u>	<u>143,903</u>	<u>145,774</u>	<u>1,871</u>
 <b>DISBURSEMENTS</b>	 <u>143,904</u>	 <u>143,904</u>	 <u>142,701</u>	 <u>1,203</u>
Net Change in Fund Balance	(1)	(1)	3,073	3,074
FUND BALANCE - BEGINNING	167,881	167,881	167,881	-
FUND BALANCE - ENDING	<u>\$ 167,880</u>	<u>\$ 167,880</u>	<u>\$ 170,954</u>	<u>\$ 3,074</u>
 <b><u>VISITOR PROMOTION FUND</u></b>				
<b>RECEIPTS</b>				
Taxes	\$ 8,000	\$ 8,000	\$ 8,453	\$ 453
<b>TOTAL RECEIPTS</b>	<u>8,000</u>	<u>8,000</u>	<u>8,453</u>	<u>453</u>
 <b>DISBURSEMENTS</b>	 <u>12,000</u>	 <u>12,000</u>	 <u>6,153</u>	 <u>5,847</u>
Net Change in Fund Balance	(4,000)	(4,000)	2,300	6,300
FUND BALANCE - BEGINNING	7,106	7,106	7,106	-
FUND BALANCE - ENDING	<u>\$ 3,106</u>	<u>\$ 3,106</u>	<u>\$ 9,406</u>	<u>\$ 6,300</u>

(Continued)

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

For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>GRANT FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
<b>TOTAL RECEIPTS</b>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
 <b>DISBURSEMENTS</b>	 <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>

(Concluded)

MERRICK COUNTY  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2009

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superinten dent	Veterans' Service Officer	County Surveyor	County Planning and Zoning	County Extension	Total
BALANCE JULY 1, 2008	\$ 16,324	\$ 19,145	\$ 13,565	\$ 38,208	\$ 65,294	\$ 776	\$ 3,996	\$ -	\$ 2,588	\$ 159,896
<b>RECEIPTS</b>										
Property Taxes	-	-	1,018	-	-	-	-	-	-	1,018
Licenses and Permits	645	-	-	-	-	-	-	2,008	-	2,653
Intergovernmental	-	-	-	-	71,542	-	-	-	-	71,542
Charges for Services	40,727	10,051	10,149	24,405	32,197	-	12,381	-	-	129,910
Miscellaneous	-	-	-	24	43	-	-	-	-	67
State Fees	33,677	12,617	-	-	-	-	-	-	-	46,294
Other Liabilities	-	170,017	120,438	11,568	-	1,000	-	-	27,975	330,998
<b>TOTAL RECEIPTS</b>	<u>75,049</u>	<u>192,685</u>	<u>131,605</u>	<u>35,997</u>	<u>103,782</u>	<u>1,000</u>	<u>12,381</u>	<u>2,008</u>	<u>27,975</u>	<u>582,482</u>
<b>DISBURSEMENTS</b>										
Payments to County Treasurer	41,972	10,097	8,219	1,299	133,027	-	11,823	2,008	-	208,445
Payments to State Treasurer	35,906	11,098	-	-	-	-	-	-	-	47,004
Other Liabilities	-	159,193	123,390	31,296	20	850	-	-	30,304	345,053
<b>TOTAL DISBURSEMENTS</b>	<u>77,878</u>	<u>180,388</u>	<u>131,609</u>	<u>32,595</u>	<u>133,047</u>	<u>850</u>	<u>11,823</u>	<u>2,008</u>	<u>30,304</u>	<u>600,502</u>
BALANCE JUNE 30, 2009	<u>\$ 13,495</u>	<u>\$ 31,442</u>	<u>\$ 13,561</u>	<u>\$ 41,610</u>	<u>\$ 36,029</u>	<u>\$ 926</u>	<u>\$ 4,554</u>	<u>\$ -</u>	<u>\$ 259</u>	<u>\$ 141,876</u>
<b>BALANCE CONSISTS OF:</b>										
Due to County Treasurer	\$ 10,049	\$ 727	\$ 1,873	\$ 41,561	\$ 36,029	\$ 926	\$ 4,554	\$ -	\$ 259	\$ 95,978
Petty Cash	100	-	-	-	-	-	-	-	-	100
Due to State Treasurer	3,346	1,885	-	-	-	-	-	-	-	5,231
Due to Others	-	28,830	11,688	49	-	-	-	-	-	40,567
BALANCE JUNE 30, 2009	<u>\$ 13,495</u>	<u>\$ 31,442</u>	<u>\$ 13,561</u>	<u>\$ 41,610</u>	<u>\$ 36,029</u>	<u>\$ 926</u>	<u>\$ 4,554</u>	<u>\$ -</u>	<u>\$ 259</u>	<u>\$ 141,876</u>



MERRICK COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED FOR**  
**ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
 June 30, 2009

Item	2004	2005	2006	2007	2008
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 10,821,871	\$ 11,072,365	\$ 11,735,819	\$ 11,971,513	\$ 12,379,213
Personal and Specials	500,754	979,384	750,375	749,466	1,177,679
Total	<u>11,322,625</u>	<u>12,051,749</u>	<u>12,486,194</u>	<u>12,720,979</u>	<u>13,556,892</u>
<b>Corrections</b>					
Additions	10,618	20,215	5,964	9,814	366,239
Deductions	(3,841)	(1,142)	(1,960)	(926)	(853)
Net Additions/ (Deductions)	<u>6,777</u>	<u>19,073</u>	<u>4,004</u>	<u>8,888</u>	<u>365,386</u>
Corrected Certified Tax	<u>11,329,402</u>	<u>12,070,822</u>	<u>12,490,198</u>	<u>12,729,867</u>	<u>13,922,278</u>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2005	6,479,839	-	-	-	-
June 30, 2006	4,831,037	6,847,335	-	-	-
June 30, 2007	15,606	5,204,891	7,119,004	-	-
June 30, 2008	1,551	13,406	5,347,385	7,279,047	-
June 30, 2009	1,251	3,932	19,450	5,420,381	7,805,176
Total Net Collections	<u>11,329,284</u>	<u>12,069,564</u>	<u>12,485,839</u>	<u>12,699,428</u>	<u>7,805,176</u>
Total Uncollected Tax	<u>\$ 118</u>	<u>\$ 1,258</u>	<u>\$ 4,359</u>	<u>\$ 30,439</u>	<u>\$ 6,117,102</u>
Percentage Uncollected Tax	<u>0.00%</u>	<u>0.01%</u>	<u>0.03%</u>	<u>0.24%</u>	<u>43.94%</u>



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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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, 2009, and have issued our report thereon dated April 16, 2010. 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 Litzenberg Memorial 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 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 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 certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 deficiencies to be significant deficiencies in internal control over financial reporting:

1. 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.
2. The County Sheriff and the County Attorney were receiving and disbursing County money through bank accounts, this process was not authorized by the County Board as petty cash. Good internal control includes procedures to ensure all money collected by County officials is recorded and disbursed appropriately. This resulted in financial activity not being reflected in the County financial records.

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, of the significant deficiencies described above, we consider Comment Number 1 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 16, 2010.

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

Deann Haeffner, CPA  
Assistant Deputy Auditor

April 16, 2010



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

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April 16, 2010

Board of Supervisors  
Merrick County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Merrick County (County) for the fiscal year ended June 30, 2009, and have issued our report thereon dated April 16, 2010. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the areas as follows:

### **COUNTY OVERALL**

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#### **Segregation of Duties**

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

We noted the offices of the County each had a lack of segregation of duties since one person could handle all aspects of processing a transaction from beginning to end. Due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost. This was also noted in prior audits.

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

## **Remittances to County Treasurer**

Neb. Rev. Stat. § 23-1601 (Reissue 2007) states, in part, "... it is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her." Neb. Rev. Stat. § 23-109 (Reissue 2007) states, "The county board shall have power to examine and settle all accounts against the county and all accounts concerning the receipts and expenditures of the county." Neb. Rev. Stat. § 23-106 (Reissue 2007) states, in part, "The county board shall have the authority to establish a petty cash fund for such county ... board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message."

We noted several offices which had not remitted all office earnings to the County Treasurer but had retained a portion of the earnings in their office bank account. The County Board has not established petty cash funds in these offices and such amounts were not stated in the County's budget message. The offices and the respective amounts as of June 30, 2009, were:

- County Clerk - \$5,798
- Highway Department - \$75
- Extension Office - \$259
- County Attorney - \$41,561
- County Sheriff - \$1,060

When all monies received are not remitted to the County Treasurer and paid out through an established claim and warrant process, there is an increased risk of loss, theft, or misuse of funds. This was also noted in the prior audit report.

We recommend all money belonging to the County be remitted to the County Treasurer monthly, at a minimum, and the County Board determine the authority for petty cash funds.

## **Unclaimed Property**

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009) states that personal property held by public entities or political subdivisions which remained unclaimed for more than three years is presumed abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2009) requires such items be reported to the Nebraska State Treasurer before November 1 of each year as of June 30 next preceeding.

We noted the following offices which had not remitted uncashed checks to the State Treasurer in accordance with the Unclaimed Property Act:

- County Sheriff had three checks totaling \$377.
- Extension Office had \$36 of voided checks.

When monies are not remitted to the State Treasurer in accordance with the provisions of the Unclaimed Property Act, there is an increased risk of loss, theft, or misuse. This was noted in the previous audit report.

We recommend all personal property, including uncashed checks, which remain unclaimed for more than three years be remitted to the State Treasurer in accordance with the Unclaimed Property Act.

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## **COUNTY SHERIFF**

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### **Accounting Procedures**

Sound accounting practice and good internal control require procedures be in place to ensure office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) are in agreement with office liabilities (fees and trust accounts) on at least a monthly basis. Balancing procedures should include the timely identification and resolution of all variances noted.

At June 30, 2009, the trust fund balance, per the County Sheriff's records, was \$11,688; however, we could only identify individual balances totaling \$5,414, resulting in an unexplained variance of \$6,274. We also noted the balance reflected in the check register did not agree to the balance being used to reconcile the bank accounts, the variance in the fee account was \$32 and the variance in the commissary account was \$163. When all monies received are not appropriately accounted for and there is a failure to determine asset-to-liability balancing variances, there is an increased risk of loss, theft, or misuse of funds allowing errors to more easily go undetected.

We recommend the County Sheriff implement documented monthly balancing procedures and follow up on variances in a timely manner.

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## **COUNTY ATTORNEY**

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### **Untimely Deposits**

Good internal controls require receipts be written for all money received and the timely deposit of receipts to a bank account or the County Treasurer.

During our audit, we noted 27 receipts totaling \$1,901 were deposited in a range of 8 to 61 days from the date they were received. We also noted 5 instances totaling \$646 where receipts were not written for money received. There is an increased risk of loss, theft, or misuse of funds when money is not deposited timely or receipts are not written.

We recommend the County Attorney write receipts for all money collected and deposit money collected in a timely manner.

## **COUNTY BOARD**

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### **Claim Procedures**

Good internal controls require adequate supporting documentation be maintained to support expenditures approved by the County Board.

During our audit, we noted claims paid to the County Attorney for rent and utilities and claims paid to County Sheriff deputies for cellular phone service did not have supporting documentation. When documentation is not obtained prior to disbursement of funds, there is an increased risk of loss or misuse of funds.

We recommend the County Board implement procedures to ensure adequate supporting documentation is obtained prior to approval of claims.

## **HIGHWAY DEPARTMENT/SURVEYOR**

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### **Accounts Receivables**

Sound accounting practice and good internal control require procedures be in place to maintain complete and adequate records and review overdue accounts receivables on a regular basis to determine what action should be taken on those accounts.

During our audit we noted numerous delinquent accounts receivables, which remained uncollected:

- At June 30, 2009, the Highway Department had 11 receivables totaling \$2,927 which were over one year old.
- At June 30, 2009, the Surveyor had 25 receivables totaling \$2,605 which were over one year old.

Without a regular review of delinquent receivables, there is an increased risk delinquent amounts will not be collected and/or resolved in a timely manner.

We recommend the Highway Department/Surveyor implement procedures which include, at a minimum, annual discussions with the County Board to consider the feasibility of collection and/or the need to write-off approval if accounts receivables appear to be uncollectible.

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

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

We appreciate the cooperation and courtesy extended to our auditors during the course of the audit.

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.

Sincerely,

Signed Original on File

Deann Haeffner, CPA  
Assistant Deputy Auditor