

**AUDIT REPORT
OF
MERRICK COUNTY**

JULY 1, 2012 THROUGH JUNE 30, 2013

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the Auditor of Public Accounts.**

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Issued on April 28, 2014

MERRICK COUNTY

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MERRICK COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2013

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
James Helgoth	Board of Supervisors	Jan. 2015
D.L. Hahn		Jan. 2015
Jim Graves		Jan. 2015
Rex Weller		Jan. 2015
John Jefferson		Jan. 2017
Roger Wiegert		Jan. 2017
Carolyn Kucera		Jan. 2017
Jan Placke	Assessor	Jan. 2015
Lynelle Homolka	Attorney	Jan. 2015
Marcia Wichmann	Clerk Election Commissioner Register of Deeds	Jan. 2015
Theresa Good	Clerk of the District Court	Jan. 2015
Kevin Campbell	Sheriff	Jan. 2015
Karen Dunham	Treasurer	Jan. 2015
Gary Berry	Veterans' Service Officer	Appointed
Corwin Roscoe	Weed Superintendent	Appointed
Michael Meyer	Highway Superintendent	Appointed
Jennifer Myers	Planning and Zoning	Appointed



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MERRICK COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Merrick County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Merrick County, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Summary of Opinions

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

Basis for Adverse Opinion on the Discretely Presented Component Unit

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Discretely Presented Component Unit” paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of Merrick County, as of June 30, 2013, or the change in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Merrick County, as of June 30, 2013, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, Pages 20-32, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.


Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2014, on our consideration of Merrick County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and considering Merrick County's internal control over financial reporting and compliance.

March 25, 2014


Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

MERRICK COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2013

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 2,364,311
Investments (Note 1.D)	120,098
TOTAL ASSETS	\$ 2,484,409
 NET POSITION	
Restricted for:	
Visitor Promotion	\$ 6,184
911 Emergency Services	140,069
Drug Education	394
Law Enforcement	5,508
Debt Service	196,833
Preservation of Records	2,778
Unrestricted	2,132,643
TOTAL NET POSITION	\$ 2,484,409

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, 2013

Functions:	Cash Disbursements	<u>Program Cash Receipts</u>		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (1,792,508)	\$ 290,222	\$ 48,774	\$ (1,453,512)
Public Safety	(810,571)	69,247	13,988	(727,336)
Public Works	(2,282,093)	-	1,163,945	(1,118,148)
Health and Sanitation	(136,676)	-	-	(136,676)
Public Assistance	(90,835)	-	-	(90,835)
Culture and Recreation	(27,652)	-	-	(27,652)
Debt Payments	(139,505)	-	-	(139,505)
Capital Outlay	(42,175)	-	-	(42,175)
Total Governmental Activities	<u>\$ (5,322,015)</u>	<u>\$ 359,469</u>	<u>\$ 1,226,707</u>	<u>(3,735,839)</u>

General Receipts:

Property Taxes	3,789,854
Grants and Contributions Not Restricted to Specific Programs	321,023
Investment Income	27,476
Licenses and Permits	35,154
Miscellaneous	46,164
Total General Receipts	<u>4,219,671</u>
Increase in Net Position	483,832
Net Position - Beginning of year	2,000,577
Net Position - End of year	<u>\$ 2,484,409</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, 2013

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents (Note 1.D)	\$ 479,370	\$ 185,878	\$ 1,163,834	\$ 535,229	\$ 2,364,311
Investments (Note 1.D)	-	-	120,098	-	120,098
TOTAL ASSETS	\$ 479,370	\$ 185,878	\$ 1,283,932	\$ 535,229	\$ 2,484,409
FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	6,184	6,184
911 Emergency Services	-	-	-	140,069	140,069
Drug Education	-	-	-	394	394
Law Enforcement	-	-	-	5,508	5,508
Debt Service	-	-	-	196,833	196,833
Preservation of Records	-	-	-	2,778	2,778
Committed to:					
Law Enforcement	-	-	-	34,253	34,253
Road Maintenance	-	185,878	-	-	185,878
Aid and Assistance	-	-	-	8,223	8,223
County Buildings	-	-	-	140,987	140,987
Assigned to:					
Other Purposes	-	-	1,283,932	-	1,283,932
Unassigned	479,370	-	-	-	479,370
TOTAL CASH BASIS FUND BALANCES	\$ 479,370	\$ 185,878	\$ 1,283,932	\$ 535,229	\$ 2,484,409

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, 2013

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$2,833,110	\$ -	\$ 737,649	\$ 219,095	\$ 3,789,854
Licenses and Permits	35,154	-	-	-	35,154
Interest	27,427	-	-	49	27,476
Intergovernmental	277,092	1,239,459	-	31,179	1,547,730
Charges for Services	355,187	-	-	4,282	359,469
Miscellaneous	15,889	27,569	-	2,706	46,164
TOTAL RECEIPTS	3,543,859	1,267,028	737,649	257,311	5,805,847
DISBURSEMENTS					
General Government	1,753,693	-	33,752	5,063	1,792,508
Public Safety	726,286	-	-	84,285	810,571
Public Works	38,243	2,243,850	-	-	2,282,093
Health and Sanitation	136,676	-	-	-	136,676
Public Assistance	90,835	-	-	-	90,835
Culture and Recreation	23,849	-	-	3,803	27,652
Debt Service:					
Principal Payments	-	-	-	100,000	100,000
Interest and Fiscal Charges	-	-	-	39,505	39,505
Capital Outlay	-	-	-	42,175	42,175
TOTAL DISBURSEMENTS	2,769,582	2,243,850	33,752	274,831	5,322,015
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	774,277	(976,822)	703,897	(17,520)	483,832
OTHER FINANCING SOURCES (USES)					
Transfers in	300,005	977,616	-	33,700	1,311,321
Transfers out	(1,009,616)	-	(301,700)	(5)	(1,311,321)
TOTAL OTHER FINANCING SOURCES (USES)	(709,611)	977,616	(301,700)	33,695	-
Net Change in Fund Balances	64,666	794	402,197	16,175	483,832
CASH BASIS FUND BALANCES - BEGINNING					
	414,704	185,084	881,735	519,054	2,000,577
CASH BASIS FUND BALANCES - ENDING					
	\$ 479,370	\$ 185,878	\$1,283,932	\$ 535,229	\$ 2,484,409

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, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 693,238
 LIABILITIES	
Due to other governments	
State	119,207
Schools	257,442
Educational Service Units	1,587
Technical College	12,365
Natural Resource Districts	4,710
Fire Districts	2,728
Municipalities	21,244
Agricultural Society	467
Drainage Districts	1,657
Townships	261,899
Others	9,932
TOTAL LIABILITIES	693,238
 TOTAL NET ASSETS	 \$ -

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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2013

1. **Summary of Significant Accounting Policies**

The following is a summary of the significant accounting policies utilized in the accounting system of Merrick County.

A. Reporting Entity

Merrick County, Nebraska, (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the County is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.

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 Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region III (Region) consists of the following counties: Blaine, Loup, Garfield, Wheeler, Custer, Valley, Greeley, Sherman, Howard, Buffalo, Hall, Phelps, Kearney, Adams, Clay, Furnas, Harlan, Hamilton, Merrick, Franklin, Webster, and Nuckolls.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(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 \$20,738 toward the operation of the Region during fiscal year 2013. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

Health Department – The County has entered into an agreement with Central District Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Cum. Supp. 2012).

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 \$27,685 toward the operation of the Department during fiscal year 2013. 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 in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2012). Financial information for the Department is available in that report.

B. Basis of Presentation

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

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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category — governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

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

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

The County reports the following additional non-major governmental fund types:

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

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

Debt Service Funds. The Courthouse Bond Fund accounts for the resources for, and the payment of, general long-term debt principal, interest, and related costs associated with bonds issued for the construction of courthouse renovations.

The County designates fund balances as:

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

Restricted. The fund balance is restricted by external impositions, such as creditors, grantors, or laws or regulations of other governments.

Committed. The fund balance has been designated by the County Board for a specific purpose.

Assigned. The fund balance has not been designated by the County Board for a specific purpose, but it has been separated based on the type of revenue.

Unassigned. This portion of the General Fund is not restricted, committed, or assigned for a specific purpose.

C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - Cash Basis and the Statement of Activities — Cash Basis. Receipts are recognized when received, and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recorded when earned, and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used, as described above. This differs from governmental GAAP, which requires governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recognized as soon as they are both measurable and available. Receipts are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Disbursements are generally recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences and claims and judgments are recorded only when payment is due.

D. Assets and Net Position

Cash and Cash Equivalents. The County's cash and cash equivalents are considered to be cash on hand and demand deposits.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 2009) and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

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

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

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$351,766 of restricted net position, of which \$154,933 is restricted by enabling legislation.

Budgetary Process. The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those receipts actually received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

On or before August 1, the County budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the receipts from sources other than taxation, and the amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 20, the County Board adopts the budget and appropriates the amounts specified in the budget for the departments, offices, activities, and funds of the County.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, if revisions are made that alter the total disbursements of any fund, an additional public hearing must be held. The legal level of budgetary control for the General Fund is at the function level, and the special revenue fund types are at the fund level. The County Board is also authorized to budget for the transfer of money between County funds.

2. **Deposits and Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2009).

At year end, the County's carrying amount of deposits was \$2,364,311 for County funds and \$693,238 for Fiduciary funds. The bank balances for all funds totaled \$3,283,318. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2013, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$120,000 in local Tax Increment Financing Bonds and of \$98 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 that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name. The Tax Increment Financing Bonds were held by the County or its agent in the name of the County.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Property Taxes

Property taxes are levied by the County Board on or before October 15 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

Counties are permitted by the State Constitution to levy a tax of up to \$.50/\$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. Counties may levy taxes in addition to the 50 cent limitation upon a vote of the people.

The levy set in October 2012, for the 2012 taxes, which will be materially collected in May and September 2013, was set at \$.258157/\$100 of assessed valuation. The levy set in October 2011, for the 2011 taxes, which were materially collected in May and September 2012, was set at \$.299233/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

4. Retirement System

The Retirement System for Nebraska Counties (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 23-2334 (Reissue 2012, Supp. 2013) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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, 2013, 75 employees contributed \$82,535, and the County contributed \$122,458. Contributions included \$2,686 in cash contributions towards the supplemental law enforcement plan for 12 law enforcement employees. Lastly, the County paid \$2,040 directly to 13 retired employees for prior service benefits.

5. Risk Management

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 79 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 otherwise unable to discharge its legal liabilities and 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, is sent to each county in writing, and each county has 60 days in which to pay the amount of such assessment. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the Pool incurred during such county's period of membership.

The agreement with NIRMA requires the risk pool to provide coverage for up to a maximum amount per occurrence and purchase commercial insurance for claims in excess of coverage provided. In the event of a liability exceeding the commercial insurance, the County would be responsible for funding the excess amount.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Worker's Compensation Claim	\$ 500,000	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 2014. 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, 2013, consisted of the following:

<u>Transfers to</u>	General Fund	Inheritance Fund	Nonmajor Funds	Total
Road Fund	\$ 977,616	\$ -	\$ -	\$ 977,616
Inheritance Fund	-	-	-	-
General Fund	-	300,000	5	300,005
Nonmajor Funds	32,000	1,700	-	33,700
Total	<u>\$ 1,009,616</u>	<u>\$ 301,700</u>	<u>\$ 5</u>	<u>\$ 1,311,321</u>

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

7. Contingent Liabilities

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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

8. **Long-Term Debt**

The County issued bonds on May 24, 2011, in the amount of \$1,600,000 for the purpose of refunding Series 2006 bonds, which were issued for paying the costs of constructing and equipping an addition to the courthouse. The bond payable balance, as of June 30, 2013, was \$1,500,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	105,000	38,759	143,759
2015	105,000	37,709	142,709
2016	105,000	36,343	141,343
2017	105,000	34,690	139,690
2018	110,000	32,642	142,642
2019-2023	590,000	117,211	707,211
2024-2026	<u>380,000</u>	<u>20,980</u>	<u>400,980</u>
Total Payments	<u>1,500,000</u>	<u>318,334</u>	<u>1,818,334</u>

9. **Hospital Bond**

In June 2004, \$2,250,000 of Series 2004 general obligation bonds were issued by the Litzenberg Memorial County Hospital (Hospital) with the proceeds to be used to cover the costs of renovation 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, 2013, no additional taxes have been levied by the County. The balance of bonds payable at June 30, 2013, was \$1,450,000. 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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 2,880,000	\$ 2,880,000	\$2,833,110	\$ (46,890)
Licenses and Permits	32,470	32,470	35,154	2,684
Interest	37,000	37,000	27,427	(9,573)
Intergovernmental	211,734	211,734	277,092	65,358
Charges for Services	268,200	268,200	355,187	86,987
Miscellaneous	9,350	9,350	15,889	6,539
TOTAL RECEIPTS	3,438,754	3,438,754	3,543,859	105,105
DISBURSEMENTS				
General Government:				
County Board	92,406	92,406	90,585	1,821
County Clerk	141,575	141,575	133,556	8,019
County Treasurer	138,920	138,920	123,600	15,320
County Assessor	119,404	119,404	113,731	5,673
Election Commissioner	25,300	25,300	19,133	6,167
Building and Zoning	15,539	15,539	11,881	3,658
Clerk of the District Court	95,504	95,504	82,047	13,457
County Court System	9,200	9,200	8,189	1,011
Building and Grounds	106,113	106,113	93,529	12,584
Reappraisal	111,433	111,433	103,865	7,568
Agricultural Extension Agent	91,580	91,580	89,531	2,049
Child Support	15,180	15,180	13,538	1,642
Miscellaneous	957,848	957,848	870,508	87,340
Public Safety				
County Sheriff	417,071	417,071	379,852	37,219
County Attorney	140,164	140,164	123,921	16,243
Communication Center	127,881	138,881	136,145	2,736
County Jail	98,900	87,900	66,297	21,603
Emergency Management	32,250	32,250	14,559	17,691
Civil Process	940	940	-	940
Miscellaneous	16,300	16,300	5,512	10,788
Public Works				
County Surveyor	40,150	40,150	23,218	16,932
Miscellaneous	15,400	15,400	15,025	375
Public Health				
Miscellaneous	139,686	139,686	136,676	3,010

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Assistance				
Veterans' Service Officer	31,485	31,485	27,488	3,997
Miscellaneous	64,605	64,605	63,347	1,258
Culture and Recreation				
Miscellaneous	23,950	23,950	23,849	101
TOTAL DISBURSEMENTS	<u>3,068,784</u>	<u>3,068,784</u>	<u>2,769,582</u>	<u>299,202</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>369,970</u>	<u>369,970</u>	<u>774,277</u>	<u>404,307</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	130,062	130,062	300,005	169,943
Transfers out	(1,009,616)	(1,009,616)	(1,009,616)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(879,554)</u>	<u>(879,554)</u>	<u>(709,611)</u>	<u>169,943</u>
Net Change in Fund Balance	(509,584)	(509,584)	64,666	574,250
FUND BALANCE - BEGINNING	<u>414,704</u>	<u>414,704</u>	<u>414,704</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ (94,880)</u>	<u>\$ (94,880)</u>	<u>\$ 479,370</u>	<u>\$ 574,250</u>

(Concluded)

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	1,268,500	1,268,500	1,239,459	(29,041)
Charges for Services	500	500	-	(500)
Miscellaneous	37,000	37,000	27,569	(9,431)
TOTAL RECEIPTS	1,306,000	1,306,000	1,267,028	(38,972)
DISBURSEMENTS	2,468,700	2,468,700	2,243,850	224,850
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,162,700)	(1,162,700)	(976,822)	185,878
OTHER FINANCING SOURCES (USES)				
Transfers in	977,616	977,616	977,616	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	977,616	977,616	977,616	-
Net Change in Fund Balance	(185,084)	(185,084)	794	185,878
FUND BALANCE - BEGINNING	185,084	185,084	185,084	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,878</u>	<u>\$ 185,878</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 80,000	\$ 80,000	\$ 737,649	\$ 657,649
TOTAL RECEIPTS	80,000	80,000	737,649	657,649
DISBURSEMENTS	41,198	41,198	33,752	7,446
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	38,802	38,802	703,897	665,095
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(840,537)	(840,537)	(301,700)	538,837
TOTAL OTHER FINANCING SOURCES (USES)	(840,537)	(840,537)	(301,700)	538,837
Net Change in Fund Balance	(801,735)	(801,735)	402,197	1,203,932
FUND BALANCE - BEGINNING	881,735	881,735	881,735	-
FUND BALANCE - ENDING	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 1,283,932</u>	<u>\$ 1,203,932</u>

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITOR PROMOTION FUND				
RECEIPTS	\$ 3,000	\$ 3,000	\$ 4,254	\$ 1,254
DISBURSEMENTS	5,733	5,733	3,803	1,930
Net Change in Fund Balance	(2,733)	(2,733)	451	3,184
FUND BALANCE - BEGINNING	5,733	5,733	5,733	-
FUND BALANCE - ENDING	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 6,184</u>	<u>\$ 3,184</u>
PRESERVATION MODERNIZATION FUND				
RECEIPTS	\$ 400	\$ 400	\$ 2,778	\$ 2,378
DISBURSEMENTS	-	-	-	-
Net Change in Fund Balance	400	400	2,778	2,378
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 2,778</u>	<u>\$ 2,378</u>
UNEMPLOYMENT FUND				
RECEIPTS	\$ -	\$ -	\$ 5	\$ 5
DISBURSEMENTS	-	-	5,063	(5,063)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(5,063)	(5,063)	(5)	5,058
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,063)</u>	<u>(5,063)</u>	<u>(5)</u>	<u>5,058</u>
Net Change in Fund Balance	(5,063)	(5,063)	(5,063)	-
FUND BALANCE - BEGINNING	5,063	5,063	5,063	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
VETERANS' AID FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	8,223	8,223	-	8,223
Net Change in Fund Balance	(8,223)	(8,223)	-	8,223
FUND BALANCE - BEGINNING	8,223	8,223	8,223	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,223</u>	<u>\$ 8,223</u>

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
JUVENILE DIVERSION FUND				
RECEIPTS	\$ -	\$ -	\$ 19,549	\$ 19,549
DISBURSEMENTS	39,222	39,222	38,738	484
OTHER FINANCING SOURCES (USES)				
Transfers in	32,000	32,000	32,000	-
Transfers out	(32,000)	(32,000)	-	32,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	32,000	32,000
Net Change in Fund Balance	(39,222)	(39,222)	12,811	52,033
FUND BALANCE - BEGINNING	5,496	5,496	5,496	-
FUND BALANCE - ENDING	<u>\$ (33,726)</u>	<u>\$ (33,726)</u>	<u>\$ 18,307</u>	<u>\$ 52,033</u>
STOP PROGRAM FUND				
RECEIPTS	\$ 1,500	\$ 1,500	\$ 2,225	\$ 725
DISBURSEMENTS	13,387	13,387	2,767	10,620
Net Change in Fund Balance	(11,887)	(11,887)	(542)	11,345
FUND BALANCE - BEGINNING	13,387	13,387	13,387	-
FUND BALANCE - ENDING	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 12,845</u>	<u>\$ 11,345</u>
DRUG LAW ENFORCEMENT FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	2,507	2,507	2,113	394
Net Change in Fund Balance	(2,507)	(2,507)	(2,113)	394
FUND BALANCE - BEGINNING	2,507	2,507	2,507	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 394</u>	<u>\$ 394</u>

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DRUG TESTING FUND				
RECEIPTS	\$ 4,900	\$ 4,900	\$ 3,300	\$ (1,600)
DISBURSEMENTS	5,000	5,000	5,000	-
OTHER FINANCING SOURCES (USES)				
Transfers in	1,700	1,700	1,700	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,700	1,700	1,700	-
Net Change in Fund Balance	1,600	1,600	-	(1,600)
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ 1,600</u>	<u>\$ 1,600</u>	<u>\$ -</u>	<u>\$ (1,600)</u>
DARE FUND				
RECEIPTS	\$ 50	\$ 50	\$ 653	\$ 603
DISBURSEMENTS	2,450	2,450	364	2,086
Net Change in Fund Balance	(2,400)	(2,400)	289	2,689
FUND BALANCE - BEGINNING	2,482	2,482	2,482	-
FUND BALANCE - ENDING	<u>\$ 82</u>	<u>\$ 82</u>	<u>\$ 2,771</u>	<u>\$ 2,689</u>
CANINE FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	616	616	286	330
Net Change in Fund Balance	(616)	(616)	(286)	330
FUND BALANCE - BEGINNING	616	616	616	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330</u>	<u>\$ 330</u>
JUVENILE SERVICE GRANT FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	5,508	5,508	-	5,508
Net Change in Fund Balance	(5,508)	(5,508)	-	5,508
FUND BALANCE - BEGINNING	5,508	5,508	5,508	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,508</u>	<u>\$ 5,508</u>

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
911 WIRELESS SERVICE FUND				
RECEIPTS	\$ 20,000	\$ 20,000	\$ 61,488	\$ 41,488
DISBURSEMENTS	28,195	28,195	4,884	23,311
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	-	(5,000)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	5,000	5,000	-	(5,000)
Net Change in Fund Balance	(3,195)	(3,195)	56,604	59,799
FUND BALANCE - BEGINNING	12,189	12,189	12,189	-
FUND BALANCE - ENDING	<u>\$ 8,994</u>	<u>\$ 8,994</u>	<u>\$ 68,793</u>	<u>\$ 59,799</u>
COURTHOUSE BOND FUND				
RECEIPTS	\$ 135,365	\$ 135,365	\$ 132,674	\$ (2,691)
DISBURSEMENTS	144,505	144,505	139,505	5,000
Net Change in Fund Balance	(9,140)	(9,140)	(6,831)	2,309
FUND BALANCE - BEGINNING	203,664	203,664	203,664	-
FUND BALANCE - ENDING	<u>\$ 194,524</u>	<u>\$ 194,524</u>	<u>\$ 196,833</u>	<u>\$ 2,309</u>
COURTHOUSE BUILDING PROJECT FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	49,436	49,436	42,175	7,261
Net Change in Fund Balance	(49,436)	(49,436)	(42,175)	7,261
FUND BALANCE - BEGINNING	49,436	49,436	49,436	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,261</u>	<u>\$ 7,261</u>

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COUNTY SINKING FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	133,726	133,726	-	133,726
Net Change in Fund Balance	(133,726)	(133,726)	-	133,726
FUND BALANCE - BEGINNING	133,726	133,726	133,726	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,726</u>	<u>\$ 133,726</u>
911 EMERGENCY SERVICE FUND				
RECEIPTS	\$ 31,980	\$ 31,980	\$ 30,385	\$ (1,595)
DISBURSEMENTS	43,500	43,500	30,133	13,367
Net Change in Fund Balance	(11,520)	(11,520)	252	11,772
FUND BALANCE - BEGINNING	71,024	71,024	71,024	-
FUND BALANCE - ENDING	<u>\$ 59,504</u>	<u>\$ 59,504</u>	<u>\$ 71,276</u>	<u>\$ 11,772</u>

(Concluded)

MERRICK COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2013

	Visitor Promotion Fund	Preservation Modernization Fund	Unemployment Fund	Veterans' Aid Fund	Juvenile Diversion Fund
RECEIPTS					
Property Taxes	\$ 4,254	\$ -	\$ -	\$ -	\$ 3
Interest	-	-	5	-	-
Intergovernmental	-	-	-	-	18,042
Charges for Services	-	2,778	-	-	1,504
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>4,254</u>	<u>2,778</u>	<u>5</u>	<u>-</u>	<u>19,549</u>
DISBURSEMENTS					
General Government	-	-	5,063	-	-
Public Safety	-	-	-	-	38,738
Culture and Recreation	3,803	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Projects	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>3,803</u>	<u>-</u>	<u>5,063</u>	<u>-</u>	<u>38,738</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>451</u>	<u>2,778</u>	<u>(5,058)</u>	<u>-</u>	<u>(19,189)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	32,000
Transfers out	-	-	(5)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>32,000</u>
Net Change in Fund Balances	451	2,778	(5,063)	-	12,811
FUND BALANCES - BEGINNING	<u>5,733</u>	<u>-</u>	<u>5,063</u>	<u>8,223</u>	<u>5,496</u>
FUND BALANCES - ENDING	<u>\$ 6,184</u>	<u>\$ 2,778</u>	<u>\$ -</u>	<u>\$ 8,223</u>	<u>\$ 18,307</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	6,184	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Debt Service	-	-	-	-	-
Preservation of Records	-	2,778	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	18,307
Aid and Assistance	-	-	-	8,223	-
County Buildings	-	-	-	-	-
Assigned to:					
TOTAL FUND BALANCES	<u>\$ 6,184</u>	<u>\$ 2,778</u>	<u>\$ -</u>	<u>\$ 8,223</u>	<u>\$ 18,307</u>

MERRICK COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2013

	STOP Program Fund	Drug Law Enforcement Fund	Drug Testing Fund	DARE Fund	Canine Fund	Juvenile Service Grant Fund	911 Wireless Service Fund
RECEIPTS							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$61,488
Interest	-	-	-	-	-	-	-
Intergovernmental	2,225	-	1,247	-	-	-	-
Charges for Services	-	-	-	-	-	-	-
Miscellaneous	-	-	2,053	653	-	-	-
TOTAL RECEIPTS	<u>2,225</u>	<u>-</u>	<u>3,300</u>	<u>653</u>	<u>-</u>	<u>-</u>	<u>61,488</u>
DISBURSEMENTS							
General Government	-	-	-	-	-	-	-
Public Safety	2,767	2,113	5,000	364	286	-	4,884
Culture and Recreation	-	-	-	-	-	-	-
Debt Service:							
Principal Payments	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>2,767</u>	<u>2,113</u>	<u>5,000</u>	<u>364</u>	<u>286</u>	<u>-</u>	<u>4,884</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(542)</u>	<u>(2,113)</u>	<u>(1,700)</u>	<u>289</u>	<u>(286)</u>	<u>-</u>	<u>56,604</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	1,700	-	-	-	-
Transfers out	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>1,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(542)	(2,113)	-	289	(286)	-	56,604
FUND BALANCES - BEGINNING	<u>13,387</u>	<u>2,507</u>	<u>-</u>	<u>2,482</u>	<u>616</u>	<u>5,508</u>	<u>12,189</u>
FUND BALANCES - ENDING	<u>\$12,845</u>	<u>\$ 394</u>	<u>\$ -</u>	<u>\$2,771</u>	<u>\$ 330</u>	<u>\$ 5,508</u>	<u>\$68,793</u>
FUND BALANCES:							
Restricted for:							
Visitor Promotion	-	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-	68,793
Drug Education	-	394	-	-	-	-	-
Law Enforcement	-	-	-	-	-	5,508	-
Debt Service	-	-	-	-	-	-	-
Preservation of Records	-	-	-	-	-	-	-
Committed to:							
Law Enforcement	12,845	-	-	2,771	330	-	-
Aid and Assistance	-	-	-	-	-	-	-
County Buildings	-	-	-	-	-	-	-
Assigned to:							
TOTAL FUND BALANCES	<u>\$12,845</u>	<u>\$ 394</u>	<u>\$ -</u>	<u>\$2,771</u>	<u>\$ 330</u>	<u>\$ 5,508</u>	<u>\$68,793</u>

MERRICK COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2013

	Courthouse Bond Fund	Courthouse Building Project Fund	County Sinking Fund	911 Emergency Service Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ 122,965	\$ -	\$ -	\$ 30,385	\$ 219,095
Interest	44	-	-	-	49
Intergovernmental	9,665	-	-	-	31,179
Charges for Services	-	-	-	-	4,282
Miscellaneous	-	-	-	-	2,706
TOTAL RECEIPTS	<u>132,674</u>	<u>-</u>	<u>-</u>	<u>30,385</u>	<u>257,311</u>
DISBURSEMENTS					
General Government	-	-	-	-	5,063
Public Safety	-	-	-	30,133	84,285
Culture and Recreation	-	-	-	-	3,803
Debt Service:					
Principal Payments	100,000	-	-	-	100,000
Interest and Fiscal Charges	39,505	-	-	-	39,505
Capital Projects	-	42,175	-	-	42,175
TOTAL DISBURSEMENTS	<u>139,505</u>	<u>42,175</u>	<u>-</u>	<u>30,133</u>	<u>274,831</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(6,831)</u>	<u>(42,175)</u>	<u>-</u>	<u>252</u>	<u>(17,520)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	33,700
Transfers out	-	-	-	-	(5)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,695</u>
Net Change in Fund Balances	(6,831)	(42,175)	-	252	16,175
FUND BALANCES - BEGINNING	<u>203,664</u>	<u>49,436</u>	<u>133,726</u>	<u>71,024</u>	<u>519,054</u>
FUND BALANCES - ENDING	<u>\$ 196,833</u>	<u>\$ 7,261</u>	<u>\$ 133,726</u>	<u>\$ 71,276</u>	<u>\$ 535,229</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	6,184
911 Emergency Services	-	-	-	71,276	140,069
Drug Education	-	-	-	-	394
Law Enforcement	-	-	-	-	5,508
Debt Service	196,833	-	-	-	196,833
Preservation of Records	-	-	-	-	2,778
Committed to:					
Law Enforcement	-	-	-	-	34,253
Aid and Assistance	-	-	-	-	8,223
County Buildings	-	7,261	133,726	-	140,987
Assigned to:					
TOTAL FUND BALANCES	<u>\$ 196,833</u>	<u>\$ 7,261</u>	<u>\$ 133,726</u>	<u>\$ 71,276</u>	<u>\$ 535,229</u>

MERRICK COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2013

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintend ent	Veterans' Service Officer	County Surveyor	County Extension	County Planning and Zoning	Total
BALANCES JULY 1, 2012	\$ 7,456	\$ 50,820	\$ 31,035	\$ 160	\$ 41,627	\$ 776	\$ 7,047	\$ 1,422	\$ -	\$ 140,343
RECEIPTS										
Licenses and Permits	555	-	1,440	-	-	-	-	-	2,220	4,215
Intergovernmental	-	-	-	13,988	136,243	-	-	-	-	150,231
Charges for Services	67,607	10,753	33,803	8,424	28,854	-	19,749	-	-	169,190
Miscellaneous	-	-	653	50	51	-	-	27,801	-	28,555
State Fees	76,440	15,871	-	-	-	-	-	-	-	92,311
Other Liabilities	-	643,608	144,347	6,030	-	-	-	-	-	793,985
TOTAL RECEIPTS	<u>144,602</u>	<u>670,232</u>	<u>180,243</u>	<u>28,492</u>	<u>165,148</u>	<u>-</u>	<u>19,749</u>	<u>27,801</u>	<u>2,220</u>	<u>1,238,487</u>
DISBURSEMENTS										
Payments to County Treasurer	65,549	9,652	56,181	22,552	103,820	-	19,569	-	2,205	279,528
Payments to State Treasurer	74,500	14,316	-	-	-	-	-	-	-	88,816
Other Liabilities	-	663,326	141,886	6,050	-	-	-	28,209	-	839,471
TOTAL DISBURSEMENTS	<u>140,049</u>	<u>687,294</u>	<u>198,067</u>	<u>28,602</u>	<u>103,820</u>	<u>-</u>	<u>19,569</u>	<u>28,209</u>	<u>2,205</u>	<u>1,207,815</u>
BALANCES JUNE 30, 2013	<u>\$ 12,009</u>	<u>\$ 33,758</u>	<u>\$ 13,211</u>	<u>\$ 50</u>	<u>\$ 102,955</u>	<u>\$ 776</u>	<u>\$ 7,227</u>	<u>\$ 1,014</u>	<u>\$ 15</u>	<u>\$ 171,015</u>
BALANCES CONSIST OF:										
Due to County Treasurer	\$ 6,847	\$ 3,226	\$ 8,518	\$ 50	\$ 102,855	\$ 776	\$ 7,227	\$ -	\$ 15	\$ 129,514
Petty Cash	1,100	-	500	-	100	-	-	1,014	-	2,714
Due to State Treasurer	4,062	3,791	-	-	-	-	-	-	-	7,853
Due to Others	-	26,741	4,193	-	-	-	-	-	-	30,934
BALANCES JUNE 30, 2013	<u>\$ 12,009</u>	<u>\$ 33,758</u>	<u>\$ 13,211</u>	<u>\$ 50</u>	<u>\$ 102,955</u>	<u>\$ 776</u>	<u>\$ 7,227</u>	<u>\$ 1,014</u>	<u>\$ 15</u>	<u>\$ 171,015</u>

MERRICK COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2013

Item	2008	2009	2010	2011	2012
Tax Certified by Assessor					
Real Estate	\$ 12,379,213	\$ 13,252,368	\$ 14,299,033	\$ 15,140,592	\$ 15,575,876
Personal and Specials	1,177,678	779,390	1,955,319	1,442,935	1,416,687
Total	13,556,891	14,031,758	16,254,352	16,583,527	16,992,563
Corrections					
Additions	367,455	10,602	28,304	9,859	6,324
Deductions	(996)	(18,240)	(53,500)	(994)	(1,126)
Net Additions/ (Deductions)	366,459	(7,638)	(25,196)	8,865	5,198
Corrected Certified Tax	13,923,350	14,024,120	16,229,156	16,592,392	16,997,761
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2009	7,805,176	-	-	-	-
June 30, 2010	6,095,987	8,251,109	-	-	-
June 30, 2011	15,162	5,737,226	9,496,038	-	-
June 30, 2012	5,592	31,683	6,718,218	9,961,699	-
June 30, 2013	532	1,247	10,963	6,601,357	10,266,367
Total Net Collections	13,922,449	14,021,265	16,225,219	16,563,056	10,266,367
Total Uncollected Tax	\$ 901	\$ 2,855	\$ 3,937	\$ 29,336	\$ 6,731,394
Percentage Uncollected Tax	0.01%	0.02%	0.02%	0.18%	39.60%



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MERRICK COUNTY
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Supervisors
Merrick County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Merrick County, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Merrick County's basic financial statements, and have issued our report thereon dated March 25, 2014. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Merrick County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Merrick County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a

deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency to be a material weakness:

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Merrick County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

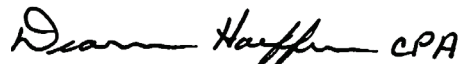
Additional Items

We also noted certain matters that we reported to management of Merrick County in a separate letter dated March 25, 2014.

Purpose of this Report

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

March 25, 2014

 CPA
Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska



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March 25, 2014

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, 2013, and have issued our report thereon dated March 25, 2014. 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

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 lacked a segregation of duties, as 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.

COUNTY BOARD

Unbalanced Budget

Neb. Rev. Stat. § 23-903 (Reissue 2012) states, in relevant part:

The budget of the county shall present a complete financial plan for the period for which said budget is drawn

Except as otherwise provided by State Law, Neb. Rev. Stat. § 13-504(1)(c) (Supp. 2013) requires a proposed budget statement to contain the following information:

For the immediately ensuing fiscal year or biennial period, an estimate of revenue from all sources, including motor vehicle taxes, other than revenue to be received from taxation of personal and real property, separately stated as to each such source; The actual or estimated unencumbered cash balances, whichever is applicable, to be available at the beginning of the year or biennial period; the amount proposed to be expended during the year or biennial period; and the amount of cash reserve, based on actual experience of prior years or biennial periods, which cash reserve shall not exceed fifty percent of the total budget adopted exclusion of capital outlay items.

During our examination, the following was noted in the fiscal year 2012-2013 budget:

- Budget transfers into funds and out of funds did not agree.
- The following funds reflected inaccurate information, resulting in a negative cash reserve balance:
 - General Fund \$95,381
 - Juvenile Diversion Fund 33,726
- The published budget summary reflected a zero cash reserve for the following funds, but the activity of the fund indicated a cash reserve of the following:
 - Lodging Tax \$ 3,000
 - Stop Fund 1,500
 - Dare Fund 82
 - Inheritance Tax 80,000
 - E911 Wireless Services 8,994
 - Courthouse Bond 194,524
 - 911 Emergency Services 59,504
 - Drug Testing Fund 1,600
 - Preservation & Modernization 400

When the County's budget document is not complete and accurate, it does not reflect a true picture of the County Board's financial plan. There is also an increased risk that the County will expend more than it has in revenue and cash reserve.

We recommend the County's budget document be complete, accurate, and reflective of the financial plan of the County.

Imprest Bank Account Reconciliations

Sound accounting practice and good internal control require procedures be in place to ensure office records reconcile with bank activity on at least a monthly basis. Reconciliation procedures should include the timely identification and resolution of all variances noted.

During the examination, it was noted the County did not reconcile its Imprest bank account after May 2013.

The failure to perform accurate and timely bank reconciliations leaves the County susceptible to intentional and/or unintentional errors or omissions and increases the risk of loss, theft, or misuse of public funds.

We recommend procedures be implemented to completely and accurately reconcile the County's Imprest bank account and identify and resolve any variances that exist in a timely manner.

Deposit Coverage

We noted four days during our audit period where the Imprest bank account did not have adequate securities to fully protect bank deposits. The unsecured deposits ranged from \$265,801 to \$628,375.

Neb. Rev. Stat. § 77-2395(2) (Reissue 2009) states, in relevant part:

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

When deposits are not fully secured at all times, the offices are not in compliance with State statute, and there is an increased risk of loss should financial institutions holding County deposits fail.

We recommend the County Board implement procedures to ensure bank accounts are adequately collateralized at all times.

Inventory Statements

During our audit, we noted the following offices' inventory statements were not filed on or before August 31st:

<u>Office</u>	<u>Date Filed</u>
Highway Department	September 5, 2013
Veterans' Service Office	September 5, 2013
Extension Office	September 6, 2013
County Attorney	September 9, 2013
County Sheriff	September 10, 2013

Neb. Rev. Stat. § 23-347 (Reissue 2012) requires county officers to file with the County Board, within two calendar months after the close of each fiscal year, an inventory statement of all County personal property in their custody and possession.

When annual inventory statements are not filed completely, accurately, and timely, the County is not in compliance with State statute, and there is an increased risk of loss, theft, or misuse of County property.

We recommend the County Board implement procedures to ensure all annual inventory statements are filed timely and accurately.

Claim Procedures

During testing of claims, we noted the following:

- Three claims in the amounts of \$1,387, \$1,242, and \$72 did not have supporting documentation for the amounts paid.
- Bond payments of \$100,000 in principle and \$39,505 in interest were not approved by the County Board.

A good internal control plan requires the County Board to ensure that adequate, original supporting documentation be maintained for all expenditures. Additionally, the County Board should approve all expenditures prior to payment being made.

Without complete and accurate purchase documentation and payment procedures, there is an increased risk for fraud, abuse, or misuse of funds.

We recommend the County Board review its overall purchasing policies and procedures, implementing appropriate measures to ensure: 1) proper supporting documentation is received before payment is made on any claim; and 2) the County Board approves all expenditures prior to payment.

HIGHWAY DEPARTMENT / SURVEYOR

Accounts Receivable

During our audit, we noted numerous delinquent accounts receivable, that remained uncollected:

- At June 30, 2013, the County Highway Department had 11 accounts receivable, totaling \$2,461, which were over two years old.
- At June 30, 2013, the County Surveyor had 27 accounts receivable, totaling \$3,577, which were over two years old.

Sound accounting practice and good internal controls require procedures be in place to maintain complete and adequate records, including the review of overdue accounts receivable on a regular basis to determine what action should be taken on those accounts. Without a regular review of overdue accounts receivable, there is an increased risk delinquent amounts will not be collected and/or resolved in a timely manner. This issue was noted in prior audit reports.

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

COUNTY SHERIFF

Mileage Rate

Neb. Rev. Stat. § 33-117(1) (Cum. Supp. 2012) states, in relevant part:

The several sheriffs shall charge and collect fees at the rates specified in this section. The rates shall be as follows. . . (h) traveling each mile actually and necessarily traveled within or without their several counties in their official duties, three cents more per mile than the rate provided in section 81-1176. . . .

During testing, it was noted that the County Sheriff's office was charging the standard mileage rate of \$.565 and did not include the additional \$.03 per mile, as provided in State statute.

Without regular review of the mileage rate charged, there is an increase risk of loss or misuse of funds and non-compliance with State statute.

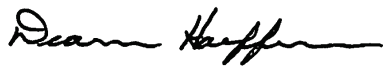
We recommend the Sheriff charge the standard mileage rate plus three cents in accordance with State statute, when invoicing for service of process.

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

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but will be verified in the next 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. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,



Deann Haeffner
Assistant Deputy Auditor