

**AUDIT REPORT
OF
RED WILLOW COUNTY, NEBRASKA**

Year Ended June 30, 2013

**Donald D. Wilson, Certified Public Accountant
McCook, Nebraska**

**AUDIT REPORT
OF
RED WILLOW COUNTY, NEBRASKA
Year Ended June 30, 2013**

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Year Ended June 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

County Board of Commissioners
Red Willow County
McCook, Nebraska 69001

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Red Willow County, Nebraska as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the 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 accounting principles generally accepted in the United States of America; this includes 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Adverse Opinion

The financial statements referred to above include only the primary government of Red Willow County, Nebraska 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 unit. Accounting principles generally accepted in the United States of America require financial data for the County's legally separate component unit to be reported with the financial data of the County's primary government. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the government-wide financial statements has not been determined.

Adverse Opinion

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly the financial position of the reporting entity of Red Willow County, Nebraska as of June 30, 2013, or the changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Red Willow County, Nebraska as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Accounting


I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements for the primary government were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

Report on Supplementary Information

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Red Willow County, Nebraska financial statements. The budgetary comparison information, and the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The budgetary comparison information, combining and the individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 24, 2013 on my consideration of Red Willow County, Nebraska internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my 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. This report is an integral part of an audit conducted in accordance with *Government Auditing Standards* in considering Red Willow County, Nebraska internal control over financial reporting and compliance.


Donald D. Wilson, CPA
McCook, Nebraska

December 24, 2013

RED WILLOW COUNTY, NEBRASKA

STATEMENT OF NET POSITION - CASH BASIS

June 30, 2013

EXHIBIT A

PRIMARY
GOVERNMENT

GOVERNMENTAL
ACTIVITIES

ASSETS

Equity in Pooled Cash and Cash Equivalents	2,483,891
Designated Investments	4,819,615
	<hr/>
Total Assets	7,303,506

NET POSITION

Restricted for:	
Jail Building	4,637,322
Jail Bond	265,888
Nursing Home Bond	112,953
Visitor's Promotion	21,777
Veteran's Aid	8,609
Child Support	40,766
Energy Grant	9,853
Register of Deeds	1,473
	<hr/>
Unrestricted	2,204,865
	<hr/>
TOTAL NET POSITION	7,303,506

The Notes to the Financial Statements are an Integral Part of this Statement

RED WILLOW COUNTY, NEBRASKA
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED June 30, 2013

Exhibit B

	Program Cash Receipts				Net (Disbursements) Receipt and Changes in Net Assets Governmental Activities
	Cash Disbursements	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	3,987,455	372,400	108,649	230,668	(3,275,738)
Public Safety	1,448,490	158,354	96,450	23,581	(1,170,105)
Public Works	1,099,324	275			(1,099,049)
Public Health	234,161	92,886	30,821		(110,454)
Public Assistance	129,751				(129,751)
Culture and Recreation	553,776	269,684			(284,092)
Capital Outlay	643,393				(643,393)
Debt Service	288,716				(288,716)
Total Governmental Activities	8,385,066	893,599	235,920	254,249	(7,001,298)
General Receipts:					
Taxes:					
Property taxes, levied for general purposes					2,873,067
Property taxes, levied for public health					144,844
Property taxes, levied for culture and recreation					119,750
Property taxes, levied for debt service					358,002
Motor Vehicle Tax					412,415
Intergovernmental					1,212,174
Inheritance Tax					292,475
Interest					7,053
Miscellaneous					128,540
Total General Receipts					5,548,320
Other Financing Sources					6,015,100
Changes in Net Assets					4,562,122
Net assets - Beginning of Year					2,741,384
Net assets - End of Year					7,303,506

The Notes to the Financial Statements are an Integral Part of this Statement

RED WILLOW COUNTY, NEBRASKA

BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS

June 30, 2013

EXHIBIT C

	General	Road	Inheritance Tax	Self Insurance	Jail Building	Other Governmental Funds	Total
ASSETS							
Equity in Pooled Cash and Cash Equivalents	505,687	565,877	581,045	100,376		730,906	2,483,891
Designated Investments					4,637,322	182,293	4,819,615
Total Assets	<u>505,687</u>	<u>565,877</u>	<u>581,045</u>	<u>100,376</u>	<u>4,637,322</u>	<u>913,199</u>	<u>7,303,506</u>
FUND BALANCES:							
Restricted					4,637,322	461,319	5,098,641
Assigned		565,877	581,045	100,376		451,880	1,699,178
Unassigned	505,687						505,687
Total Fund Balances	<u>505,687</u>	<u>565,877</u>	<u>581,045</u>	<u>100,376</u>	<u>4,637,322</u>	<u>913,199</u>	<u>7,303,506</u>

The Notes to the Financial Statements are an Integral Part of this Statement

RED WILLOW COUNTY, NEBRASKA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED June 30, 2013

EXHIBIT D

	General	Special Revenue			Capital Project Fund Jail Building	NonMajor Governmental Funds	Total Governmental Total
		Road	Inheritance Tax	Self Insurance			
CASH RECEIPTS							
Property Taxes	2,873,067					622,596	3,495,663
Motor Vehicle Tax	412,415						412,415
Federal Grants	100,575					307,429	408,004
Intergovernmental	148,538	942,267				203,534	1,294,339
Inheritance Tax			292,475				292,475
Charges for Services	415,369	275				477,955	893,599
Interest	6,320			125		608	7,053
Miscellaneous	46,532	46,542		32,191		3,275	128,540
Total Cash Receipts	4,002,816	989,084	292,475	32,191	125	1,615,397	6,932,088
CASH DISBURSEMENTS							
General Government	1,400,844			1,354,632		1,231,979	3,987,455
Public Safety	1,244,141					204,349	1,448,490
Public Works	33,755	1,044,891				20,678	1,099,324
Public Health	3,508					230,653	234,161
Public Assistance	129,751						129,751
Culture and Recreation						553,776	553,776
Capital Outlay				643,393			643,393
Debt Service							
Principal Retirement						215,917	215,917
Interest						72,799	72,799
Total Cash Disbursements	2,811,999	1,044,891	0	1,354,632	643,393	2,530,151	8,385,066
Excess of Cash Receipts Over (Under) Cash Disbursements	1,190,817	(55,807)	292,475	(1,322,441)	(643,268)	(914,754)	(1,452,978)
OTHER FINANCING SOURCES (USES)							
Bond Proceeds				5,015,100			5,015,100
Loan Proceeds					1,000,000		1,000,000
Transfers In	112,201	346,174		1,200,305	139,076	62,201	1,859,957
Transfers (Out)	(1,296,479)	(62,201)	(501,277)				(1,859,957)
Total Other Financing Sources (Uses)	(1,184,278)	283,973	(501,277)	1,200,305	5,154,176	1,062,201	6,015,100
Net Change in Fund Balances	6,539	228,166	(208,802)	(122,136)	4,510,908	147,447	4,562,122
Fund Balances, Beginning of Year	499,148	337,711	789,847	222,512	126,414	765,752	2,741,384
Fund Balances, End of Year	505,687	565,877	581,045	100,376	4,637,322	913,199	7,303,506

The Notes to the Financial Statements are an Integral Part of this Statement

RED WILLOW COUNTY, NEBRASKA

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS

AGENCY FUNDS

Year Ended June 30, 2013

EXHIBIT E

	Balance July 1, 2012	Receipts	Disbursements	Balance June 30, 2013
ASSETS				
Equity in Pooled Cash and Cash Equivalents	395,233	17,281,957	17,269,584	407,606
Designated Investments	108,204	27		108,231
Total Assets	<u>503,437</u>	<u>17,281,984</u>	<u>17,269,584</u>	<u>515,837</u>
LIABILITIES				
State	202,691	2,504,976	2,492,114	215,553
Schools	123,546	10,975,180	10,979,189	119,537
Educational Service Unit	1,577	123,888	123,985	1,480
Community College	9,205	724,987	725,518	8,674
Natural Resource District	7,663	811,709	815,279	4,093
Fire Districts	1,974	176,850	177,617	1,207
Cemetery Districts	4,814	7,512	6,588	5,738
Municipalities	32,714	1,439,008	1,434,227	37,495
Partial Payments	10,406	2,451	236	12,621
Historical Society	360	14,062	13,600	822
Unclaimed Property	283	119	16	386
Redemptions	0	242,684	242,684	0
Tax Increment Financing	0	258,531	258,531	0
Inheritance Trust Funds	108,204	27		108,231
Total Liabilities	<u>503,437</u>	<u>17,281,984</u>	<u>17,269,584</u>	<u>515,837</u>
NET POSITION	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The Notes to the Financial Statements are an Integral Part of this Statement

RED WILLOW COUNTY, NEBRASKA

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies and procedures adopted by Red Willow County, Nebraska:

A. Reporting Entity:

A Reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the county are not misleading. The County, for financial purposes, includes all of the funds relevant to the operation of Red Willow County. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from Red Willow County. The financial statements of the County include those of separately administered organizations that are controlled by, or dependent on, the County. Control or dependence is determined on the criteria of 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 benefits to or impose specific financial burdens on the county.

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

Other individual County offices maintain accounting records and account for monies received and disbursed directly by these offices. Only that portion of these monies which is subsequently received by the County Treasurer is reflected in the County's financial statements. Accountabilities of the monies for the various other offices of the county are presented on Schedule 7 of this report.

B. Basis of Presentation:

Government-wide Financial Statements:

The Statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the county's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in two categories:

Restricted Net Position – result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The amount of restricted net position was \$5,098,641 as of June 30, 2013.

Unrestricted Net Position– has constraints on resources that are imposed by management, but can be removed or modified.

RED WILLOW COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued):

Government-wide Financial Statements (Concluded):

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contribution that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

During the year, the county segregates transactions related to certain county functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the county at this more detailed level. The county uses two categories of funds, governmental and fiduciary. The focus of governmental fund financial statements is on the major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The following are Red Willow County's major governmental funds:

General Fund:

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the county for any purpose provided it is expended or transferred according to the general laws of Nebraska.

Road Fund (Special Revenue):

The Road Fund is used to account for revenues and expenditures for necessary road and bridge construction and improvements in accordance with Nebraska State Statute.

Inheritance Tax (Special Revenue):

The Inheritance Tax Fund is used to account for inheritance tax collected in accordance with Nebraska State Statute. The fund balance is available to the county for any purpose.

Self-Insurance (Special Revenue):

The Self Insurance fund is used to account for the county's self-insurance proceeds and costs.

Jail Building (Capital Project):

To Jail Building is used to account for the bond issuance proceeds, and the expenditures of such funds for the purpose of a new jail. This fund is used strictly for the construction of the jail facility.

RED WILLOW COUNTY, NEBRASKA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Presentation (Concluded):

In the fund financial statements, governmental fund balances are required to be reported according to the following classifications:

Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – Amounts that can only be used for specific purposes because of a formal action (resolution) by the County’s highest level of decision-making authority, the County Board.

Assigned fund balance – Amounts that are constrained by the County’s intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the County Board, or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Fiduciary Funds:

Fiduciary fund reporting focuses on net assets and changes in net assets. The County’s only fiduciary funds are agency funds. The agency funds account for assets held by the County for political subdivisions in which the county acts as a fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

Reservation of Fund Balance:

Reservations of fund balances are reported for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose.

C. Basis of Accounting:

The funds of the County and the financial statements have been prepared on the cash receipts and disbursements basis of accounting. Revenues are taken into account only when received by the county and expenditures are recorded when warrants are issued. This differs from generally accepted accounting principles, which require governmental fund accounting to follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual and obligations are generally recognized when they are incurred.

RED WILLOW COUNTY, NEBRASKA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED):

D. Capital Assets:

Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, culverts, and similar items which are immovable and of value only to the government), are not reported in the governmental activities column in the government-wide statement of net assets. The capital assets acquisitions are reflected as expenditures in governmental funds, and not capitalized.

E. Revenue Recognition – Property Taxes:

Property taxes are levied by October 15 based on valuations as of April 1. Real Estate taxes become due and attach as an enforceable lien on property as of December 31. Real Estate and Personal Property taxes are payable in two installments and become delinquent on May 1 and September 1, following the levy date. 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, except that \$.05 of \$100 of taxable valuation of property subject to the levy may only be levied to provide financing for the County's share of revenue required under an agreement executed pursuant to the Inter-local Cooperation act. The County may allocate up to fifteen cents of its authority to other political subdivisions including: Fire Districts, Cemetery Districts, and a Historical Society. The County may levy taxes in addition to the .50-cent limitation upon a vote of the people. The levy set in October, 2012 for 2012 taxes which will be materially collected in May and September, 2013, was set at \$.443126/\$100 of assessed valuation. Assessed valuation for Red Willow County for the 2012 tax levy was \$838,962,500.

Additionally, there is currently a legislatively imposed lid limitation, which limits taxation to the prior year's level, with provisions for growth and the reduction of state aid. It may be increased by 2.5%, plus allowable growth, and an additional 1% by a three/fourths majority of the county board, or to any level by a vote of the people in the county.

NOTE 2: POOLED CASH AND CASH EQUIVALENTS:

The County Treasurer has generally pooled the cash resources of the various funds for investment purposes. Cash and cash equivalents are considered to be cash on hand and demand deposits. Interest earned on pooled funds is credited to the County General Fund in accordance with Section 77-2315, R.R.S. 1943. Investments made specifically from and for a particular fund are summarized as "Designated Investments". Interest on these investments is credited to the fund from which the investment is made, also in accordance with the above-cited statute.

The types of investments the County is authorized to invest funds in are enumerated in State Statutes and generally include U.S. government obligations, certificates of deposit, time deposits and securities in which the state investment officer is authorized to invest.

RED WILLOW COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED

For the Year Ended June 30, 2013

NOTE 2: POOLED CASH AND CASH EQUIVALENTS (CONCLUDED):

As defined by Governmental Accounting Standards Board Statement #3, the County had no investments as of June 30, 2013.

Red Willow County is a participant in an external investment pool, the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a separate legal and administrative entity organized and existing pursuant to the Inter-Local Cooperation Act and other Nebraska law. NPAIT was established as of July 11, 1996, by the adoption of an Inter-Local Agreement and Declaration of Trust by the Initial Participants and Settlers. The County Treasurer had \$359,119 invested with NPAIT as of June 30, 2013. Securities held by NPAIT are not held in the County's name.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. State law restricts the type of collateral securities allowed. The deposits for Red Willow County as of June 30, 2013 were entirely covered by federal depository insurance or by collateral securities pledged to the County Treasurer and held by the safekeeping department of the depository's correspondent bank.

NOTE 3: INTERFUND TRANSFERS:

The detail of inter-fund transfers for the year ended June 30, 2013 is as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
Road	General	346,174
Self-Insurance	General	950,305
Self-Insurance	Inheritance Tax	250,000
Jail Building	Inheritance Tax	139,076
General	Inheritance Tax	112,201
Highway Allocation Bond	Road	62,201

Transfers generally move resources from the General Fund, statutorily required to collect the resources, to the fund statutorily required to expend the resources. Transfers from the Inheritance Tax move reserve funds over to other funds as needed.

NOTE 4: RETIREMENT PROGRAM:

The Retirement Program for Nebraska Counties is a multiple-employer cash balance benefit plan or a defined contribution plan administered by the Nebraska Public Employees Retirement Board (NPERB) in accordance with the provisions of the County Employees Retirement Act beginning at State Statute Section 23-2301.

Each member who is employed and participating in the retirement system prior to January 1, 2003, may either elect to continue participation in the defined contribution benefit plan or elect to participate in the cash balance benefit plan. All new members as of January 1, 2003 will participate in the cash balance benefit plan. In a cash balance benefit plan, benefits depend on amounts contributed to the plan plus interest credits.

RED WILLOW COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED

For the Year Ended June 30, 2013

NOTE 4: RETIREMENT PROGRAM (CONCLUDED):

In a defined contribution plan, benefits depend on amounts contributed to the plan plus investment earnings. All elected officials and full-time employees who have attained the age of twenty will begin immediate plan participation upon hire. Permanently employed part-time employees may exercise the option to begin immediate participation. Employees contribute 4.5% of their salary and the county match is 6.75% of the salary. Commissioned law enforcement personnel employed by the county contribute 5.5% of their salary and the county match is 7.75% of the salary. The employee and employer's contributions are kept in separate accounts. The employer's account is fully vested. The employee's account is vested 100% after three years participation in the plan. Prior service benefits are paid directly by the County to the retired employee. The county's contributions to NPERB for the years ended June 30, 2013, 2012, and 2011 were \$133,794, \$118,725, and \$117,008 respectively. Prior service benefit paid was \$360, \$360, and \$432, for the three fiscal years.

NOTE 5: BONDS PAYABLE COMMITMENTS:

The following is a summary of changes in long-term commitments of the County for the year ended June 30, 2013:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2013</u>
Bonds:				
Jail Building Series 2013		5,100,000		5,100,000
Hillcrest Series 2011	2,145,000			2,145,000
Hillcrest Series 2008	315,000		155,000	160,000
Highway Allocation Bonds	183,933		60,917	123,016
Total	<u>2,643,933</u>	<u>5,100,000</u>	<u>215,917</u>	<u>7,528,016</u>

A summary of the annual requirements to service the bonds as of June 30, 2013, is as follows:

Year Ended	Jail Building Bond			Highway Allocation Bond		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2014	205,000	107,812	312,812	61,278	923	62,201
June 30, 2015	220,000	108,588	328,588	61,738	463	62,201
June 30, 2016	220,000	107,597	327,597			
June 30, 2017	225,000	106,316	331,316			
June 30, 2018	225,000	104,573	329,573			
June 30, 2019	225,000	102,322	327,322			
Years 2020-2025	1,450,000	529,794	1,979,794			
Years 2026-2031	1,690,000	290,683	1,980,683			
Years 2032-2033	640,000	21,529	661,529			
Total	<u>5,100,000</u>	<u>1,479,214</u>	<u>6,579,214</u>	<u>123,016</u>	<u>1386</u>	<u>124,402</u>

RED WILLOW COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED

For the Year Ended June 30, 2013

NOTE 5: BONDS PAYABLE COMMITMENTS (CONTINUED):

Year Ended	Hillcrest Series 2011/2008		
	Principal	Interest	Total
June 30, 2014	160,000	66,808	226,808
June 30, 2015	100,000	63,927	163,927
June 30, 2016	100,000	63,052	163,052
June 30, 2017	100,000	62,002	162,002
June 30, 2018	100,000	60,703	160,703
June 30, 2019	100,000	59,078	159,078
Years 2020-2025	665,000	300,676	965,676
Years 2026-2032	980,000	151,583	1,131,583
Total	<u>2,305,000</u>	<u>827,829</u>	<u>3,132,829</u>

Jail Building Bond

Due serially in annual principal payments of \$205,000 to \$325,000, plus interest at .3% to 3.35%. Final payment is due December 15, 2032. These are Limited Tax Obligation Bonds issued June 20, 2013 in the amount of \$5,100,000 for the construction of a new jail. Bonds maturing on and after June 20, 2018, are subject to optional redemption prior to maturity, in any order of maturity, in integral multiples of \$5,000. Interest on the Bonds at the respective rates for each maturity is payable semiannually on December 15th and June 15th each year. The maximum annual debt service payable on the bonds will not exceed a levy of 5.2¢ per \$100 upon all the taxable property in the County, subject to the county's constitutional levy limitation.

Highway Allocation Bonds

Due serially in annual principal payments of \$60,917 to \$61,738, plus interest at .75%. Final payment is due June 1, 2015. These are General Obligation Bonds issued June 26, 2012 in the amount of \$183,933 for the construction of a bridge replacement.

Hillcrest Nursing Home Bond, 2011 Series

Due serially in annual principal payments of \$100,000 to \$155,000, plus interest at .8% to 4.30%. Final payment is due October 1, 2031. These are General Obligation Refunding Bonds issued September 28, 2011 in the amount of \$2,145,000 for improvements at the Hillcrest Nursing Home. Bonds maturing on and after October 1, 2017, are subject to optional redemption prior to maturity, in any order of maturity, in integral multiples of \$5,000. Interest on the Bonds at the respective rates for each maturity is payable semiannually on October 1 and April 1 each year.

Hillcrest Nursing Home Bond, 2008 Series

Due serially in annual principal payment of \$145,000 to \$160,000, plus interest at 3.10%. Final payment is due December 1, 2013. These are General Obligation Refunding Bonds issued October 24, 2008 in the amount of \$755,000 to redeem Hillcrest Nursing Home Bond Series 1999. The original 1994 Bonds were for improvements at the Hillcrest Nursing Home.

RED WILLOW COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED

For the Year Ended June 30, 2013

NOTE 5: BONDS PAYABLE COMMITMENTS (CONCLUDED):

Bonds maturing on and after December 1, 2013, are subject to optional redemption prior to maturity, in any order of maturity, in integral multiples of \$5,000 on October 24, 2013, or anytime thereafter. Interest on the Bonds at the respective rates for each maturity is payable semiannually on June 1 and December 1 each year.

The Nursing Home Bonds are a general obligation of Red Willow County, payable, unless paid from other sources, out of the funds of the County, which may be raised among other sources, by taxes levied by valuation on all taxable property in the County.

NOTE 6: LOAN PAYABLE COMMITMENTS:

The following is a summary of the changes in the loan payable commitments during the fiscal year:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>
Hillcrest Nursing Home Loan	0	1,000,000	0	1,000,000
Lease Purchase agreement:				
Road Equipment	<u>74,168</u>		<u>74,168</u>	<u>0</u>
Total	<u><u>74,168</u></u>	<u><u>1,000,000</u></u>	<u><u>74,168</u></u>	<u><u>1,000,000</u></u>

A summary of the commitments under loan agreements provides for annual payments as follows:

Year Ended	Hillcrest Nursing Home Loan		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2014	182,176	40,752	222,928
June 30, 2015	193,895	29,033	222,928
June 30, 2016	200,779	22,149	222,928
June 30, 2017	207,865	15,063	222,928
June 30, 2018	<u>215,285</u>	<u>7,643</u>	<u>222,928</u>
Total	<u><u>1,000,000</u></u>	<u><u>114,640</u></u>	<u><u>1,114,640</u></u>

Nursing Home Loan:

Due in annual principal and interest payments of \$222,928, with interest at 3.55%, payable to McCook National Bank. Final payment is due September 15, 2017. This loan was an emergency due to insolvency or near insolvency of the county nursing home.

RED WILLOW COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED

For the Year Ended June 30, 2013

NOTE 7: FEDERALLY ASSISTED PROGRAMS:

The County receives substantial grants from the federal and state governments, all of which are subject to audit by the respective governments. Subsequent audits may disallow expenditures financed by governmental grant programs, although past audits have resulted in no violations of grant regulations and no requests for reimbursement. It is the opinion of management that requests for reimbursement, if any, by either the federal or state governments based on subsequent audits will not be material in relation to the County's financial statements as of June 30, 2013.

NOTE 8: RELATED PARTY TRANSACTIONS:

There were no related party transactions having a material effect on the financial statements for the year ended June 30, 2013.

NOTE 9: ACCUMULATED COMPENSATED ABSENCES:

It is the County's Policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave. Upon separation from the County's service, the accumulated vacation would be paid but the sick leave would be forfeited. The cost of vacation and sick leave are recognized when payments are made to the individual.

NOTE 10: JOINT VENTURE:

Red Willow County has entered into an agreement with the other counties in Region II in conjunction with the Nebraska Department of Public Institutions to provide services to carry out the provisions of the Nebraska Comprehensive Community Mental Health Services Act and the related alcoholism and drug abuse services and the Developmental Disabilities Services Act (Acts). Region II consists of the following counties: Grant, Hooker, Thomas, Arthur, McPherson, Logan, Keith, Lincoln, Perkins, Chase, Hayes, Frontier, Dawson, Gosper, Dundy, Hitchcock and Red Willow. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board. Funding is provided by a combination of federal, state, local, and private funding. Red Willow County contributed \$49,888 toward the operation of Region II 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 Public Institutions requires the Region to be audited annually in accordance with State Statute. Financial information for the Region is available in that audit report.

RED WILLOW COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONCLUDED

For the Year Ended June 30, 2013

NOTE 11: 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. During the period ended June 30, 2013, the county managed its risks as follows:

Liability Insurance

The County has purchased liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled Claims have not exceeded this commercial coverage in any of the past three fiscal years.

Employee Health Insurance

On November 1, 1992, Red Willow County began a partial self-funded employee health insurance plan. The County has contracted with Regional Care, a group insurance firm, for benefit administration and payment of claims. Red Willow County pays to Regional Care monthly actual claims paid for plan-covered employees and projected claims assessments.

In partial self-funded insurance, the County selects the amount of risk they wish to assume, and purchases "stop loss" insurance for all excess amounts. Red Willow County entered into an agreement with American Fidelity Assurance Company for aggregate and specific reinsurance. Shown here are the reinsurance coverage's:

Aggregate eligible expenses: Medical, Dental and Prescription Card Services.

Specific deductible per person	\$ 30,000
Maximum aggregate reimbursement	\$1,000,000

RED WILLOW COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2013

EXHIBIT F

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Taxes	3,246,777	3,246,777	3,285,483	38,706
Federal	50,000	50,000	100,575	50,575
State	32,000	32,000	47,709	15,709
Local	651,733	651,733	569,049	(82,684)
Total Cash Receipts	3,980,510	3,980,510	4,002,816	22,306
CASH DISBURSEMENTS:				
General Government:				
Board of Commissioners	71,925	71,925	66,093	5,832
Clerk	151,170	151,170	147,756	3,414
Treasurer	206,122	206,122	201,198	4,924
Assessor	201,512	201,512	173,017	28,495
Election Commissioner	25,674	25,674	17,601	8,073
Unemployment Security	10,000	10,000		10,000
Clerk of the District Court	91,050	91,050	83,221	7,829
County Court System	17,100	17,100	16,609	491
District Judge	11,200	11,200	3,866	7,334
Building and Grounds	116,037	116,037	109,396	6,641
Extension Office	106,189	106,189	101,292	4,897
Miscellaneous	628,980	570,980	480,795	90,185
Total General Government	1,636,959	1,578,959	1,400,844	178,115
Public Safety:				
Sheriff	367,167	367,167	365,034	2,133
Attorney	137,651	137,651	136,241	1,410
Jail	576,264	634,264	631,923	2,341
Probation Officer	8,235	8,235	8,235	0
Emergency Management	21,335	21,335	17,912	3,423
Miscellaneous	88,000	88,000	84,796	3,204
Total Public Safety	1,198,652	1,256,652	1,244,141	12,511
Public Works:				
Surveyor	21,000	21,000	9,355	11,645
Noxious Weed Control	36,405	36,405	24,400	12,005
Total Public Works	57,405	57,405	33,755	23,650
Public Health:				
Miscellaneous	6,000	6,000	3,508	2,492
Total Public Health	6,000	6,000	3,508	2,492
Public Assistance:				
County Relief	10,000	10,000	1,439	8,561
Veteran's Service Officer	56,300	56,300	54,360	1,940
Institutions	59,888	59,888	50,983	8,905
Miscellaneous	24,000	24,000	22,969	1,031
Total Public Assistance	150,188	150,188	129,751	20,437

RED WILLOW COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2013

EXHIBIT F
CONCLUDED

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
Total Cash Disbursements	3,049,204	3,049,204	2,811,999	237,205
Excess of Cash Receipts Over (Under) Cash Disbursements	931,306	931,306	1,190,817	259,511
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	112,201	112,201	112,201	
Operating Transfers (Out)	(1,240,852)	(1,240,852)	(1,296,479)	(55,627)
Total Other Financing Sources (Uses)	(1,128,651)	(1,128,651)	(1,184,278)	(55,627)
Net Change in Fund Balance	(197,345)	(197,345)	6,539	203,884
Fund Balance, Beginning of Year	499,148	499,148	499,148	0
Fund Balance, End of Year	301,803	301,803	505,687	203,884

See Accompanying Notes to Budgetary Reporting

RED WILLOW COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
ROAD FUND

For the Year Ended June 30, 2013

EXHIBIT G

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
State	830,957	830,957	941,972	111,015
Local	5,250	5,250	47,112	41,862
Total Cash Receipts	<u>836,207</u>	<u>836,207</u>	<u>989,084</u>	<u>152,877</u>
CASH DISBURSEMENTS:				
Public Works:				
Road Department	1,475,081	1,475,081	1,044,891	430,190
Total Cash Disbursements	<u>1,475,081</u>	<u>1,475,081</u>	<u>1,044,891</u>	<u>430,190</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>(638,874)</u>	<u>(638,874)</u>	<u>(55,807)</u>	<u>583,067</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	443,364	443,364	346,174	(97,190)
Operating Transfers (Out)	(62,201)	(62,201)	(62,201)	
Total Other Financing Sources (Uses)	<u>381,163</u>	<u>381,163</u>	<u>283,973</u>	<u>(97,190)</u>
Net Change in Fund Balance	(257,711)	(257,711)	228,166	485,877
Fund Balance, Beginning of Year	<u>337,711</u>	<u>337,711</u>	<u>337,711</u>	<u>0</u>
Fund Balance, End of Year	<u>80,000</u>	<u>80,000</u>	<u>565,877</u>	<u>485,877</u>

See Accompanying Notes to Budgetary Reporting

RED WILLOW COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
INHERITANCE TAX

For the Year Ended June 30, 2013

EXHIBIT H

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Local	250,000	250,000	292,475	42,475
Total Cash Receipts	250,000	250,000	292,475	42,475
CASH DISBURSEMENTS:				
General Government				
Total Cash Disbursements	0	0	0	0
Excess of Cash Receipts Over (Under) Cash Disbursements	250,000	250,000	292,475	42,475
OTHER FINANCING SOURCES (USES)				
Operating Transfers In				
Operating Transfers (Out)	(501,277)	(501,277)	(501,277)	
Total Other Financing Sources (Uses)	(501,277)	(501,277)	(501,277)	0
Net Change in Fund Balance	(251,277)	(251,277)	(208,802)	42,475
Fund Balance, Beginning of Year	789,847	789,847	789,847	0
Fund Balance, End of Year	538,570	538,570	581,045	42,475

See Accompanying Notes to Budgetary Reporting

RED WILLOW COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
SELF INSURANCE

For the Year Ended June 30, 2013

EXHIBIT I

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Local		32,191	32,191	0
Total Cash Receipts	0	32,191	32,191	0
CASH DISBURSEMENTS:				
General Government	1,200,000	1,455,000	1,354,632	100,368
Total Cash Disbursements	1,200,000	1,455,000	1,354,632	100,368
Excess of Cash Receipts Over (Under) Cash Disbursements	(1,200,000)	(1,422,809)	(1,322,441)	100,368
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	1,047,488	1,200,488	1,200,305	(183)
Operating Transfers (Out)				
Total Other Financing Sources (Uses)	1,047,488	1,200,488	1,200,305	(183)
Net Change in Fund Balance	(152,512)	(222,321)	(122,136)	100,185
Fund Balance, Beginning of Year	222,512	222,512	222,512	0
Fund Balance, End of Year	70,000	191	100,376	100,185

See Accompanying Notes to Budgetary Reporting

RED WILLOW COUNTY, NEBRASKA

**NOTES TO SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING**

For the Year Ended June 30, 2013

NOTE 1: GAAP REQUIREMENTS:

Generally Accepted Accounting Principles (GAAP) requires budgetary comparison schedules for the General Fund, and for each major special revenue funds that have 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 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.

NOTE 2: BUDGET POLICY:

The County follows these procedures in establish the budgetary data reflected in the schedules in accordance with the statutory requirements of the Nebraska Budget Act.

On or before August 1 the finance committee or other designated budget-making authority prepares and transmits a budget for each County fund showing the requirements, the outstanding warrants, the operating reserve 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 budget, like the County financial statements, 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 Board must hold at least one public hearing. Prior to September 20, after the action of the State Board of Equalization and Assessment has been certified to the County Clerk, the budget, as revised, is adopted and the amounts provided therein are appropriated.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, revisions that alter the total expenditures of any fund require that an additional public hearing be held. Appropriations lapse at year-end.

NOTE 3: AMENDED BUDGETS:

The Self Insurance and Hillcrest Energy Grant budgets were properly amended per state statute by \$255,000, and \$9,853, respectively.

The Jail budget within the General Fund was amended by transferring budget authority from the miscellaneous general budget in the amount of \$58,000.

RED WILLOW COUNTY, NEBRASKA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2013

SCHEDULE 1

	Special Revenue Funds (Schedule 3)	Debt Service Funds		Total Nonmajor Governmental Funds (Exhibit C)
		Jail Bond	Hillcrest Nursing Home 2008 Bond	
ASSETS				
Equity in Pooled Cash and Cash Equivalents	352,065	265,888	112,953	730,906
Designated Investments	182,293			182,293
Total Assets	534,358	265,888	112,953	913,199
FUND BALANCES:				
Restricted	82,478	265,888	112,953	461,319
Assigned	451,880			451,880
Total Fund Balances	534,358	265,888	112,953	913,199

RED WILLOW COUNTY, NEBRASKA

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED June 30, 2013

SCHEDULE 2

	Special Revenue Funds (Schedule 4)	Capital Project Fund Highway Allocation Project	Debt Service Funds (Schedule 5)	Total Nonmajor Governmental Funds (Exhibit D)
CASH RECEIPTS				
Property Taxes	264,594		358,002	622,596
Federal Grants	307,429			307,429
Intergovernmental	182,695		20,839	203,534
Charges for Services	477,955			477,955
Interest	608			608
Miscellaneous	3,275			3,275
Total Cash Receipts	<u>1,236,556</u>	<u>0</u>	<u>378,841</u>	<u>1,615,397</u>
CASH DISBURSEMENTS				
General Government	1,231,979			1,231,979
Public Safety	204,349			204,349
Public Works		20,678		20,678
Public Health	230,653			230,653
Culture and Recreation	553,776			553,776
Debt Service:				
Principal Retirement			215,917	215,917
Interest			72,799	72,799
Total Cash Disbursements	<u>2,220,757</u>	<u>20,678</u>	<u>288,716</u>	<u>2,530,151</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>(984,201)</u>	<u>(20,678)</u>	<u>90,125</u>	<u>(914,754)</u>
OTHER FINANCING SOURCES				
Loan Proceeds	773,485		226,515	1,000,000
Transfers In			62,201	62,201
Total Other Financing Sources	<u>773,485</u>	<u>0</u>	<u>288,716</u>	<u>1,062,201</u>
Net Change in Fund Balances	(210,716)	(20,678)	378,841	147,447
Fund Balances, Beginning of Year	745,074	20,678	0	765,752
Fund Balances, End of Year	<u>534,358</u>	<u>0</u>	<u>378,841</u>	<u>913,199</u>

RED WILLOW COUNTY, NEBRASKA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2013

SCHEDULE 3

	Planning and Zoning	Child Support Incentive	Visitor's Promotion	Visitor's Improvement	Fair	Fair Sinking
ASSETS						
Equity in Pooled Cash and Cash Equivalents Designated Investments	2,705	40,766	10,775	11,002	93,512	7,775
Total Assets	<u>2,705</u>	<u>40,766</u>	<u>10,775</u>	<u>11,002</u>	<u>93,512</u>	<u>7,775</u>
FUND BALANCES:						
Restricted Assigned	<u>2,705</u>	<u>40,766</u>	<u>10,775</u>	<u>11,002</u>	<u>93,512</u>	<u>7,775</u>
Total Fund Balances	<u>2,705</u>	<u>40,766</u>	<u>10,775</u>	<u>11,002</u>	<u>93,512</u>	<u>7,775</u>

	Register of Deeds P&M	Kiplinger Arena	Veteran's Aid	STOP Diversion	Drug Law Enforcement	Juvenile Services
ASSETS						
Equity in Pooled Cash and Cash Equivalents Designated Investments	1,473		8,609	20,044		13,157
		44,589			1,051	
Total Assets	<u>1,473</u>	<u>44,589</u>	<u>8,609</u>	<u>20,044</u>	<u>1,051</u>	<u>13,157</u>
FUND BALANCES:						
Restricted Assigned	<u>1,473</u>	<u>44,589</u>	<u>8,609</u>	<u>20,044</u>	<u>1,051</u>	<u>13,157</u>
Total Fund Balances	<u>1,473</u>	<u>44,589</u>	<u>8,609</u>	<u>20,044</u>	<u>1,051</u>	<u>13,157</u>

	Homeland Security Equipment	Hillcrest Energy Grant	Health Department	Hillcrest Nursing Home Loan	Waste Disposal	Total Nonmajor Special Revenue Funds (Schedule 1)
ASSETS						
Equity in Pooled Cash and Cash Equivalents Designated Investments	109	9,853	87,207	45,078		352,065
					136,653	182,293
Total Assets	<u>109</u>	<u>9,853</u>	<u>87,207</u>	<u>45,078</u>	<u>136,653</u>	<u>534,358</u>
FUND BALANCES:						
Restricted Assigned	<u>109</u>	<u>9,853</u>	<u>87,207</u>	<u>45,078</u>	<u>136,653</u>	<u>82,478</u> <u>451,880</u>
Total Fund Balances	<u>109</u>	<u>9,853</u>	<u>87,207</u>	<u>45,078</u>	<u>136,653</u>	<u>534,358</u>

RED WILLOW COUNTY NEBRASKA

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For The Year Ended June 30, 2013

SCHEDULE 4

	Planning and Zoning	Child Support Incentive	Visitor's Promotion	Visitor's Improvement	Fair
CASH RECEIPTS					
Property Taxes					119,746
Federal Grants		11,213			
Intergovernmental			70,855	18,617	4,303
Charges for Services	475				156,676
Interest					
Miscellaneous					
Total Cash Receipts	475	11,213	70,855	18,617	280,725
CASH DISBURSEMENTS					
General Government	3,337				
Public Safety					
Public Health					
Culture and Recreation			87,824	7,615	298,055
Total Cash Disbursements	3,337	0	87,824	7,615	298,055
Excess of Cash Receipts Over (Under) Cash Disbursements	(2,862)	11,213	(16,969)	11,002	(17,330)
OTHER FINANCING SOURCES					
Loan Proceeds					
Total Other Financing Sources	0	0	0	0	0
Net Change in Fund Balances	(2,862)	11,213	(16,969)	11,002	(17,330)
Fund Balances, Beginning of Year	5,567	29,553	27,744	0	110,842
Fund Balances, End of Year	2,705	40,766	10,775	11,002	93,512

RED WILLOW COUNTY NEBRASKA
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For The Year Ended June 30, 2013

**SCHEDULE 4
CONTINUED**

	Fair Sinking	Register of Deeds P&M	Kiplinger Arena	Veteran's Aid	STOP Diversion
CASH RECEIPTS					
Property Taxes			4		
Federal Grants					
Intergovernmental				55	
Charges for Services	1,786	3,963	111,222		4,440
Interest			94		
Miscellaneous					
Total Cash Receipts	<u>1,786</u>	<u>3,963</u>	<u>111,320</u>	<u>55</u>	<u>4,440</u>
CASH DISBURSEMENTS					
General Government		2,490			
Public Safety					391
Public Health					
Culture and Recreation			160,282		
Total Cash Disbursements	<u>0</u>	<u>2,490</u>	<u>160,282</u>	<u>0</u>	<u>391</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>1,786</u>	<u>1,473</u>	<u>(48,962)</u>	<u>55</u>	<u>4,049</u>
OTHER FINANCING SOURCES					
Loan Proceeds					
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>1,786</u>	<u>1,473</u>	<u>(48,962)</u>	<u>55</u>	<u>4,049</u>
Fund Balances, Beginning of Year	<u>5,989</u>	<u>0</u>	<u>93,551</u>	<u>8,554</u>	<u>15,995</u>
Fund Balances, End of Year	<u><u>7,775</u></u>	<u><u>1,473</u></u>	<u><u>44,589</u></u>	<u><u>8,609</u></u>	<u><u>20,044</u></u>

RED WILLOW COUNTY NEBRASKA
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For The Year Ended June 30, 2013

SCHEDULE 4
CONTINUED

	Drug Law Enforcement	Juvenile Services	Homeland Security Equipment	Hillcrest Energy Grant	CDBG Reuse Grant
CASH RECEIPTS					
Property Taxes					
Federal Grants			34,727	230,668	
Intergovernmental Charges for Services					10,533
Interest	2				365
Miscellaneous					
Total Cash Receipts	<u>2</u>	<u>0</u>	<u>34,727</u>	<u>230,668</u>	<u>10,898</u>
CASH DISBURSEMENTS					
General Government				220,815	276,930
Public Safety			41,466		
Public Health					
Culture and Recreation					
Total Cash Disbursements	<u>0</u>	<u>0</u>	<u>41,466</u>	<u>220,815</u>	<u>276,930</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>2</u>	<u>0</u>	<u>(6,739)</u>	<u>9,853</u>	<u>(266,032)</u>
OTHER FINANCING SOURCES					
Loan Proceeds					
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>2</u>	<u>0</u>	<u>(6,739)</u>	<u>9,853</u>	<u>(266,032)</u>
Fund Balances, Beginning of Year	<u>1,049</u>	<u>13,157</u>	<u>6,848</u>	<u>0</u>	<u>266,032</u>
Fund Balances, End of Year	<u><u>1,051</u></u>	<u><u>13,157</u></u>	<u><u>109</u></u>	<u><u>9,853</u></u>	<u><u>0</u></u>

RED WILLOW COUNTY NEBRASKA
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For The Year Ended June 30, 2013

SCHEDULE 4
CONCLUDED

	Health Department	Hillcrest Nursing Home Loan	Waste Disposal	Total Nonmajor Special Revenue Funds (Schedule 2)
CASH RECEIPTS				
Property Taxes	144,844			264,594
Federal Grants	30,821			307,429
Intergovernmental	6,700		82,165	182,695
Charges for Services	92,886		95,974	477,955
Interest			147	608
Miscellaneous			3,275	3,275
Total Cash Receipts	275,251	0	181,561	1,236,556
CASH DISBURSEMENTS				
General Government		728,407		1,231,979
Public Safety			162,492	204,349
Public Health	230,653			230,653
Culture and Recreation				553,776
Total Cash Disbursements	230,653	728,407	162,492	2,220,757
Excess of Cash Receipts Over (Under) Cash Disbursements	44,598	(728,407)	19,069	(984,201)
OTHER FINANCING SOURCES				
Loan Proceeds		773,485		773,485
Total Other Financing Sources	0	773,485	0	773,485
Net Change in Fund Balances	44,598	45,078	19,069	(210,716)
Fund Balances, Beginning of Year	42,609	0	117,584	745,074
Fund Balances, End of Year	87,207	45,078	136,653	534,358

RED WILLOW COUNTY NEBRASKA

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS

For The Year Ended June 30, 2013

SCHEDULE 5

	Jail Bond	Highway Allocation Bond	Hillcrest Nursing Home 2008 Bond	Hillcrest Nursing Home 2011 Bond	Total Nonmajor Debt Service Funds (Schedule 2)
CASH RECEIPTS					
Property Taxes	251,262		106,740		358,002
Intergovernmental	14,626		6,213		20,839
Total Cash Receipts	265,888	0	112,953	0	378,841
CASH DISBURSEMENTS					
Debt Service:					
Principal Retirement		60,917	155,000		215,917
Interest		1,284	7,188	64,327	72,799
Total Cash Disbursements	0	62,201	162,188	64,327	288,716
Excess of Cash Receipts Over (Under) Cash Disbursements	265,888	(62,201)	(49,235)	(64,327)	90,125
OTHER FINANCING SOURCES					
Loan Proceeds			162,188	64,327	226,515
Transfers In		62,201			62,201
Total Other Financing Sources:	0	62,201	162,188	64,327	288,716
Net Change in Fund Balances	265,888	0	112,953	0	378,841
Fund Balances, Beginning of Year	0	0	0	0	0
Fund Balances, End of Year	265,888	0	112,953	0	378,841

RED WILLOW COUNTY, NEBRASKA

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR FUNDS**

For the Year Ended June 30, 2013

SCHEDULE 6

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PLANNING AND ZONING				
CASH RECEIPTS	350	350	475	125
CASH DISBURSEMENTS	5,000	5,000	3,337	1,663
Net Change in Fund Balance	(4,650)	(4,650)	(2,862)	1,788
Fund Balance, Beginning of Year	5,567	5,567	5,567	
Fund Balance, End of Year	917	917	2,705	1,788
CHILD SUPPORT INCENTIVE				
CASH RECEIPTS	0	0	11,213	11,213
CASH DISBURSEMENTS	29,553	29,553	0	29,553
Net Change in Fund Balance	(29,553)	(29,553)	11,213	40,766
Fund Balance, Beginning of Year	29,553	29,553	29,553	
Fund Balance, End of Year	0	0	40,766	40,766
VISITOR'S PROMOTION				
CASH RECEIPTS	72,256	72,256	70,855	(1,401)
CASH DISBURSEMENTS	100,000	100,000	87,824	12,176
Net Change in Fund Balance	(27,744)	(27,744)	(16,969)	10,775
Fund Balance, Beginning of Year	27,744	27,744	27,744	
Fund Balance, End of Year	0	0	10,775	10,775
VISITOR'S IMPROVEMENT				
CASH RECEIPTS	15,000	15,000	18,617	3,617
CASH DISBURSEMENTS	15,000	15,000	7,615	7,385
Net Change in Fund Balance	0	0	11,002	11,002
Fund Balance, Beginning of Year	0	0	0	
Fund Balance, End of Year	0	0	11,002	11,002
FAIR				
CASH RECEIPTS	469,206	469,206	280,725	(188,481)
CASH DISBURSEMENTS	576,048	576,048	298,055	277,993
Net Change in Fund Balance	(106,842)	(106,842)	(17,330)	89,512
Fund Balance, Beginning of Year	110,842	110,842	110,842	
Fund Balance, End of Year	4,000	4,000	93,512	89,512

RED WILLOW COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2013

SCHEDULE 6
CONTINUED

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
FAIR SINKING				
CASH RECEIPTS	2,001	2,001	1,786	(215)
CASH DISBURSEMENTS	7,990	7,990	0	7,990
Net Change in Fund Balance	(5,989)	(5,989)	1,786	7,775
Fund Balance, Beginning of Year	5,989	5,989	5,989	
Fund Balance, End of Year	0	0	7,775	7,775
REGISTER OF DEEDS P&M				
CASH RECEIPTS	5,000	5,000	3,963	(1,037)
CASH DISBURSEMENTS	5,000	5,000	2,490	2,510
Net Change in Fund Balance	0	0	1,473	1,473
Fund Balance, Beginning of Year				
Fund Balance, End of Year	0	0	1,473	1,473
KIPLINGER ARENA				
CASH RECEIPTS	461,287	461,287	111,320	(349,967)
CASH DISBURSEMENTS	554,838	554,838	160,282	394,556
Net Change in Fund Balance	(93,551)	(93,551)	(48,962)	44,589
Fund Balance, Beginning of Year	93,551	93,551	93,551	
Fund Balance, End of Year	0	0	44,589	44,589
VETERAN'S AID				
CASH RECEIPTS	0	0	55	55
CASH DISBURSEMENTS	8,000	8,000	0	8,000
Net Change in Fund Balance	(8,000)	(8,000)	55	8,055
Fund Balance, Beginning of Year	8,554	8,554	8,554	
Fund Balance, End of Year	554	554	8,609	8,055
STOP DIVERSION				
CASH RECEIPTS	2,000	2,000	4,440	2,440
CASH DISBURSEMENTS	15,995	15,995	391	15,604
Net Change in Fund Balance	(13,995)	(13,995)	4,049	18,044
Fund Balance, Beginning of Year	15,995	15,995	15,995	
Fund Balance, End of Year	2,000	2,000	20,044	18,044

RED WILLOW COUNTY, NEBRASKA

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR FUNDS**

For the Year Ended June 30, 2013

**SCHEDULE 6
CONTINUED**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
DRUG LAW ENFORCEMENT				
CASH RECEIPTS	0	0	2	2
CASH DISBURSEMENTS	1,049	1,049	0	1,049
Net Change in Fund Balance	(1,049)	(1,049)	2	1,051
Fund Balance, Beginning of Year	1,049	1,049	1,049	
Fund Balance, End of Year	0	0	1,051	1,051
JUVENILE SERVICES				
CASH RECEIPTS	0	0	0	0
CASH DISBURSEMENTS	13,157	13,157	0	13,157
Net Change in Fund Balance	(13,157)	(13,157)	0	13,157
Fund Balance, Beginning of Year	13,157	13,157	13,157	
Fund Balance, End of Year	0	0	13,157	13,157
HOMELAND SECURITY EQUIPMENT				
CASH RECEIPTS	43,152	43,152	34,727	(8,425)
CASH DISBURSEMENTS	50,000	50,000	41,466	8,534
Net Change in Fund Balance	(6,848)	(6,848)	(6,739)	109
Fund Balance, Beginning of Year	6,848	6,848	6,848	
Fund Balance, End of Year	0	0	109	109
HILLCREST ENERGY GRANT				
CASH RECEIPTS	220,815	230,668	230,668	0
CASH DISBURSEMENTS	220,815	230,668	220,815	9,853
Net Change in Fund Balance	0	0	9,853	9,853
Fund Balance, Beginning of Year	0	0	0	
Fund Balance, End of Year	0	0	9,853	9,853
REUSEABLE CDBG GRANTS				
CASH RECEIPTS	67,045	67,045	10,898	(56,147)
CASH DISBURSEMENTS	333,077	333,077	276,930	56,147
Net Change in Fund Balance	(266,032)	(266,032)	(266,032)	0
Fund Balance, Beginning of Year	266,032	266,032	266,032	
Fund Balance, End of Year	0	0	0	0

RED WILLOW COUNTY, NEBRASKA

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR FUNDS**

For the Year Ended June 30, 2013

**SCHEDULE 6
CONTINUED**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
HEALTH DEPARTMENT				
CASH RECEIPTS	246,150	246,150	275,251	29,101
CASH DISBURSEMENTS	283,759	283,759	230,653	53,106
Net Change in Fund Balance	(37,609)	(37,609)	44,598	82,207
Fund Balance, Beginning of Year	42,609	42,609	42,609	
Fund Balance, End of Year	5,000	5,000	87,207	82,207
HILLCREST NURSING HOME LOAN				
CASH RECEIPTS	773,485	773,485	773,485	0
CASH DISBURSEMENTS	773,485	773,485	728,407	45,078
Net Change in Fund Balance	0	0	45,078	45,078
Fund Balance, Beginning of Year				
Fund Balance, End of Year	0	0	45,078	45,078
WASTE DISPOSAL				
CASH RECEIPTS	138,950	138,950	181,561	42,611
CASH DISBURSEMENTS	204,464	204,464	162,492	41,972
Net Change in Fund Balance	(65,514)	(65,514)	19,069	84,583
Fund Balance, Beginning of Year	117,584	117,584	117,584	
Fund Balance, End of Year	52,070	52,070	136,653	84,583
HIGHWAY ALLOCATION PROJECT				
CASH DISBURSEMENTS	0	0	0	0
CASH DISBURSEMENTS	20,678	20,678	20,678	0
Net Change in Fund Balance	(20,678)	(20,678)	(20,678)	0
Fund Balance, Beginning of Year	20,678	20,678	20,678	
Fund Balance, End of Year	0	0	0	0
JAIL BOND				
CASH RECEIPTS	381,793	381,793	265,888	(115,905)
CASH DISBURSEMENTS	45,404	45,404	0	45,404
Net Change in Fund Balance	336,389	336,389	265,888	(70,501)
Fund Balance, Beginning of Year	0	0	0	
Fund Balance, End of Year	336,389	336,389	265,888	(70,501)

RED WILLOW COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
HIGHWAY ALLOCATION BOND				
CASH RECEIPTS	62,201	62,201	62,201	0
CASH DISBURSEMENTS	62,201	62,201	62,201	0
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	0	0	0	
Fund Balance, End of Year	0	0	0	0
HILLCREST NURSING HOME 2008 BOND				
CASH RECEIPTS	324,375	324,375	275,141	(49,234)
CASH DISBURSEMENTS	162,188	162,188	162,188	0
Net Change in Fund Balance	162,187	162,187	112,953	(49,234)
Fund Balance, Beginning of Year	0	0	0	
Fund Balance, End of Year	162,187	162,187	112,953	(49,234)
HILLCREST NURSING HOME 2011 BOND				
CASH RECEIPTS	64,327	64,327	64,327	0
CASH DISBURSEMENTS	64,327	64,327	64,327	0
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	0	0	0	
Fund Balance, End of Year	0	0	0	0

SCHEDULE 6
CONCLUDED

RED WILLOW COUNTY, NEBRASKA

SCHEDULE OF OFFICE ACTIVITIES

For The Year Ended June 30, 2013

SCHEDULE 7

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Veteran's Service Officer	Health Department	County Fair	Total
Balance July 1, 2012	14,529	23,728	4,974	500	5,001	250	75,421	124,403
Receipts								
Licenses and Permits	2,049	5,400	11,195					18,644
Charges for Services	89,330	10,753	31,393	5,700		107,602		244,778
Miscellaneous	70	14			2	30,821		30,907
State Fees	116,525	15,355						131,880
Other Liabilities	21,884	305,290				245	294,172	621,591
Total Receipts	229,858	336,812	42,588	5,700	2	138,668	294,172	1,047,800
Disbursements								
Payments to County Treasurer	89,950	16,078	43,168	5,660		123,708		278,564
Payments to State Treasurer	115,379	14,790						130,169
Other Liabilities	21,266	304,802			1,230	245	291,009	618,552
Total Disbursements	226,595	335,670	43,168	5,660	1,230	123,953	291,009	1,027,285
Balance June 30, 2013	17,792	24,870	4,394	540	3,773	14,965	78,584	144,918
BALANCE CONSISTS OF:								
Due to County Treasurer	7,003	1,312	3,294	40		14,715	33,073	59,437
Due to State Treasurer	5,651	1,920						7,571
Petty Cash	150	150	1,100		3,773	250	44,811	50,234
Due to Others	4,988	21,488		500			700	27,676
Balance June 30, 2013	17,792	24,870	4,394	540	3,773	14,965	78,584	144,918

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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

County Board of Commissioners
Red Willow County
McCook, Nebraska 69001

Board Members:

I have audited, in accordance with the 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 Red Willow County, Nebraska, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Red Willow County, Nebraska financial statements, and have issued my report thereon dated December 24, 2013. 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 Hillcrest Nursing Home, a component unit of Red Willow County, Nebraska.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Red Willow County, Nebraska internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Red Willow County, Nebraska internal control. Accordingly, I do not express an opinion on the effectiveness of Red Willow County, Nebraska internal control.

My 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, I identified a certain deficiency in internal control that I consider to be 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the following deficiency to be a material weakness:

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*

Page 2

The County offices, which collect and remit money to the County Treasurer, 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.

Management Response: Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

Compliance and Other Matters

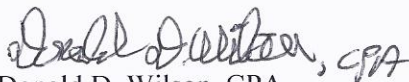
As part of obtaining reasonable assurance about whether Red Willow County, Nebraska financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct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

Response to Finding

Red Willow County, Nebraska management response to the finding identified in my audit is described above. Red Willow County, Nebraska response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Donald D. Wilson, CPA
McCook, Nebraska

December 24, 2013