

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

Year Ended June 30, 2014

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

**AUDIT REPORT
OF
RED WILLOW COUNTY, NEBRASKA
Year Ended June 30, 2014**

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Year Ended June 30, 2014**

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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, 2014, 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, 2014, 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, 2014, and the respective changes in financial position for the year then ended in conformity with the basis of accounting described in Note 1.

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 16, 2014 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 16, 2014

RED WILLOW COUNTY, NEBRASKA

STATEMENT OF NET POSITION - CASH BASIS

June 30, 2014

EXHIBIT A

PRIMARY
GOVERNMENT

GOVERNMENTAL
ACTIVITIES

ASSETS

Equity in Pooled Cash and Cash Equivalents	3,819,520
Designated Investments	1,208,887
	<hr/>
Total Assets	5,028,407

NET POSITION

Restricted for:	
Jail Building	567,009
Jail Bond	338,802
Nursing Home Bond	8,195
Kiplinger Endowment	598,204
Bridge/Road Projects	81,444
Visitor's Promotion	57,778
Veteran's Aid	8,664
Child Support	63,276
CDBG Reuse	16,371
Register of Deeds	3,769
	<hr/>
Unrestricted	3,284,895
	<hr/>
TOTAL NET POSITION	5,028,407

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, 2014

Exhibit B

		Program Cash Receipts		Net (Disbursements) Receipt and Changes in Net Assets
Cash Disbursements	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Governmental Activities	
Governmental Activities:				
General Government	2,062,424	372,833	111,690	(1,577,901)
Public Safety	1,499,691	184,801	173,877	(1,141,013)
Public Works	1,288,012	2,497		(1,285,515)
Public Health	194,701	145,392	9,264	(40,045)
Public Assistance	130,470			(130,470)
Culture and Recreation	550,675	303,555		(247,120)
Capital Outlay	4,070,313			(4,070,313)
Debt Service	825,149			(825,149)
	<u>10,621,435</u>	<u>1,009,078</u>	<u>294,831</u>	<u>(9,317,526)</u>
Total Governmental Activities				
General Receipts:				
Taxes:				
Property taxes, levied for general purposes				3,205,160
Property taxes, levied for public health				96,615
Property taxes, levied for culture and recreation				121,644
Property taxes, levied for debt service				429,305
Motor Vehicle Tax				396,372
Intergovernmental				1,440,963
Inheritance Tax				367,421
Interest				9,949
Miscellaneous				687,342
				<u>6,754,771</u>
Total General Receipts				
Other Financing Sources				<u>287,656</u>
Changes in Net Position				(2,275,099)
Net position - Beginning of Year				<u>7,303,506</u>
Net position - End of Year				<u>5,028,407</u>

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, 2014

EXHIBIT C

	General	Road	Self Insurance	Kiplinger Endowment	Inheritance Tax	Jail Building	Other Governmental Funds	Total
ASSETS								
Equity in Pooled Cash and Cash Equivalents	873,547	528,841	637,665		398,466	300,000	1,081,001	3,819,520
Designated Investments				598,204		570,851	39,832	1,208,887
Total Assets	<u>873,547</u>	<u>528,841</u>	<u>637,665</u>	<u>598,204</u>	<u>398,466</u>	<u>870,851</u>	<u>1,120,833</u>	<u>5,028,407</u>
FUND BALANCES:								
Restricted				598,204		567,009	578,299	1,743,512
Assigned		528,841	637,665		398,466	303,842	542,534	2,411,348
Unassigned	873,547							873,547
Total Fund Balances	<u>873,547</u>	<u>528,841</u>	<u>637,665</u>	<u>598,204</u>	<u>398,466</u>	<u>870,851</u>	<u>1,120,833</u>	<u>5,028,407</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, 2014

EXHIBIT D

	General	Special Revenue			Inheritance Tax	Capital Project Fund Jail Building	NonMajor Governmental Funds	Total Governmental Total
		Road	Self Insurance	Kiplinger Endowment				
CASH RECEIPTS								
Property Taxes	3,205,160						647,564	3,852,724
Motor Vehicle Tax	396,372							396,372
Federal Grants	110,342						31,774	142,116
Intergovernmental	172,416	1,038,295					382,967	1,593,678
Inheritance Tax					367,421			367,421
Charges for Services	417,604	2,497					588,977	1,009,078
Interest	5,989			26		3,842	92	9,949
Miscellaneous	41,026	29,684	400	598,178			18,054	687,342
Total Cash Receipts	4,348,909	1,070,476	400	598,204	367,421	3,842	1,669,428	8,058,680
CASH DISBURSEMENTS								
General Government	1,493,324		512,107				56,993	2,062,424
Public Safety	1,306,718						192,973	1,499,691
Public Works	52,243	1,235,769						1,288,012
Public Health	4,395						190,306	194,701
Public Assistance	130,470							130,470
Culture and Recreation							550,675	550,675
Capital Outlay						4,070,313		4,070,313
Debt Service								
Principal Retirement							608,454	608,454
Interest							216,695	216,695
Total Cash Disbursements	2,987,150	1,235,769	512,107	0	0	4,070,313	1,816,096	10,621,435
Excess of Cash Receipts Over (Under) Cash Disbursements	1,361,759	(165,293)	(511,707)	598,204	367,421	(4,066,471)	(146,668)	(2,562,755)
OTHER FINANCING SOURCES (USES)								
Component Unit							287,656	287,656
Transfers In		190,458	1,048,996			300,000	66,646	1,606,100
Transfers (Out)	(993,899)	(62,201)			(550,000)			(1,606,100)
Total Other Financing Sources (Uses)	(993,899)	128,257	1,048,996	0	(550,000)	300,000	354,302	287,656
Net Change in Fund Balances	367,860	(37,036)	537,289	598,204	(182,579)	(3,766,471)	207,634	(2,275,099)
Fund Balances, Beginning of Year	505,687	565,877	100,376	0	581,045	4,637,322	913,199	7,303,506
Fund Balances, End of Year	873,547	528,841	637,665	598,204	398,466	870,851	1,120,833	5,028,407

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, 2014

EXHIBIT E

	Balance July 1, 2013	Receipts	Disbursements	Balance June 30, 2014
ASSETS				
Equity in Pooled Cash and Cash Equivalents	407,606	18,130,043	17,977,786	559,863
Designated Investments	108,231	18		108,249
Total Assets	<u>515,837</u>	<u>18,130,061</u>	<u>17,977,786</u>	<u>668,112</u>
LIABILITIES				
State	215,553	2,525,367	2,519,707	221,213
Schools	119,537	11,640,636	11,517,105	243,068
Educational Service Unit	1,480	136,537	135,534	2,483
Community College	8,674	793,329	787,619	14,384
Natural Resource District	4,093	874,413	865,403	13,103
Fire Districts	1,207	299,322	297,425	3,104
Cemetery Districts	5,738	8,128	12,468	1,398
Municipalities	37,495	1,484,713	1,476,957	45,251
Partial Payments	12,621	1,225	11,953	1,893
Historical Society	822	16,085	9,000	7,907
Unclaimed Property	386	71	140	317
Redemptions	0	189,292	189,292	0
Tax Increment Financing	0	155,183	155,183	0
Property Tax Credit		5,742		5,742
Inheritance Trust Funds	108,231	18		108,249
Total Liabilities	<u>515,837</u>	<u>18,130,061</u>	<u>17,977,786</u>	<u>668,112</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, 2014

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 \$1,743,512 as of June 30, 2014.

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, 2014

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.

Self-Insurance (Special Revenue):

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

Kiplinger Endowment (Special Revenue):

The Kiplinger Endowment Fund is used to account for a gift received for the purpose of operating and maintaining the Kiplinger Arena Complex. The fund balance is restricted.

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.

RED WILLOW COUNTY, NEBRASKA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2014**

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

B. Basis of Presentation (Concluded):
Fund Financial Statements (Concluded):

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.

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 position. 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.

RED WILLOW COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2014

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

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.

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, 2013 for 2013 taxes which will be materially collected in May and September, 2014, was set at \$.409201/\$100 of assessed valuation. Assessed valuation for Red Willow County for the 2013 tax levy was \$931,795,554.

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.

RED WILLOW COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED

For the Year Ended June 30, 2014

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. As defined by Governmental Accounting Standards Board Statement #3, the County had no investments as of June 30, 2014.

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 \$1,557,471 invested with NPAIT as of June 30, 2014. 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, 2014 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, 2014 is as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
Road	General	190,458
Self-Insurance	General	798,996
Self-Insurance	Inheritance Tax	250,000
Jail Building	Inheritance Tax	300,000
Planning and Zoning	General	4,445
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.

RED WILLOW COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED

For the Year Ended June 30, 2014

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. 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, 2014, 2013, and 2012 were \$140,140, \$133,794, and \$118,725 respectively. Prior service benefit paid was \$360 for each of 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, 2014:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014
Bonds:				
Jail Building Series 2013	5,100,000		205,000	4,895,000
Hillcrest Series 2011	2,145,000			2,145,000
Hillcrest Series 2008	160,000		160,000	0
Highway Allocation Bonds	<u>123,016</u>		<u>61,278</u>	<u>61,738</u>
Total	<u>7,528,016</u>	<u>0</u>	<u>426,278</u>	<u>7,101,738</u>

RED WILLOW COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED

For the Year Ended June 30, 2014

NOTE 5: BONDS PAYABLE COMMITMENTS (CONTINUED):

A summary of the annual requirements to service the bonds as of June 30, 2014, is as follows:

Year Ended	Jail Building Bond			Highway Allocation Bond		
	Principal	Interest	Total	Principal	Interest	Total
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			
June 30, 2020	230,000	99,475	329,475			
Years 2021-2027	1,750,000	560,269	2,310,269			
Years 2028-2033	<u>1,800,000</u>	<u>182,261</u>	<u>1,982,261</u>			
Total	<u>4,895,000</u>	<u>1,371,401</u>	<u>6,266,401</u>	<u>61,738</u>	<u>463</u>	<u>62,201</u>

Year Ended	Hillcrest Series 2011		
	Principal	Interest	Total
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
June 30, 2020	105,000	57,075	162,075
Years 2021-2026	685,000	281,581	966,581
Years 2027-2032	<u>855,000</u>	<u>113,603</u>	<u>968,603</u>
Total	<u>2,145,000</u>	<u>761,021</u>	<u>2,906,021</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.

RED WILLOW COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED

For the Year Ended June 30, 2014

NOTE 5: BONDS PAYABLE COMMITMENTS (CONCLUDED):

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.

The Nursing Home Bond is 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:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014
Hillcrest Nursing Home Loan	1,000,000	0	182,176	817,824

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

Year Ended	Hillcrest Nursing Home Loan		
	Principal	Interest	Total
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	215,285	7,643	222,928
Total	817,824	73,888	891,712

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, 2014

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, 2014.

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, 2014.

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 \$51,300 toward the operation of Region II during fiscal year 2014. 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, 2014

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, 2014, 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, 2014

EXHIBIT F

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Taxes	3,624,354	3,624,354	3,601,532	(22,822)
Federal	100,000	100,000	110,342	10,342
State	153,131	153,131	61,770	(91,361)
Local	439,200	439,200	575,265	136,065
Total Cash Receipts	4,316,685	4,316,685	4,348,909	32,224
CASH DISBURSEMENTS:				
General Government:				
Board of Commissioners	72,025	72,025	65,923	6,102
Clerk	161,847	161,847	156,327	5,520
Treasurer	212,338	212,338	204,291	8,047
Assessor	211,682	211,682	188,683	22,999
Election Commissioner	24,407	24,407	17,178	7,229
Unemployment Security	10,000	10,000		10,000
Clerk of the District Court	92,805	92,805	85,913	6,892
County Court System	17,100	17,100	17,252	(152)
District Judge	9,200	9,200	4,587	4,613
Building and Grounds	127,332	127,332	100,462	26,870
Extension Office	112,706	112,706	103,826	8,880
Miscellaneous	574,732	574,732	548,882	25,850
Total General Government	1,626,174	1,626,174	1,493,324	132,850
Public Safety:				
Sheriff	382,126	382,126	365,434	16,692
Attorney	141,927	141,927	141,003	924
Jail	709,470	709,470	648,661	60,809
Probation Officer	8,346	8,346	8,346	0
Emergency Management	62,835	62,835	40,356	22,479
Miscellaneous	107,953	107,953	102,918	5,035
Total Public Safety	1,412,657	1,412,657	1,306,718	105,939
Public Works:				
Surveyor	21,000	21,000	16,553	4,447
Noxious Weed Control	41,930	41,930	35,690	6,240
Total Public Works	62,930	62,930	52,243	10,687
Public Health:				
Miscellaneous	5,000	5,000	4,395	605
Total Public Health	5,000	5,000	4,395	605
Public Assistance:				
County Relief	10,400	10,400	207	10,193
Veteran's Service Officer	57,620	57,620	55,082	2,538
Institutions	58,800	58,800	52,212	6,588
Miscellaneous	24,000	24,000	22,969	1,031
Total Public Assistance	150,820	150,820	130,470	20,350

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, 2014

EXHIBIT F
CONCLUDED

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
Total Cash Disbursements	3,257,581	3,257,581	2,987,150	270,431
Excess of Cash Receipts Over (Under) Cash Disbursements	1,059,104	1,059,104	1,361,759	302,655
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				
Operating Transfers (Out)	(1,257,069)	(1,257,069)	(993,899)	263,170
Total Other Financing Sources (Uses)	(1,257,069)	(1,257,069)	(993,899)	263,170
Net Change in Fund Balance	(197,965)	(197,965)	367,860	565,825
Fund Balance, Beginning of Year	505,687	505,687	505,687	0
Fund Balance, End of Year	307,722	307,722	873,547	565,825

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, 2014

EXHIBIT G

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
State	980,000	980,000	1,038,000	58,000
Local	7,275	7,275	32,476	25,201
Total Cash Receipts	<u>987,275</u>	<u>987,275</u>	<u>1,070,476</u>	<u>83,201</u>
CASH DISBURSEMENTS:				
Public Works:				
Road Department	1,440,673	1,440,673	1,235,769	204,904
Total Cash Disbursements	<u>1,440,673</u>	<u>1,440,673</u>	<u>1,235,769</u>	<u>204,904</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>(453,398)</u>	<u>(453,398)</u>	<u>(165,293)</u>	<u>288,105</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	30,000	80,000	190,458	110,458
Operating Transfers (Out)	(62,201)	(62,201)	(62,201)	0
Total Other Financing Sources (Uses)	<u>(32,201)</u>	<u>17,799</u>	<u>128,257</u>	<u>110,458</u>
Net Change in Fund Balance	(485,599)	(435,599)	(37,036)	398,563
Fund Balance, Beginning of Year	<u>565,877</u>	<u>565,877</u>	<u>565,877</u>	<u>0</u>
Fund Balance, End of Year	<u>80,278</u>	<u>130,278</u>	<u>528,841</u>	<u>398,563</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
SELF INSURANCE

For the Year Ended June 30, 2014

EXHIBIT H

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Local			400	400
Total Cash Receipts	0	0	400	400
CASH DISBURSEMENTS:				
General Government	1,503,000	1,503,000	512,107	990,893
Total Cash Disbursements	1,503,000	1,503,000	512,107	990,893
Excess of Cash Receipts Over (Under) Cash Disbursements	(1,503,000)	(1,503,000)	(511,707)	991,293
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	1,472,624	1,422,624	1,048,996	(373,628)
Operating Transfers (Out)				
Total Other Financing Sources (Uses)	1,472,624	1,422,624	1,048,996	(373,628)
Net Change in Fund Balance	(30,376)	(80,376)	537,289	617,665
Fund Balance, Beginning of Year	100,376	100,376	100,376	0
Fund Balance, End of Year	70,000	20,000	637,665	617,665

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
KIPLINGER ENDOWMENT**

For the Year Ended June 30, 2014

EXHIBIT I

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Local			598,204	598,204
Total Cash Receipts	0	0	598,204	598,204
CASH DISBURSEMENTS:				
Culture and Recreation				0
Total Cash Disbursements	0	0	0	0
Net Change in Fund Balance	0	0	598,204	598,204
Fund Balance, Beginning of Year	0	0	0	0
Fund Balance, End of Year	0	0	598,204	598,204

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, 2014

EXHIBIT J

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Local	250,000	250,000	367,421	117,421
Total Cash Receipts	250,000	250,000	367,421	117,421
CASH DISBURSEMENTS:				
General Government	98,044	98,044		98,044
Total Cash Disbursements	98,044	98,044	0	98,044
Excess of Cash Receipts Over (Under) Cash Disbursements	151,956	151,956	367,421	215,465
OTHER FINANCING SOURCES (USES)				
Operating Transfers In				
Operating Transfers (Out)	(550,000)	(550,000)	(550,000)	
Total Other Financing Sources (Uses)	(550,000)	(550,000)	(550,000)	0
Net Change in Fund Balance	(398,044)	(398,044)	(182,579)	215,465
Fund Balance, Beginning of Year	581,045	581,045	581,045	0
Fund Balance, End of Year	183,001	183,001	398,466	215,465

See Accompanying Notes to Budgetary Reporting

RED WILLOW COUNTY, NEBRASKA

**NOTES TO SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING**

For the Year Ended June 30, 2014

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 Road and Self Insurance budgets were properly amended per state statute by \$50,000, and \$50,000, respectively.

NOTE 4: EXCESS OF EXPENDITURES OVER BUDGETED APPROPRIATIONS:

The county court function within the General Fund exceeded budget appropriation by \$152.

RED WILLOW COUNTY, NEBRASKA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2014

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	734,004	338,802	8,195	1,081,001
Designated Investments	39,832			39,832
Total Assets	773,836	338,802	8,195	1,120,833
FUND BALANCES:				
Restricted	231,302	338,802	8,195	578,299
Assigned	542,534			542,534
Total Fund Balances	773,836	338,802	8,195	1,120,833

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, 2014

SCHEDULE 2

	Special Revenue Funds (Schedule 4)	Debt Service Funds (Schedule 5)	Total Nonmajor Governmental Funds (Exhibit D)
CASH RECEIPTS			
Property Taxes	218,258	429,306	647,564
Federal Grants	31,774		31,774
Intergovernmental	368,825	14,142	382,967
Charges for Services	588,977		588,977
Interest	92		92
Miscellaneous	18,054		18,054
Total Cash Receipts	<u>1,225,980</u>	<u>443,448</u>	<u>1,669,428</u>
CASH DISBURSEMENTS			
General Government	56,993		56,993
Public Safety	192,973		192,973
Public Health	190,306		190,306
Culture and Recreation	550,675		550,675
Debt Service:			
Principal Retirement	182,176	426,278	608,454
Interest	40,752	175,943	216,695
Total Cash Disbursements	<u>1,213,875</u>	<u>602,221</u>	<u>1,816,096</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>12,105</u>	<u>(158,773)</u>	<u>(146,668)</u>
OTHER FINANCING SOURCES			
Component Unit	222,928	64,728	287,656
Transfers In	4,445	62,201	66,646
Total Other Financing Sources	<u>227,373</u>	<u>126,929</u>	<u>354,302</u>
Net Change in Fund Balances	239,478	(31,844)	207,634
Fund Balances, Beginning of Year	<u>534,358</u>	<u>378,841</u>	<u>913,199</u>
Fund Balances, End of Year	<u><u>773,836</u></u>	<u><u>346,997</u></u>	<u><u>1,120,833</u></u>

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

June 30, 2014

SCHEDULE 3

	Highway Buyback	Planning and Zoning	Child Support Incentive	Visitor's Promotion	Visitor's Improvement	Fair
ASSETS						
Equity in Pooled Cash and Cash Equivalents Designated Investments	81,444	2,373	63,276	13,318	44,460	83,059
Total Assets	<u>81,444</u>	<u>2,373</u>	<u>63,276</u>	<u>13,318</u>	<u>44,460</u>	<u>83,059</u>
FUND BALANCES:						
Restricted	81,444		63,276	13,318	44,460	
Assigned		2,373				83,059
Total Fund Balances	<u>81,444</u>	<u>2,373</u>	<u>63,276</u>	<u>13,318</u>	<u>44,460</u>	<u>83,059</u>

	Fair Sinking	Register of Deeds P&M	Kiplinger Arena	Veteran's Aid	STOP Diversion	Drug Law Enforcement
ASSETS						
Equity in Pooled Cash and Cash Equivalents Designated Investments	10,219	3,769		8,664	23,884	
Total Assets	<u>10,219</u>	<u>3,769</u>	<u>38,780</u>	<u>8,664</u>	<u>23,884</u>	<u>1,052</u>
FUND BALANCES:						
Restricted		3,769		8,664		
Assigned	10,219		38,780		23,884	1,052
Total Fund Balances	<u>10,219</u>	<u>3,769</u>	<u>38,780</u>	<u>8,664</u>	<u>23,884</u>	<u>1,052</u>

	Juvenile Services	CDBG Reuse Grant	Health Department	Waste Disposal	Total Nonmajor Special Revenue Funds (Schedule 1)
ASSETS					
Equity in Pooled Cash and Cash Equivalents Designated Investments	13,157	16,371	150,539	219,471	734,004
Total Assets	<u>13,157</u>	<u>16,371</u>	<u>150,539</u>	<u>219,471</u>	<u>773,836</u>
FUND BALANCES:					
Restricted		16,371			231,302
Assigned	13,157		150,539	219,471	542,534
Total Fund Balances	<u>13,157</u>	<u>16,371</u>	<u>150,539</u>	<u>219,471</u>	<u>773,836</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, 2014

SCHEDULE 4

	Highway Buyback	Planning and Zoning	Child Support Incentive	Visitor's Promotion	Visitor's Improvement
CASH RECEIPTS					
Property Taxes					
Federal Grants			22,510		
Intergovernmental	81,444			70,508	70,508
Charges for Services		650			
Interest					
Miscellaneous				638	
Total Cash Receipts	81,444	650	22,510	71,146	70,508
CASH DISBURSEMENTS					
General Government		5,427			
Public Safety					
Public Health					
Culture and Recreation				68,603	37,050
Debt Service					
Principal Retirement					
Interest					
Total Cash Disbursements	0	5,427	0	68,603	37,050
Excess of Cash Receipts Over (Under) Cash Disbursements	81,444	(4,777)	22,510	2,543	33,458
OTHER FINANCING SOURCES					
Component Unit					
Transfers In		4,445			
Total Other Financing Sources	0	4,445	0	0	0
Net Change in Fund Balances	81,444	(332)	22,510	2,543	33,458
Fund Balances, Beginning of Year	0	2,705	40,766	10,775	11,002
Fund Balances, End of Year	81,444	2,373	63,276	13,318	44,460

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, 2014

SCHEDULE 4
CONTINUED

	Fair	Fair Sinking	Register of Deeds P&M	Kiplinger Arena	Veteran's Aid
CASH RECEIPTS					
Property Taxes	121,639			4	
Federal Grants					
Intergovernmental	4,931				55
Charges for Services	208,509	2,444	8,784	92,602	
Interest				75	
Miscellaneous	1,000				
Total Cash Receipts	336,079	2,444	8,784	92,681	55
CASH DISBURSEMENTS					
General Government			6,488		
Public Safety					
Public Health					
Culture and Recreation	346,532			98,490	
Debt Service					
Principal Retirement					
Interest					
Total Cash Disbursements	346,532	0	6,488	98,490	0
Excess of Cash Receipts Over (Under) Cash Disbursements	(10,453)	2,444	2,296	(5,809)	55
OTHER FINANCING SOURCES					
Component Unit					
Transfers In					
Total Other Financing Sources	0	0	0	0	0
Net Change in Fund Balances	(10,453)	2,444	2,296	(5,809)	55
Fund Balances, Beginning of Year	93,512	7,775	1,473	44,589	8,609
Fund Balances, End of Year	83,059	10,219	3,769	38,780	8,664

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, 2014

SCHEDULE 4
CONTINUED

	STOP Diversion	Drug Law Enforcement	Juvenile Services	Homeland Security Equipment	Hillcrest Energy Grant
CASH RECEIPTS					
Property Taxes					
Federal Grants					
Intergovernmental					
Charges for Services	3,840				
Interest					
Miscellaneous		1			
Total Cash Receipts	<u>3,840</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
CASH DISBURSEMENTS					
General Government					
Public Safety				109	9,853
Public Health					
Culture and Recreation					
Debt Service					
Principal Retirement					
Interest					
Total Cash Disbursements	<u>0</u>	<u>0</u>	<u>0</u>	<u>109</u>	<u>9,853</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>3,840</u>	<u>1</u>	<u>0</u>	<u>(109)</u>	<u>(9,853)</u>
OTHER FINANCING SOURCES					
Component Unit					
Transfers In					
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	3,840	1	0	(109)	(9,853)
Fund Balances, Beginning of Year	<u>20,044</u>	<u>1,051</u>	<u>13,157</u>	<u>109</u>	<u>9,853</u>
Fund Balances, End of Year	<u><u>23,884</u></u>	<u><u>1,052</u></u>	<u><u>13,157</u></u>	<u><u>0</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, 2014

SCHEDULE 4
CONCLUDED

	Reusable CDBG Grants	Health Department	Hillcrest Nursing Home Loan	Waste Disposal	Total Nonmajor Special Revenue Funds (Schedule 2)
CASH RECEIPTS					
Property Taxes		96,615			218,258
Federal Grants		9,264			31,774
Intergovernmental		2,323		139,056	368,825
Charges for Services		145,392		126,756	588,977
Interest				17	92
Miscellaneous	16,371	44			18,054
Total Cash Receipts	16,371	253,638	0	265,829	1,225,980
CASH DISBURSEMENTS					
General Government			45,078		56,993
Public Safety				183,011	192,973
Public Health		190,306			190,306
Culture and Recreation					550,675
Debt Service					
Principal Retirement			182,176		182,176
Interest			40,752		40,752
Total Cash Disbursements	0	190,306	268,006	183,011	1,213,875
Excess of Cash Receipts Over (Under) Cash Disbursements	16,371	63,332	(268,006)	82,818	12,105
OTHER FINANCING SOURCES					
Component Unit			222,928		222,928
Transfers In					4,445
Total Other Financing Sources	0	0	222,928	0	227,373
Net Change in Fund Balances	16,371	63,332	(45,078)	82,818	239,478
Fund Balances, Beginning of Year	0	87,207	45,078	136,653	534,358
Fund Balances, End of Year	16,371	150,539	0	219,471	773,836

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, 2014

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	371,886		57,420		429,306
Intergovernmental	13,840		302		14,142
Total Cash Receipts	385,726	0	57,722	0	443,448
CASH DISBURSEMENTS					
Debt Service:					
Principal Retirement	205,000	61,278	160,000		426,278
Interest	107,812	923	2,480	64,728	175,943
Total Cash Disbursements	312,812	62,201	162,480	64,728	602,221
Excess of Cash Receipts Over (Under) Cash Disbursements	72,914	(62,201)	(104,758)	(64,728)	(158,773)
OTHER FINANCING SOURCES					
Component Unit Transfers In		62,201		64,728	64,728 62,201
Total Other Financing Sources:	0	62,201	0	64,728	126,929
Net Change in Fund Balances	72,914	0	(104,758)	0	(31,844)
Fund Balances, Beginning of Year	265,888	0	112,953	0	378,841
Fund Balances, End of Year	338,802	0	8,195	0	346,997

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, 2014

SCHEDULE 6

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
HIGHWAY BUYBACK				
CASH RECEIPTS	81,444	81,444	81,444	0
CASH DISBURSEMENTS	81,444	81,444		81,444
Net Change in Fund Balance	0	0	81,444	81,444
Fund Balance, Beginning of Year	0	0	0	
Fund Balance, End of Year	0	0	81,444	81,444
PLANNING AND ZONING				
CASH RECEIPTS	350	350	650	300
CASH DISBURSEMENTS	7,500	7,500	5,427	2,073
OTHER FINANCING SOURCES: Operating Transfers In	4,445	4,445	4,445	0
Net Change in Fund Balance	(2,705)	(2,705)	(332)	2,373
Fund Balance, Beginning of Year	2,705	2,705	2,705	
Fund Balance, End of Year	0	0	2,373	2,373
CHILD SUPPORT INCENTIVE				
CASH RECEIPTS	0	0	22,510	22,510
CASH DISBURSEMENTS	40,766	40,766	0	40,766
Net Change in Fund Balance	(40,766)	(40,766)	22,510	63,276
Fund Balance, Beginning of Year	40,766	40,766	40,766	
Fund Balance, End of Year	0	0	63,276	63,276
VISITOR'S PROMOTION				
CASH RECEIPTS	70,000	70,000	71,146	1,146
CASH DISBURSEMENTS	80,000	80,000	68,603	11,397
Net Change in Fund Balance	(10,000)	(10,000)	2,543	12,543
Fund Balance, Beginning of Year	10,775	10,775	10,775	
Fund Balance, End of Year	775	775	13,318	12,543
VISITOR'S IMPROVEMENT				
CASH RECEIPTS	70,000	70,000	70,508	508
CASH DISBURSEMENTS	80,000	80,000	37,050	42,950
Net Change in Fund Balance	(10,000)	(10,000)	33,458	43,458
Fund Balance, Beginning of Year	11,002	11,002	11,002	
Fund Balance, End of Year	1,002	1,002	44,460	43,458

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, 2014

SCHEDULE 6
CONTINUED

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
FAIR				
CASH RECEIPTS	504,011	504,011	336,079	(167,932)
CASH DISBURSEMENTS	593,523	593,523	346,532	246,991
Net Change in Fund Balance	(89,512)	(89,512)	(10,453)	79,059
Fund Balance, Beginning of Year	93,512	93,512	93,512	
Fund Balance, End of Year	4,000	4,000	83,059	79,059
FAIR SINKING				
CASH RECEIPTS	2,225	2,225	2,444	219
CASH DISBURSEMENTS	10,000	10,000	0	10,000
Net Change in Fund Balance	(7,775)	(7,775)	2,444	10,219
Fund Balance, Beginning of Year	7,775	7,775	7,775	
Fund Balance, End of Year	0	0	10,219	10,219
REGISTER OF DEEDS P&M				
CASH RECEIPTS	8,000	8,000	8,784	784
CASH DISBURSEMENTS	9,000	9,000	6,488	2,512
Net Change in Fund Balance	(1,000)	(1,000)	2,296	3,296
Fund Balance, Beginning of Year	1,473	1,473	1,473	
Fund Balance, End of Year	473	473	3,769	3,296
KIPLINGER ARENA				
CASH RECEIPTS	536,849	536,849	92,681	(444,168)
CASH DISBURSEMENTS	581,438	581,438	98,490	482,948
Net Change in Fund Balance	(44,589)	(44,589)	(5,809)	38,780
Fund Balance, Beginning of Year	44,589	44,589	44,589	
Fund Balance, End of Year	0	0	38,780	38,780
VETERAN'S AID				
CASH RECEIPTS	0	0	55	55
CASH DISBURSEMENTS	8,600	8,600	0	8,600
Net Change in Fund Balance	(8,600)	(8,600)	55	8,655
Fund Balance, Beginning of Year	8,609	8,609	8,609	
Fund Balance, End of Year	9	9	8,664	8,655

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, 2014

SCHEDULE 6
CONTINUED

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
STOP DIVERSION				
CASH RECEIPTS	0	0	3,840	3,840
CASH DISBURSEMENTS	20,044	20,044	0	20,044
Net Change in Fund Balance	(20,044)	(20,044)	3,840	23,884
Fund Balance, Beginning of Year	20,044	20,044	20,044	
Fund Balance, End of Year	0	0	23,884	23,884
DRUG LAW ENFORCEMENT				
CASH RECEIPTS	0	0	1	1
CASH DISBURSEMENTS	1,051	1,051	0	1,051
Net Change in Fund Balance	(1,051)	(1,051)	1	1,052
Fund Balance, Beginning of Year	1,051	1,051	1,051	
Fund Balance, End of Year	0	0	1,052	1,052
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	0	0	0	0
CASH DISBURSEMENTS	109	109	109	0
Net Change in Fund Balance	(109)	(109)	(109)	0
Fund Balance, Beginning of Year	109	109	109	
Fund Balance, End of Year	0	0	0	0
HILLCREST ENERGY GRANT				
CASH RECEIPTS	0	0	0	0
CASH DISBURSEMENTS	9,853	9,853	9,853	0
Net Change in Fund Balance	(9,853)	(9,853)	(9,853)	0
Fund Balance, Beginning of Year	9,853	9,853	9,853	
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, 2014

SCHEDULE 6
CONTINUED

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REUSEABLE CDBG GRANTS				
CASH RECEIPTS	0	0	16,371	16,371
CASH DISBURSEMENTS	0	0	0	0
Net Change in Fund Balance	0	0	16,371	16,371
Fund Balance, Beginning of Year	0	0	0	
Fund Balance, End of Year	0	0	16,371	16,371
HEALTH DEPARTMENT				
CASH RECEIPTS	167,192	167,192	253,638	86,446
CASH DISBURSEMENTS	249,399	249,399	190,306	59,093
Net Change in Fund Balance	(82,207)	(82,207)	63,332	145,539
Fund Balance, Beginning of Year	87,207	87,207	87,207	
Fund Balance, End of Year	5,000	5,000	150,539	145,539
HILLCREST NURSING HOME LOAN				
CASH RECEIPTS	222,928	222,928	222,928	0
CASH DISBURSEMENTS	268,006	268,006	268,006	0
Net Change in Fund Balance	(45,078)	(45,078)	(45,078)	0
Fund Balance, Beginning of Year	45,078	45,078	45,078	
Fund Balance, End of Year	0	0	0	0
WASTE DISPOSAL				
CASH RECEIPTS	151,373	151,373	265,829	114,456
CASH DISBURSEMENTS	210,635	210,635	183,011	27,624
Net Change in Fund Balance	(59,262)	(59,262)	82,818	142,080
Fund Balance, Beginning of Year	136,653	136,653	136,653	
Fund Balance, End of Year	77,391	77,391	219,471	142,080
JAIL BOND				
CASH RECEIPTS	379,942	379,942	385,726	5,784
CASH DISBURSEMENTS	312,812	312,812	312,812	0
Net Change in Fund Balance	67,130	67,130	72,914	5,784
Fund Balance, Beginning of Year	265,888	265,888	265,888	
Fund Balance, End of Year	333,018	333,018	338,802	5,784

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, 2014

	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	49,527	49,527	57,722	8,195
CASH DISBURSEMENTS	162,480	162,480	162,480	0
Net Change in Fund Balance	(112,953)	(112,953)	(104,758)	8,195
Fund Balance, Beginning of Year	112,953	112,953	112,953	
Fund Balance, End of Year	0	0	8,195	8,195
HILLCREST NURSING HOME 2011 BOND				
CASH RECEIPTS	64,728	64,728		(64,728)
CASH DISBURSEMENTS	64,728	64,728		64,728
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, 2014

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, 2013	17,792	24,870	4,394	540	3,773	14,965	78,584	144,918
Receipts								
Licenses and Permits	2,334	4,125	9,355					15,814
Charges for Services	88,681	13,095	30,028	4,900		150,458		287,162
Miscellaneous	78	20	1,749		2			1,849
State Fees	76,794	16,175						92,969
Other Liabilities	22,876	385,931	400			81	276,718	686,006
Total Receipts	190,763	419,346	41,532	4,900	2	150,539	276,718	1,083,800
Disbursements								
Payments to County Treasurer	90,422	17,548	41,171	4,880		154,656		308,677
Payments to State Treasurer	75,572	16,898						92,470
Other Liabilities	22,436	353,082		200	24	81	287,164	662,987
Total Disbursements	188,430	387,528	41,171	5,080	24	154,737	287,164	1,064,134
Balance June 30, 2014	20,125	56,688	4,755	360	3,751	10,767	68,138	164,584
BALANCE CONSISTS OF:								
Due to County Treasurer	7,675	1,004	3,255	60		10,517	22,438	44,949
Due to State Treasurer	6,872	1,197						8,069
Petty Cash	150	150	1,500		3,751	250	45,000	50,801
Due to Others	5,428	54,337		300			700	60,765
Balance June 30, 2014	20,125	56,688	4,755	360	3,751	10,767	68,138	164,584

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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 16, 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 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 16, 2014