

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

Year Ended June 30, 2011

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

**AUDIT REPORT
OF
RED WILLOW COUNTY, NEBRASKA
Year Ended June 30, 2011**

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**AUDIT REPORT
OF
RED WILLOW COUNTY, NEBRASKA
Year Ended June 30, 2011**

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DONALD D. WILSON
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INDEPENDENT AUDITOR'S REPORT

County Board of Commissioners
Red Willow County
McCook, Nebraska 69001

Board Members:

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, 2011, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County Board. 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 *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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

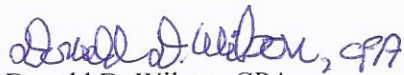
As described in Note 1, these financial statements for the primary government were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The financial statements referred to above include only the primary government of Red Willow County, which consists of all funds, departments, and offices that comprise the County's legal entity. The financial statements do not include financial data for the County's legally separate component unit, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the County's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Red Willow County as of June 30, 2011, and the changes in its financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Red Willow County as of June 30, 2011, and the respective changes in cash balances thereof for the year then ended in conformity with basis of accounting described in Note 1.

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Red Willow County's financial statements as a whole. The budgetary comparison information, 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 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. The 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.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 30, 2011 on my consideration of Red Willow County, Nebraska's 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*, and should be considered in assessing the results of my audit.


Donald D. Wilson, CPA
McCook, Nebraska

December 30, 2011

RED WILLOW COUNTY, NEBRASKA
STATEMENT OF NET ASSETS - CASH BASIS

June 30, 2011

	EXHIBIT A
	PRIMARY GOVERNMENT
	GOVERNMENTAL ACTIVITIES
ASSETS	
Equity in Pooled Cash and Cash Equivalents	1,766,697
Designated Investments	760,453
	<hr/>
Total Assets	2,527,150
	<hr/>
NET ASSETS	
Restricted for:	
Reusable CDBG Grant	196,719
Visitor's Promotion	41,517
Veteran's Aid	3,719
Unrestricted	2,285,195
	<hr/>
TOTAL NET ASSETS	2,527,150
	<hr/> <hr/>

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, 2011

Exhibit B

Governmental Activities:	Program Cash Receipts				Net (Disbursements) Receipt and Changes in Net Assets
	Cash Disbursements	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
General Government	2,280,242	402,935	92,121		(1,785,186)
Public Safety	1,083,645	101,285	108,842	24,684	(848,834)
Public Works	1,269,349	7,417			(1,261,932)
Public Health	181,960	56,966	21,018		(103,976)
Public Assistance	119,096				(119,096)
Culture and Recreation	429,717	212,045			(217,672)
Debt Service	160,185				(160,185)
Total Governmental Activities	5,524,194	780,648	221,981	24,684	(4,496,881)
General Receipts:					
Taxes:					
Property taxes, levied for general purposes					2,476,494
Property taxes, levied for public health					83,113
Property taxes, levied for culture and recreation					137,301
Motor Vehicle Tax					352,774
Intergovernmental					1,089,063
Inheritance Tax					151,147
Interest					16,511
Miscellaneous					15,002
Total General Receipts					4,321,405
Other Financing Sources					160,185
Changes in Net Assets					(15,291)
Net assets - Beginning of Year					2,542,441
Net assets - End of Year					2,527,150

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, 2011

EXHIBIT C

	General	Road	Self Insurance	Inheritance Tax	Jail Sinking	Other Governmental Funds	Total
ASSETS							
Equity in Pooled Cash and Cash Equivalents	419,913	434,114	80,401	464,808		367,461	1,766,697
Designated Investments					489,258	271,195	760,453
Total Assets	<u>419,913</u>	<u>434,114</u>	<u>80,401</u>	<u>464,808</u>	<u>489,258</u>	<u>638,656</u>	<u>2,527,150</u>
FUND BALANCES:							
Restricted						256,179	256,179
Assigned		434,114	80,401	464,808	489,258	382,477	1,851,058
Unassigned	419,913						419,913
Total Fund Balances	<u>419,913</u>	<u>434,114</u>	<u>80,401</u>	<u>464,808</u>	<u>489,258</u>	<u>638,656</u>	<u>2,527,150</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, 2011

EXHIBIT D

	General	Special Revenue		Capital Project Jail Sinking	NonMajor Governmental Funds	Total Governmental Total
		Road	Self Insurance			
CASH RECEIPTS						
Property Taxes	2,476,494				220,414	2,696,908
Motor Vehicle Tax	352,774					352,774
Federal Grants	87,017				56,926	143,943
Intergovernmental	150,269	857,093			184,423	1,191,785
Inheritance Tax						151,147
Charges for Services	390,838	7,417			382,393	780,648
Interest	14,351			1,359	801	16,511
Miscellaneous	13,477	1,510			15	15,002
Total Cash Receipts	<u>3,485,220</u>	<u>866,020</u>	<u>0</u>	<u>1,359</u>	<u>844,972</u>	<u>5,348,718</u>
CASH DISBURSEMENTS						
General Government	1,328,115		947,216		4,911	2,280,242
Public Safety	872,015			28,637	182,993	1,083,645
Public Works	35,409	1,233,940				1,269,349
Public Health	3,950				178,010	181,960
Public Assistance	119,096					119,096
Culture and Recreation					429,717	429,717
Debt Service						
Principal Retirement					145,000	145,000
Interest					15,185	15,185
Total Cash Disbursements	<u>2,358,585</u>	<u>1,233,940</u>	<u>947,216</u>	<u>28,637</u>	<u>955,816</u>	<u>5,524,194</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>1,126,635</u>	<u>(367,920)</u>	<u>(947,216)</u>	<u>151,147</u>	<u>(27,278)</u>	<u>(175,476)</u>
OTHER FINANCING SOURCES (USES)						
Component Unit					160,185	160,185
Transfers In	103,609	660,089	883,643	50,000	27,200	1,724,541
Transfers (Out)	<u>(1,253,432)</u>		<u>(53,609)</u>	<u>(417,500)</u>		<u>(1,724,541)</u>
Total Other Financing Sources (Uses)	<u>(1,149,823)</u>	<u>660,089</u>	<u>830,034</u>	<u>0</u>	<u>187,385</u>	<u>160,185</u>
Net Change in Fund Balances	(23,188)	292,169	(117,182)	(216,353)	(27,278)	(15,291)
Fund Balances, Beginning of Year	443,101	141,945	197,583	681,161	516,536	2,542,441
Fund Balances, End of Year	<u>419,913</u>	<u>434,114</u>	<u>80,401</u>	<u>464,808</u>	<u>489,258</u>	<u>2,527,150</u>

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, 2011

EXHIBIT E

	Balance July 1, 2010	Receipts	Disbursements	Balance June 30, 2011
ASSETS				
Equity in Pooled Cash and Cash Equivalents	387,132	15,006,626	15,016,940	376,818
Designated Investments	108,116	68		108,184
Total Assets	495,248	15,006,694	15,016,940	485,002
LIABILITIES				
State	205,488	2,306,991	2,310,307	202,172
Schools	118,547	9,689,003	9,694,861	112,689
Educational Service Unit	1,522	106,934	106,930	1,526
Community College	8,825	624,046	624,000	8,871
Natural Resource District	10,105	337,766	345,768	2,103
Fire Districts	1,559	142,790	143,149	1,200
Mutual Fire Organizations	0	103,062	103,062	0
Cemetery Districts	3,228	7,891	3,422	7,697
Irrigation Districts	0	3,897	3,897	0
Municipalities	34,427	1,347,656	1,345,748	36,335
Partial Payments	1,971	4,525	2,710	3,786
Historical Society	974	11,266	12,116	124
Unclaimed Property	486	35	206	315
Redemptions	0	148,413	148,413	0
Tax Increment Financing	0	172,351	172,351	0
Inheritance Trust Funds	108,116	68		108,184
Total Liabilities	495,248	15,006,694	15,016,940	485,002
NET ASSETS	0	0	0	0

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, 2011**

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 5 of this report.

B. Basis of Presentation:

Government-wide Financial Statements:

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

Restricted Net Assets – result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The amount of restricted net assets was \$241,955 as of June 30, 2011.

Unrestricted Net Assets– have 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, 2011

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.

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.

Jail Sinking (Capital Project):

The Jail Sinking Fund was used to build a reserve for a jail.

RED WILLOW COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2011

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, 2011

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, 2010 for 2010 taxes which will be materially collected in May and September, 2011, was set at \$.390000/\$100 of assessed valuation. Assessed valuation for Red Willow County for the 2010 tax levy was \$715,023,092.

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, 2011

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, 2011.

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 \$358,953 invested with NPAIT as of June 30, 2011. 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, 2011 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, 2011 is as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
General	Inheritance Tax	100,000
General	Self Insurance	3,609
Road	General	560,089
Road	Inheritance Tax	100,000
Self Insurance	General	683,643
Self Insurance	Inheritance Tax	200,000
Planning and Zoning	Inheritance Tax	17,500
Child Support Incentive	General	9,700
Inheritance Tax	Self Insurance	50,000

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. None of these transfers are required to be paid back.

RED WILLOW COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED

For the Year Ended June 30, 2011

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, 2011, 2010, and 2009 were \$117,008, \$112,946, and \$108,420 respectively. Prior service benefit paid was \$432, \$576, and \$576, for the three fiscal years.

NOTE 5: CHANGES IN LONG-TERM COMMITMENTS:

The following is a summary of changes in long-term commitments of the County for the year ended June 30, 2011:

	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011
Bonds:				
Hillcrest Series 1999A	545,000		130,000	415,000
Hillcrest Series 1999B	65,000		15,000	50,000
Road Equipment	22,519	288,987	91,975	219,531
Total	<u>632,519</u>	<u>288,987</u>	<u>236,975</u>	<u>684,531</u>

A summary of the annual requirements to service the bonds as of June 30, 2011, is as follows:

Year Ended	Hillcrest Series 1999A			Hillcrest Series 1999B		
	Principal	Interest	Total	Principal	Interest	Total
June 30, 2012	135,000	10,119	145,119	15,000	1,318	16,318
June 30, 2013	140,000	6,335	146,335	15,000	853	15,853
June 30, 2014	140,000	2,170	142,170	20,000	310	20,310
Total	<u>415,000</u>	<u>18,624</u>	<u>433,624</u>	<u>50,000</u>	<u>2,481</u>	<u>52,481</u>

RED WILLOW COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED

For the Year Ended June 30, 2011

NOTE 5: CHANGES IN LONG-TERM COMMITMENTS (CONCLUDED):

Hillcrest Nursing Home Bond, Series A

Due serially in annual principal payments of \$130,000 to \$140,000, plus interest at 2.00% to 3.10%. Final payment is due December 1, 2013. These are General Obligation Refunding Bonds issued October 24, 2008 in the amount of \$675,000 to redeem Hillcrest Nursing Home Bond Series 1999. The original 1994 Bonds were for improvements at the Hillcrest Nursing Home. 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.

Hillcrest Nursing Home Bond, Series B

Due serially in annual principal payment of \$15,000 to \$20,000, 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 \$80,000 to redeem Hillcrest Nursing Home Bond Series 1999. The original 1994 Bonds were for improvements at the Hillcrest Nursing Home. 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. Hillcrest Nursing Home has been transferring money to the County to pay for these bonds as they become due; no taxes have been levied for these bonds.

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

Year Ended	Road Equipment		
	Principal	Interest	Total
June 30, 2012	145,363	4,989	150,352
June 30, 2013	74,168	1,009	75,177
Total	<u>219,531</u>	<u>5,998</u>	<u>225,529</u>

Road Equipment:

The County entered into a lease for the purchase of a John Deere Grader. The lease purchase calls for semi-annual principal and interest payments of approximately \$75,176.45. The interest rate on the lease is 2.72%. Final payment is November 1, 2012.

RED WILLOW COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED

For the Year Ended June 30, 2011

NOTE 6: 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, 2011.

NOTE 7: RELATED PARTY TRANSACTIONS:

There were not related party transactions having a material effect on the financial statements for the year ended June 30, 2011.

NOTE 8: 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 9: 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 \$48,745 toward the operation of Region II during fiscal year 2011. 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, 2011

NOTE 10: 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, 2011, 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 Meritain Health, a group insurance firm, for benefit administration and payment of claims. Red Willow County pays to Meritain Health 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 Berkley Life and Health Insurance 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 specific benefit	\$1,970,000

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, 2011

EXHIBIT F

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Taxes	2,906,940	2,906,940	2,829,268	(77,672)
Federal	60,000	60,000	87,017	27,017
State	59,182	59,182	61,516	2,334
Local	382,439	382,439	507,419	124,980
Total Cash Receipts	3,408,561	3,408,561	3,485,220	76,659
CASH DISBURSEMENTS:				
General Government:				
Board of Commissioners	69,970	69,970	62,728	7,242
Clerk	146,836	146,836	145,162	1,674
Treasurer	197,692	197,692	191,165	6,527
Assessor	208,105	208,105	186,156	21,949
Elections	24,555	24,555	22,218	2,337
Unemployment Security	10,000	10,000	2,858	7,142
Clerk of the District Court	90,457	90,457	83,715	6,742
County Court System	17,500	17,500	17,180	320
District Judge	12,050	12,050	11,610	440
Building and Grounds	119,923	119,923	84,654	35,269
Extension Office	95,959	95,959	93,996	1,963
Miscellaneous	513,197	513,197	426,673	86,524
Total General Government	1,506,244	1,506,244	1,328,115	178,129
Public Safety:				
Sheriff	347,361	343,861	334,516	9,345
Attorney	132,700	132,700	130,262	2,438
Jail	302,430	302,430	301,771	659
Probation Officer	9,000	9,000	8,210	790
Emergency Management	21,335	24,835	24,613	222
Miscellaneous	72,669	72,669	72,643	26
Total Public Safety	885,495	885,495	872,015	13,480
Public Works:				
Surveyor	21,000	21,000	12,770	8,230
Noxious Weed Control	37,305	37,305	22,639	14,666
Total Public Works	58,305	58,305	35,409	22,896
Public Health:				
Miscellaneous	5,000	5,000	3,950	1,050
Total Public Health	5,000	5,000	3,950	1,050
Public Assistance:				
County Relief	26,600	26,600	419	26,181
Veteran's Service Officer	46,416	46,416	44,888	1,528
Institutions	68,995	68,995	51,095	17,900
Miscellaneous	23,120	23,120	22,694	426
Total Public Assistance	165,131	165,131	119,096	46,035

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, 2011

EXHIBIT F
CONCLUDED

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
Total Cash Disbursements	2,620,175	2,620,175	2,358,585	261,590
Excess of Cash Receipts Over (Under) Cash Disbursements	788,386	788,386	1,126,635	338,249
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	100,000	100,000	103,609	3,609
Operating Transfers (Out)	(1,242,486)	(1,242,486)	(1,253,432)	(10,946)
Total Other Financing Sources (Uses)	(1,142,486)	(1,142,486)	(1,149,823)	(7,337)
Net Change in Fund Balance	(354,100)	(354,100)	(23,188)	330,912
Fund Balance, Beginning of Year	443,101	443,101	443,101	0
Fund Balance, End of Year	89,001	89,001	419,913	330,912

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, 2011

EXHIBIT G

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
State	801,292	801,292	857,093	55,801
Local	250	250	8,927	8,677
Total Cash Receipts	<u>801,542</u>	<u>801,542</u>	<u>866,020</u>	<u>64,478</u>
CASH DISBURSEMENTS:				
Public Works:				
Road Department	1,448,337	1,448,337	1,233,940	214,397
Total Cash Disbursements	<u>1,448,337</u>	<u>1,448,337</u>	<u>1,233,940</u>	<u>214,397</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>(646,795)</u>	<u>(646,795)</u>	<u>(367,920)</u>	<u>278,875</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	593,852	593,852	660,089	66,237
Operating Transfers (Out)				
Total Other Financing Sources (Uses)	<u>593,852</u>	<u>593,852</u>	<u>660,089</u>	<u>66,237</u>
Net Change in Fund Balance	<u>(52,943)</u>	<u>(52,943)</u>	<u>292,169</u>	<u>345,112</u>
Fund Balance, Beginning of Year	<u>141,945</u>	<u>141,945</u>	<u>141,945</u>	<u>0</u>
Fund Balance, End of Year	<u>89,002</u>	<u>89,002</u>	<u>434,114</u>	<u>345,112</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, 2011

EXHIBIT H

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Local				0
Total Cash Receipts	0	0	0	0
CASH DISBURSEMENTS:				
Public Works:				
General Government	1,050,610	1,050,610	947,215	103,395
Total Cash Disbursements	1,050,610	1,050,610	947,215	103,395
Excess of Cash Receipts Over (Under) Cash Disbursements	(1,050,610)	(1,050,610)	(947,215)	103,395
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	938,934	938,934	883,642	(55,292)
Operating Transfers (Out)			(53,609)	(53,609)
Total Other Financing Sources (Uses)	938,934	938,934	830,033	(108,901)
Net Change in Fund Balance	(111,676)	(111,676)	(117,182)	(5,506)
Fund Balance, Beginning of Year	197,583	197,583	197,583	0
Fund Balance, End of Year	85,907	85,907	80,401	(5,506)

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, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Local	50,000	50,000	151,147	101,147
Total Cash Receipts	50,000	50,000	151,147	101,147
CASH DISBURSEMENTS:				
General Government	275,885	275,885		275,885
Total Cash Disbursements	275,885	275,885	0	275,885
Excess of Cash Receipts Over (Under) Cash Disbursements	(225,885)	(225,885)	151,147	377,032
OTHER FINANCING SOURCES (USES)				
Operating Transfers In			50,000	50,000
Operating Transfers (Out)	(417,500)	(417,500)	(417,500)	
Total Other Financing Sources (Uses)	(417,500)	(417,500)	(367,500)	50,000
Net Change in Fund Balance	(643,385)	(643,385)	(216,353)	427,032
Fund Balance, Beginning of Year	681,161	681,161	681,161	0
Fund Balance, End of Year	37,776	37,776	464,808	427,032

See Accompanying Notes to Budgetary Reporting

RED WILLOW COUNTY, NEBRASKA

**NOTES TO SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING**

For the Year Ended June 30, 2011

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 BUDGET:

The Emergency Management budget within the General Fund was amended by transferring budget authority from the County Sheriff budget in the amount of \$3,500.

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

June 30, 2011

SCHEDULE 1

	Planning and Zoning	Child Support Incentive	Visitor's Promotion	Fair	Fair Sinking
ASSETS					
Equity in Pooled Cash and Cash Equivalents	18,835	20,924	41,517	76,757	4,094
Designated Investments					
Total Assets	<u>18,835</u>	<u>20,924</u>	<u>41,517</u>	<u>76,757</u>	<u>4,094</u>
FUND BALANCES:					
Restricted		11,224	41,517		
Assigned	18,835	9,700		76,757	4,094
Total Fund Balances	<u>18,835</u>	<u>20,924</u>	<u>41,517</u>	<u>76,757</u>	<u>4,094</u>

	Horse Arena	Veteran's Aid	STOP Diversion	Drug Law Enforcement	Juvenile Services
ASSETS					
Equity in Pooled Cash and Cash Equivalents		3,719	11,315		13,157
Designated Investments	59,145			1,047	
Total Assets	<u>59,145</u>	<u>3,719</u>	<u>11,315</u>	<u>1,047</u>	<u>13,157</u>
FUND BALANCES:					
Restricted		3,719			
Assigned	59,145		11,315	1,047	13,157
Total Fund Balances	<u>59,145</u>	<u>3,719</u>	<u>11,315</u>	<u>1,047</u>	<u>13,157</u>

	Homeland Security Equipment	Reusable CDBG Grants	Health Department	Waste Disposal	Total Nonmajor Special Revenue Funds (Exhibit C)
ASSETS					
Equity in Pooled Cash and Cash Equivalents	3,109		51,214	122,820	367,461
Designated Investments		196,719		14,284	271,195
Total Assets	<u>3,109</u>	<u>196,719</u>	<u>51,214</u>	<u>137,104</u>	<u>638,656</u>
FUND BALANCES:					
Restricted	3,000	196,719			256,179
Assigned	109		51,214	137,104	382,477
Total Fund Balances	<u>3,109</u>	<u>196,719</u>	<u>51,214</u>	<u>137,104</u>	<u>638,656</u>

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, 2011

SCHEDULE 2

	Special Revenue Funds (Schedule 4)	Debt Service Fund Nursing Home Bond	Total Nonmajor Governmental Funds (Exhibit D)
CASH RECEIPTS			
Property Taxes	220,414		220,414
Federal Grants	56,926		56,926
Intergovernmental	184,423		184,423
Charges for Services	382,393		382,393
Interest	801		801
Miscellaneous	15		15
	<u>844,972</u>	<u>0</u>	<u>844,972</u>
CASH DISBURSEMENTS			
General Government	4,911		4,911
Public Safety	182,993		182,993
Public Health	178,010		178,010
Culture and Recreation	429,717		429,717
Debt Service:			
Principal Retirement		145,000	145,000
Interest		15,185	15,185
	<u>795,631</u>	<u>160,185</u>	<u>955,816</u>
Total Cash Disbursements			
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>49,341</u>	<u>(160,185)</u>	<u>(110,844)</u>
OTHER FINANCING SOURCES			
Component Unit		160,185	160,185
Transfers In	27,200		27,200
	<u>27,200</u>	<u>160,185</u>	<u>187,385</u>
Total Other Financing Sources			
Net Change in Fund Balances	76,541	0	76,541
Fund Balances, Beginning of Year	<u>562,115</u>	<u>0</u>	<u>562,115</u>
Fund Balances, End of Year	<u>638,656</u>	<u>0</u>	<u>638,656</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, 2011

SCHEDULE 3

	Planning and Zoning	Child Support Incentive	Visitor's Promotion	Fair	Fair Sinking
CASH RECEIPTS					
Property Taxes				137,300	
Federal Grants		11,224			
Intergovernmental			66,324	5,722	
Charges for Services	350			145,186	1,629
Interest					
Miscellaneous					
Total Cash Receipts	350	11,224	66,324	288,208	1,629
CASH DISBURSEMENTS					
General Government	3,611				
Public Safety					
Public Health					
Public Assistance					
Culture and Recreation			51,339	291,216	
Total Cash Disbursements	3,611	0	51,339	291,216	0
Excess of Cash Receipts Over (Under) Cash Disbursements	(3,261)	11,224	14,985	(3,008)	1,629
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	17,500	9,700			
Operating Transfers (Out)					
Total Other Financing Sources (Uses)	17,500	9,700	0	0	0
Net Change in Fund Balance	14,239	20,924	14,985	(3,008)	1,629
Fund Balances, Beginning of Year	4,596	0	26,532	79,765	2,465
Fund Balances, End of Year	18,835	20,924	41,517	76,757	4,094

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, 2011

SCHEDULE 3
CONTINUED

	Horse Arena	Veteran's Aid	STOP Diversion	Drug Law Enforcement	Juvenile Services
CASH RECEIPTS					
Property Taxes	1				
Federal Grants					
Intergovernmental		55			
Charges for Services	65,230		3,120		
Interest	207			2	
Miscellaneous					
Total Cash Receipts	65,438	55	3,120	2	0
CASH DISBURSEMENTS					
General Government					
Public Safety					5,852
Public Health					
Public Assistance					
Culture and Recreation	87,162				
Total Cash Disbursements	87,162	0	0	0	5,852
Excess of Cash Receipts Over (Under) Cash Disbursements	(21,724)	55	3,120	2	(5,852)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In					
Operating Transfers (Out)					
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	(21,724)	55	3,120	2	(5,852)
Fund Balances, Beginning of Year	80,869	3,664	8,195	1,045	19,009
Fund Balances, End of Year	59,145	3,719	11,315	1,047	13,157

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, 2011

**SCHEDULE 3
CONCLUDED**

	Homeland Security Equipment	Reusable CDBG Grants	Health Department	Waste Disposal	Total Nonmajor Special Revenue Funds (Schedule 2)
CASH RECEIPTS					
Property Taxes			83,113		220,414
Federal Grants	24,684		21,018		56,926
Intergovernmental			3,480	108,842	184,423
Charges for Services		80,961	56,966	28,951	382,393
Interest		389		203	801
Miscellaneous			15		15
Total Cash Receipts	<u>24,684</u>	<u>81,350</u>	<u>164,592</u>	<u>137,996</u>	<u>844,972</u>
CASH DISBURSEMENTS					
General Government		1,300			4,911
Public Safety	21,684			155,457	182,993
Public Health			178,010		178,010
Culture and Recreation					429,717
Total Cash Disbursements	<u>21,684</u>	<u>1,300</u>	<u>178,010</u>	<u>155,457</u>	<u>795,631</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>3,000</u>	<u>80,050</u>	<u>(13,418)</u>	<u>(17,461)</u>	<u>49,341</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers In					27,200
Operating Transfers (Out)					0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,200</u>
Net Change in Fund Balance	<u>3,000</u>	<u>80,050</u>	<u>(13,418)</u>	<u>(17,461)</u>	<u>76,541</u>
Fund Balances, Beginning of Year	<u>109</u>	<u>116,669</u>	<u>64,632</u>	<u>154,565</u>	<u>562,115</u>
Fund Balances, End of Year	<u><u>3,109</u></u>	<u><u>196,719</u></u>	<u><u>51,214</u></u>	<u><u>137,104</u></u>	<u><u>638,656</u></u>

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, 2011

SCHEDULE 4

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PLANNING AND ZONING				
CASH RECEIPTS	500	500	350	(150)
CASH DISBURSEMENTS	21,850	21,850	3,611	18,239
OTHER FINANCING SOURCES				
Operating Transfers In	17,500	17,500	17,500	0
Net Change in Fund Balance	(3,850)	(3,850)	14,239	18,089
Fund Balance, Beginning of Year	4,596	4,596	4,596	
Fund Balance, End of Year	746	746	18,835	18,089
CHILD SUPPORT INCENTIVE				
CASH RECEIPTS	0	0	11,224	11,224
CASH DISBURSEMENTS	9,700	9,700	0	9,700
OTHER FINANCING SOURCES				
Operating Transfers In	9,700	9,700	9,700	0
Net Change in Fund Balance	0	0	20,924	20,924
Fund Balance, Beginning of Year	0	0	0	
Fund Balance, End of Year	0	0	20,924	20,924
VISITOR'S PROMOTION				
CASH RECEIPTS	53,468	53,468	66,324	12,856
CASH DISBURSEMENTS	80,000	80,000	51,339	28,661
Net Change in Fund Balance	(26,532)	(26,532)	14,985	41,517
Fund Balance, Beginning of Year	26,532	26,532	26,532	
Fund Balance, End of Year	0	0	41,517	41,517
FAIR				
CASH RECEIPTS	504,423	504,423	288,208	(216,215)
CASH DISBURSEMENTS	579,188	579,188	291,216	287,972
Net Change in Fund Balance	(74,765)	(74,765)	(3,008)	71,757
Fund Balance, Beginning of Year	79,765	79,765	79,765	
Fund Balance, End of Year	5,000	5,000	76,757	71,757
FAIR SINKING				
CASH RECEIPTS	800	800	1,629	829
CASH DISBURSEMENTS	3,265	3,265		3,265
Net Change in Fund Balance	(2,465)	(2,465)	1,629	4,094
Fund Balance, Beginning of Year	2,465	2,465	2,465	
Fund Balance, End of Year	0	0	4,094	4,094

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, 2011

SCHEDULE 4
CONTINUED

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
HORSE ARENA				
CASH RECEIPTS	426,769	426,769	65,438	(361,331)
CASH DISBURSEMENTS	507,638	507,638	87,162	420,476
Net Change in Fund Balance	(80,869)	(80,869)	(21,724)	59,145
Fund Balance, Beginning of Year	80,869	80,869	80,869	
Fund Balance, End of Year	0	0	59,145	59,145
VETERAN'S AID				
CASH RECEIPTS	50	50	55	5
CASH DISBURSEMENTS	3,600	3,600	0	3,600
Net Change in Fund Balance	(3,550)	(3,550)	55	3,605
Fund Balance, Beginning of Year	3,664	3,664	3,664	
Fund Balance, End of Year	114	114	3,719	3,605
STOP DIVERSION				
CASH RECEIPTS	0	0	3,120	3,120
CASH DISBURSEMENTS	8,195	8,195	0	8,195
Net Change in Fund Balance	(8,195)	(8,195)	3,120	11,315
Fund Balance, Beginning of Year	8,195	8,195	8,195	
Fund Balance, End of Year	0	0	11,315	11,315
DRUG LAW ENFORCEMENT				
CASH RECEIPTS	0	0	2	2
CASH DISBURSEMENTS	1,045	1,045	0	1,045
Net Change in Fund Balance	(1,045)	(1,045)	2	1,047
Fund Balance, Beginning of Year	1,045	1,045	1,045	
Fund Balance, End of Year	0	0	1,047	1,047
JUVENILE SERVICES				
CASH RECEIPTS	6,791	6,791	0	(6,791)
CASH DISBURSEMENTS	25,800	25,800	5,852	19,948
Net Change in Fund Balance	(19,009)	(19,009)	(5,852)	13,157
Fund Balance, Beginning of Year	19,009	19,009	19,009	
Fund Balance, End of Year	0	0	13,157	13,157

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, 2011

SCHEDULE 4
CONCLUDED

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
HOMELAND SECURITY EQUIPMENT				
CASH RECEIPTS	99,891	99,891	24,684	(75,207)
CASH DISBURSEMENTS	100,000	100,000	21,684	78,316
Net Change in Fund Balance	(109)	(109)	3,000	3,109
Fund Balance, Beginning of Year	109	109	109	
Fund Balance, End of Year	0	0	3,109	3,109
REUSEABLE CDBG GRANTS				
CASH RECEIPTS	555,100	555,100	81,350	(473,750)
CASH DISBURSEMENTS	671,769	671,769	1,300	670,469
Net Change in Fund Balance	(116,669)	(116,669)	80,050	196,719
Fund Balance, Beginning of Year	116,669	116,669	116,669	
Fund Balance, End of Year	0	0	196,719	196,719
HEALTH DEPARTMENT				
CASH RECEIPTS	132,173	132,173	164,592	32,419
CASH DISBURSEMENTS	190,800	190,800	178,010	12,790
Net Change in Fund Balance	(58,627)	(58,627)	(13,418)	45,209
Fund Balance, Beginning of Year	64,632	64,632	64,632	
Fund Balance, End of Year	6,005	6,005	51,214	45,209
WASTE DISPOSAL				
CASH RECEIPTS	150,442	150,442	137,996	(12,446)
CASH DISBURSEMENTS	204,692	204,692	155,457	49,235
Net Change in Fund Balance	(54,250)	(54,250)	(17,461)	36,789
Fund Balance, Beginning of Year	154,565	154,565	154,565	
Fund Balance, End of Year	100,315	100,315	137,104	36,789
NURSING HOME BOND				
CASH RECEIPTS	160,185	160,185	160,185	0
CASH DISBURSEMENTS	160,185	160,185	160,185	0
Net Change in Fund Balance	0	0	0	
Fund Balance, Beginning of Year	0	0	0	
Fund Balance, End of Year	0	0	0	0

RED WILLOW COUNTY, NEBRASKA

SCHEDULE OF OFFICE ACTIVITIES

For The Year Ended June 30, 2011

SCHEDULE 5

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Veteran's Service Officer	Health Department	County Fair	Total
Balance July 1, 2010	10,777	91,040	5,379	500	9,780	250	65,689	183,415
Receipts								
Licenses and Permits		3,725	9,905					13,630
Charges for Services	58,410	10,523	36,939	4,880		77,999		188,751
Miscellaneous	76	166			10			252
State Fees	48,793	12,791						61,584
Other Liabilities	19,685	763,844				252	255,619	1,039,400
Total Receipts	126,964	791,049	46,844	4,880	10	78,251	255,619	1,303,617
Disbursements								
Payments to County Treasurer	57,087	14,458	47,621	4,750		77,999		201,915
Payments to State Treasurer	48,707	13,240						61,947
Other Liabilities	17,463	551,801			32	252	251,031	820,579
Total Disbursements	123,257	579,499	47,621	4,750	32	78,251	251,031	1,084,441
Balance June 30, 2011	14,484	302,590	4,602	630	9,758	250	70,277	402,591
BALANCE CONSISTS OF:								
Due to County Treasurer	5,289	1,076	3,502	130			25,360	35,357
Due to State Treasurer	5,225	923						6,148
Petty Cash	200	150	1,100			250	44,917	46,617
Due to Others	3,770	300,441		500	9,758			314,469
Balance June 30, 2011	14,484	302,590	4,602	630	9,758	250	70,277	402,591

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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 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, 2011, which collectively comprise the County's basic financial statements and have issued my report thereon dated December 30, 2011. 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. Except as noted above, I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Red Willow County's internal control over financial reporting as a basis for designing my auditing procedures 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's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Red Willow County's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, I identified a certain deficiency in internal control over financial reporting that I consider to be a material weakness and another deficiency that I consider to be a significant deficiency.

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:

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 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.

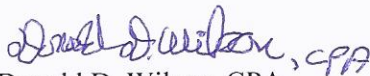
A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider finding 2011-1, as described in the accompanying schedule of findings and responses, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Red Willow County's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as findings: 2011-2, and 2011-3.

Red Willow County's response to the finding identified in my audit is described above and in the accompanying schedule of findings and responses. I did not audit the responses and, accordingly, I express no opinion on them.

This report is intended solely for the information and use by County Board, management, the Nebraska State Auditor's Office and other state and federal regulatory authorities and is not intended to be and should not be used by anyone other than these specified parties.



Donald D. Wilson, CPA
McCook, Nebraska

December 30, 2011

RED WILLOW COUNTY, NEBRASKA

SCHEDULE OF FINDINGS AND RESPONSES

COUNTY BOARD:

2011-1 Petty Cash:

State Statute §23-106(2) states, in part, "...the county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message."

I noted the Veteran's Service Officer had a bank account where County Board authorization was not documented, and the fund was not included in the budget message. The account with a balance of \$9,745 is used for veteran's assistance. When funds are not authorized by the county board and not disclosed in the budget message, the county is exposed to an increased risk of loss, theft, or misuse of county funds.

I recommend the County Board authorize the Veteran's Service Office bank account as a petty cash account. The authorized amount could be an amount between \$2,500 and \$5,000. The difference between the current amount and the authorized amount would be remitted to the County Treasurer, who will credit the Veteran's Aid Fund.

Veteran Service Board Response:

The Red Willow County Veterans Service Board will instruct current Red Willow County Veteran Service Officer (RWC VSO) to retain \$5,000 in the existing petty cash fund. The excess balance of said fund will be paid to the Red Willow County Treasurer and placed in the Veteran's Aid Fund. If the balance of the petty cash fund falls below \$5,000, the RWC VSO will submit a claim to the Red Willow County Clerk to replenish stated petty cash fund. The dollar limit of expenditure will not exceed \$1,000 without approval of the Red Willow County Veterans Service Board.

CLERK OF DISTRICT COURT:

2011-2 Bank Account Not Secured:

State Statute §77-2326.04 requires the clerk of the district court to maintain pledged securities adequate enough to protect deposits.

I noted that during much of 2011, the clerk of the district court deposits exceeded the FDIC coverage plus securities. As of June 30, 2011 the amount of deposits unprotected was \$33,328. Failure to maintain adequate pledged securities exposes the county to possible loss.

I recommend the Clerk of the District Court monitor the pledged securities to ensure all deposits are protected.

RED WILLOW COUNTY, NEBRASKA

SCHEDULE OF FINDINGS AND RESPONSES (CONCLUDED)

COUNTY FAIR:

2011-3 Donation and Disbursements Not in Budget:

Nebraska State Statute §23-109 states, “The county board shall have the power to examine and settle all accounts against the county and all accounts concerning the receipts and expenditures of the county.” State Statute §23-903 requires the budget of the county to present a complete financial plan of all expenditures and anticipated income. Also, State Statute §23-1601, gives the county treasurer authority to receive all monies belonging to the county, from whatever source.

I noted the County Fair directly received donations totaling \$17,102 and disbursed the funds for stalls of \$16,145 and a bench for \$957. This was not remitted to the County Treasurer, nor were the disbursements approved by the County Board through the county budget as required by the state statutes quoted above.

I recommend all monies donated to the County Fair be remitted to the County Treasurer, and all disbursements be approved by the County Board in the county budget.