

WASHINGTON COUNTY
Financial Statements
and Independent Auditors' Report
For the year ended June 30, 2013

WASHINGTON COUNTY

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WASHINGTON COUNTY
List of County Officials
At June 30, 2013

<u>Name</u>	<u>Title</u>	<u>Expires</u>
Paul Cerio	Board of Supervisors	January 2017
Jerry Kruse		January 2015
Mary Alice Johnson		January 2017
Ernest Abariotes		January 2015
Jeff Quist		January 2017
Steve Kruger		January 2015
Ronald E. Hineline		January 2017
Steven Mencke	Assessor	January 2015
Shurie Graeve	Attorney	January 2015
Merry Truhlsen	Clerk	January 2015
Karen Madsen	Register of Deeds	January 2015
Susan Paulsen	Clerk of the District Court	January 2015
Michael Robinson	Sheriff	January 2015
Richard Hansen	Surveyor	January 2015
Marjorie Hoier	Treasurer	January 2015
Tanna Wirtz	Planning and Zoning	Appointed
Cheryl Parsons	Highway Superintendent	Appointed
Dennis Cordle	Veterans' Service Officer	Appointed
Michael Smith	Weed Superintendent	Appointed
William Pook	Emergency Manager	Appointed



INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Washington County, Nebraska
Blair, Nebraska

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those 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, we express no opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, each major fund and the aggregate remaining fund information for the primary government of Washington County as of June 30, 2013, and the respective changes in cash balances thereof for the year then ended in accordance with the basis of accounting described in Note A.

Basis of Accounting

As described in Note A, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 18 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consists of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for purpose of forming opinions on the financial statements that collectively comprise the primary government of the County's financial statements as a whole. The combining nonmajor fund financial statement, nonmajor budgetary comparison information, schedule of office activity and schedule of taxes certified and collected are presented for purposes of additional analysis and are not a required part of the financial statements. These supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 our 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*, we have also issued our report dated January 7, 2014, on our consideration of Washington County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Ritterbush & Piotrowski, LLP

Ritterbush & Piotrowski, L.L.P.

Omaha, Nebraska
January 7, 2014

WASHINGTON COUNTY
Statement of Net Position - Cash Basis
June 30, 2013

Assets

Cash and cash equivalents	\$ 7,931,969
	<hr/>
Total Assets	<u>\$ 7,931,969</u>

Net Position

Restricted for:	
Debt Service	\$ 481,708
Veterans' Aid	3,836
Visitors' Program	7,556
Drug Law Enforcement	2,307
E911 System	49,696
Wireless E911 Services	35,292
Unrestricted	<hr/> 7,351,574
	<hr/>
Total Net Position	<u>\$ 7,931,969</u>

See accompanying notes to financial statements.

WASHINGTON COUNTY
Statement of Activities - Cash Basis
For the Year Ended June 30, 2013

Functions:	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (4,719,925)	\$ 634,468	\$ -	\$ (4,085,457)
Public Safety	(3,161,197)	74,811	27,918	(3,058,468)
Public Works	(5,545,602)	-	-	(5,545,602)
Public Assistance	(37,302)	-	-	(37,302)
Culture and Recreation	(18,152)	-	-	(18,152)
Debt Service	(788,498)	-	-	(788,498)
Total Governmental Activities	<u>\$ (14,270,676)</u>	<u>\$ 709,279</u>	<u>\$ 27,918</u>	<u>(13,533,479)</u>

General Receipts:	
Taxes	10,612,967
Grants and Contributions not Restricted to Specific Programs	2,748,551
Interest Income	67,444
Miscellaneous	237,704
Total General Receipts	<u>13,666,666</u>
Change in Net Assets	133,187
Net Position - Beginning	7,798,782
Net Position - Ending	<u>\$ 7,931,969</u>

See accompanying notes to financial statements.

WASHINGTON COUNTY**Statement of Cash Basis Assets and Fund Balances****Governmental Funds****June 30, 2013**

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Courthouse Bond Fund</u>	<u>Public Safety Communication Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Cash and cash equivalents	\$ 3,749,312	\$ 841,046	\$ 1,210,332	\$ 138,564	\$ 191,254	\$ 1,801,461	\$ 7,931,969
Total Assets	<u>\$ 3,749,312</u>	<u>\$ 841,046</u>	<u>\$ 1,210,332</u>	<u>\$ 138,564</u>	<u>\$ 191,254</u>	<u>\$ 1,801,461</u>	<u>\$ 7,931,969</u>
Fund Balances							
Restricted Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ 191,254	\$ 125,300	\$ 316,554
Unrestricted Fund Balance							
Committed Fund Balance	-	841,046	-	-	-	1,524,271	2,365,317
Assigned Fund Balance	-	-	1,210,332	138,564	-	151,890	1,500,786
Unassigned Fund Balance	<u>3,749,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,749,312</u>
Total Cash Basis Fund Balances	<u>\$ 3,749,312</u>	<u>\$ 841,046</u>	<u>\$ 1,210,332</u>	<u>\$ 138,564</u>	<u>\$ 191,254</u>	<u>\$ 1,801,461</u>	<u>\$ 7,931,969</u>

See accompanying notes to financial statements.

WASHINGTON COUNTY

Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balance

Governmental Funds

For the Year Ended June 30, 2013

	General Fund	Road Fund	Inheritance Fund	Courthouse Bond Fund	Public Safety Communication Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Taxes	\$ 9,361,810	\$ 208	\$ 494,149	\$ 211,838	\$ 272,084	\$ 272,878	\$ 10,612,967
Licenses and Permits	152,475	-	-	-	-	-	152,475
Fees and Fines	126,390	-	-	-	-	-	126,390
Interest	52,568	-	-	203	10,336	4,337	67,444
Intergovernmental	262,174	2,375,030	-	15,180	-	124,085	2,776,469
Charges for Services	508,078	-	-	-	-	74,811	582,889
Miscellaneous	54,873	23,719	-	-	-	6,637	85,229
Total Receipts	<u>10,518,368</u>	<u>2,398,957</u>	<u>494,149</u>	<u>227,221</u>	<u>282,420</u>	<u>482,748</u>	<u>14,403,863</u>
Disbursements							
General Government	4,643,072	-	-	-	-	76,853	4,719,925
Public Safety	2,776,580	-	-	-	4,898	379,719	3,161,197
Public Works	202,401	5,203,474	-	-	-	139,727	5,545,602
Public Assistance	36,302	-	-	-	-	1,000	37,302
Culture and Recreation	-	-	-	-	-	18,152	18,152
Debt Service	-	-	-	485,551	302,947	-	788,498
Total Disbursements	<u>7,658,355</u>	<u>5,203,474</u>	<u>-</u>	<u>485,551</u>	<u>307,845</u>	<u>615,451</u>	<u>14,270,676</u>
Excess (Deficiency) of Receipts over Disbursements	2,860,013	(2,804,517)	494,149	(258,330)	(25,425)	(132,703)	133,187
Other Financing Sources (Uses)							
Transfers in	40,000	2,750,000	-	250,000	-	300,000	3,340,000
Transfers out	<u>(2,750,000)</u>	<u>-</u>	<u>(590,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,340,000)</u>
Total Financing Sources (Uses)	<u>(2,710,000)</u>	<u>2,750,000</u>	<u>(590,000)</u>	<u>250,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Net change in Fund Balance	150,013	(54,517)	(95,851)	(8,330)	(25,425)	167,297	133,187
Cash Basis Fund Balance - Beginning	<u>3,599,299</u>	<u>895,563</u>	<u>1,306,183</u>	<u>146,894</u>	<u>216,679</u>	<u>1,634,164</u>	<u>7,798,782</u>
Cash Basis Fund Balance - Ending	<u>\$ 3,749,312</u>	<u>\$ 841,046</u>	<u>\$ 1,210,332</u>	<u>\$ 138,564</u>	<u>\$ 191,254</u>	<u>\$ 1,801,461</u>	<u>\$ 7,931,969</u>

See accompanying notes to financial statements.

WASHINGTON COUNTY
Statement of Fiduciary Assets and Liabilities - Cash Basis
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	<u>\$ 3,735,229</u>
Liabilities	
Due to other governments	
State	348,580
Schools	2,471,055
Educational Service Units	4,580
Technical College	24,292
Natural Resource Districts	9,360
Fire Districts	153,366
Municipalities	75,285
Drainage Districts	28,664
Townships	51,417
Sanitary and Improvement Districts	403,124
Others	<u>165,506</u>
Total Liabilities	<u>3,735,229</u>
Total Net Position	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

WASHINGTON COUNTY
Notes to Financial Statements
For the year ended June 30, 2013

Note A - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies of Washington County, Nebraska.

1. Organization - Washington County, Nebraska (the County) was established in 1857 and has the powers, duties, and privileges granted counties by Nebraska Statutes, Chapter 23.

The County is governed by a seven member Board of Supervisors elected from districts within the County and administrative officers elected on a county-wide basis. The Board is organized with a Chairman and Vice-Chairman selected at a Board meeting in January of each year.

2. Reporting Entity - Washington County is a governmental entity established under and governed by the laws of the State of Nebraska (the State). As a political subdivision of the State, the County is exempt from State and Federal income taxes. The inclusion of associated entities in the County's financial statements would be determined by the County's financial accountability for the entity through analysis of areas such as financial dependency, selection of governing authority and ability to significantly influence operations.

The Washington County Agricultural Society and Washington County Historical Society have been excluded from the County's financial statements on determination that the County did not exercise oversight responsibility over the daily operations of those entities due to having their own governing bodies.

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

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

Note A - Summary of Significant Accounting Policies (Continued)

In the government-wide financial statements, net assets are classified as follows:

Restricted – Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Net assets reported as unrestricted do not meet the definition of restricted.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources as they are needed.

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

The County reports the following major governmental funds:

General fund – This 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.

Road Fund – This fund is used to account for receipts and costs associated with the repair and maintenance of roads and bridges.

Inheritance Fund – This fund is used to account for receipts generated from inheritance taxes.

Courthouse Bond Fund – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on bonds sold to construct County facilities.

Public Safety Communication Fund – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on bonds sold to establish the public safety communication system used by the County.

The County reports the following additional fund types:

Special Revenue Funds - Used to account for proceeds of specific revenue sources (other than expendable trusts and capital projects), which are legally restricted to expenditures for specified purposes.

Note A - Summary of Significant Accounting Policies (Continued)

Agency Funds - Used to account for assets, which are held by the County as agent for certain legal entities, until distributed to authorized recipients. As agents, the County collects property taxes and remits the amounts to the appropriate legal entities.

Capital Projects Funds - Used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Fund - Used to account for financial resources to be used for the repayment of long-term debt.

In the governmental fund financial statements, fund balances are classified as follows:

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

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

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

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

5. Basis of Accounting - The various funds of the County are maintained and the financial statements have been prepared on the cash basis of accounting. Receipts are recorded only when cash is received by the County Treasurer, and disbursements are recorded when checks or warrants are issued.

Accordingly, the County's financial statements are not intended to present its financial position and the results of its operations in conformity with generally accepted accounting principles, which contemplate the use of the modified accrual basis of accounting.

6. Investments – The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. Sections 77-2315 R.R.S. 1996, 77-2340 R.S.Supp., 2002, and 77-2341 R.R.S. 1996, and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities which are authorized by the Nebraska Investment Council.
7. Property Taxes - Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for retention, appraisal, appraisal review and judicial review. Real estate taxes are due December 31 of the year in which the property is appraised. One-half of the taxes become delinquent April 1 and August 1 of the following year, respectively. Personal property taxes are due November 15 of the tax year in which the property is appraised, and one-half of the taxes become delinquent December 1 of the current year and July 1 of the following year, respectively.

The County collects its own property taxes and those of certain other taxing entities. Collections of the taxes for others, pending distribution, are accounted for in agency funds.

Note A - Summary of Significant Accounting Policies (Continued)

8. Compensated Absences - The County maintains records of cumulative days of vacation and sick leave. Vacation is cumulative up to 20 days and payable upon termination. Sick leave is cumulative up to 120 days. The dollar amount of accrued vacation and sick leave is not readily determinable. Up to 50% of the cumulative sick leave can be paid upon termination as additional vacation pay if the employee has 5 years of employment with the County and the County is not the one terminating the employment.
9. Capital Assets – Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items) to be reported in the applicable governmental activities columns in the government-wide financial statements.
10. Depreciation expenses on capital assets were not recorded on the cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.
11. Subsequent Events – The County considered events occurring through January 7, 2014 for recognition or disclosure in the financial statements as subsequent events. That date is the date that the financial statements were available to be issued.

Note B - Deposits and Investments

Washington County directly manages its cash and investments. State statutes authorize the County to invest its funds in certificates of deposit, obligations of the U.S. Treasury, U.S. Agencies, Farm Credit Administration, Federal Land Banks and certain repurchase agreements, all of which must mature within two years of purchase. Agency funds are invested at the discretion of each political subdivision.

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As of June 30, 2013, the County had \$8,099,559 of cash at one bank for operating purposes.

The bank balances of the County's deposits are entirely insured or collateralized. The pledging financial institutions hold all securities.

Investments – For reporting purposes the County's investments are carried at cost. As of June 30, 2013, the fair value of the County's investments was \$5,006,904. All of the County's investments were certificates of deposits held at multiple financial institutions at a carrying amount of \$5,006,904.

As of June 30, 2013, the County's investments were either insured or collateralized by securities held by financial institutions.

Note C - Lease Obligations

Capital Leases

The County has entered into various lease agreements as lessee to finance the acquisition of various machinery and equipment. The leases qualify as capital leases for accounting purposes and, therefore, are reported at the present value of the future minimum lease payments as of the date of their inception. The total cost of machinery and equipment under capital lease agreements, totaled \$412,044 as of June 30, 2013.

Future annual lease payments are as follows:

Years ending June 30,	
2014	\$ 123,400
2015	92,507
2016	82,838
2017	<u>41,730</u>
Subtotal	340,475
Less interest	<u>(16,859)</u>
Total	<u>\$ 323,616</u>

Operating Leases

The County is committed under a non-cancelable operating lease for various office equipment.

Future minimum operating lease payments are as follows:

Years ending June 30,

2014	<u>\$ 2,608</u>
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Rent expenditures were \$3,912 for the year ended June 30, 2013.

Note D - Long-term Debt

In March 2008, the County refunded the September 2002 General Obligation Refunding Bonds. In order to refund the bonds the County issued \$1,135,000 of General Obligation Refunding Bonds for the purpose of paying off the September 2002 General Obligation Refunding Bonds. Interest on the March 2008 General Obligation Courthouse Refunding Bonds is 2.45%-3.20%.

In September 2008, the County issued \$400,000 of Limited Tax County Highway Allocation Bonds. Interest on the September 2008 Limited Tax County Highway Allocation Bonds is 2.90%-3.75%.

In October 2008, the County issued \$755,000 of Limited Tax County Building Bonds. Interest on the October 2008 Limited Tax County Building Bonds is 3.30%-4.55%.

Note D - Long-term Debt (Continued)

In June 2010, the County refunded the December 2004 Public Safety Communications System Revenue Bonds. In order to refund the bonds the County issued \$2,565,000 of Public Safety Communications System Revenue Bonds for the purpose of paying off the December 2004 Public Safety Communications System Revenue Bonds. Interest on the June 2010 Public Safety Communications System Revenue Bonds is 0.70%-3.70%.

In December 2011, the County refunded the October 2006 Public Safety Communication System Revenue Bonds. In order to refund the bonds the County issued \$350,000 of Public Safety Communications System Revenue Refunding Bonds for the purpose of paying off the October 2006 Public Safety Communications System Revenue Bonds. Interest on the December 2011 Public Safety Communications System Revenue Refunding Bonds is 0.80%-1.30%.

Future annual payments for the bonds payable are as follows:

<u>Years ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 375,000	\$ 88,989	\$ 463,989
2015	485,000	78,121	563,121
2016	490,000	64,529	554,529
2017	495,000	49,229	544,229
2018	505,000	32,100	537,100
2019-2022	<u>690,000</u>	<u>23,665</u>	<u>713,665</u>
Totals	<u>\$ 3,040,000</u>	<u>\$ 336,633</u>	<u>\$ 3,376,633</u>

Transactions for long-term debt for the year ended June 30, 2013 are summarized as follows:

<u>Type of Debt</u>	<u>Balance June 30, 2012</u>	<u>Issuance</u>	<u>Payments</u>	<u>Balance June 30, 2013</u>
Bond Issue, 2008	\$ 475,000	\$ -	\$ 475,000	\$ -
Bond Issue, 2008	275,000	-	50,000	225,000
Bond Issue, 2008	655,000	-	50,000	605,000
Bond Issue, 2010	2,105,000	-	240,000	1,865,000
Bond Issue, 2011	<u>350,000</u>	<u>-</u>	<u>5,000</u>	<u>345,000</u>
Total	<u>\$ 3,860,000</u>	<u>\$ -</u>	<u>\$ 820,000</u>	<u>\$ 3,040,000</u>

The County paid \$106,639 in interest on all bond issues for the year ended June 30, 2013.

Note E - Conduit Debt

From time to time, the County has issued Health Care Facilities and Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition, improvement, and construction of facilities deemed to be in the public interest. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2013, there were three Industrial Revenue bonds outstanding. The first bond was issued on June 1, 2000. As of June 30, 2013, the outstanding principal balance was \$20,000,000 with a weekly reset variable interest rate. The second bond was issued on August 25, 2010. As of June 30, 2013, the outstanding principal balance was \$26,880,000 with a weekly reset variable interest rate. The third bond was issued on December 30, 2010. As of June 30, 2013, the outstanding principal balance was \$20,000,000 with a weekly reset variable interest rate.

As of June 30, 2013, there were four Health Care Facility bonds outstanding. The first bond was issued on July 1, 1999. As of June 30, 2013, the outstanding principal balance was \$782,552 with a variable interest rate at 4.08%. The second bond was issued June 19, 2007 and as of June 30, 2013 the outstanding principal balance was \$8,297,443 with an interest rate of 5.74%. The third bond was issued on May 22, 2008 and as of June 30, 2013 the outstanding principal balance was \$7,220,472 with a variable interest rate at 1.48875%. The fourth bond was issued June 30, 2009 and as of June 30, 2013 the outstanding principal balance was \$2,729,451 with a variable interest rate at 5.12%.

The total amount of aggregate conduit debt at June 30, 2013 is \$85,909,918.

Note F - Employee Benefit Plans

The County Board has adopted the provisions of Sections 23-2301 through 23-2331, R.R.S. 1943, known as the County Employees Retirement Act. The Retirement System for Nebraska Counties is administered by the Public Employees Retirement Board and is a defined contribution Cost-Sharing Multi-Employer Plan.

The plan covers substantially all permanent employees who have been employed for 6 bi-weekly/6 semi-monthly/3 monthly pay periods in a calendar year. Employees contribute 4.5% of their total compensation and the County contributes an amount equal to 150% of the employee contribution. The employee and employer contributions are kept in separate accounts. The employees' account is fully vested, while the employer contribution vests on behalf of the employee after the employee has participated in the plan for three years. Prior service benefits are paid by the County on a pay-as-you-go basis directly to the retired employee. For the year ended June 30, 2013, the County contributed \$341,915 to the employer's account. For the year ended June 30, 2013 employees contributed \$232,018 to the plan. No actuarial calculation has been made of the plan because future service benefits are on a money purchase basis and prior service benefits are paid on a pay-as-you-go basis.

Note G - Risk Management

Washington County is exposed to various risks of loss, including those related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 79 counties throughout Nebraska.

The County pays an annual deposit premium as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire Pool. If the Pool becomes insolvent or is otherwise unable to discharge its legal liabilities and other obligations, the County may be assessed by the Board for an additional contribution equal to its contribution for the current fiscal year, divided by the contribution of all participants for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, shall be sent to each County in writing, and each county shall thereafter have sixty (60) days in which to pay the amount of such assessment. Each county shall remain liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, and for liabilities of the Pool incurred during such county's period of membership.

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

	<u>NIRMA Coverage</u>	<u>Maximum Coverage</u>
General Liability Claim	\$ 300,000	\$ 5,000,000
Worker's Compensation Claim	\$ 500,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the Pool in the last three fiscal years and no assessments are anticipated for fiscal year 2013. The County has not had to pay out any amounts that exceeded coverage provided by the Pool in the last three fiscal years.

Note H – Interfund transfers

Interfund transfers for the year ended June 30, 2013, consisted of the following:

<u>Transfers to</u>	<u>Transfers from</u>		<u>Total</u>
	<u>General Fund</u>	<u>Inheritance Fund</u>	
General Fund	\$ -	\$ 40,000	\$ 40,000
Road Fund	2,750,000	-	2,750,000
Courthouse Bond Fund	-	250,000	250,000
Nonmajor Funds	-	300,000	300,000
Total	<u>\$2,750,000</u>	<u>\$ 590,000</u>	<u>\$3,340,000</u>

Transfers are used to move unrestricted revenues collected in the general, inheritance, and other nonmajor funds to finance various other programs accounted for in the other funds in accordance with budgetary authorizations.

WASHINGTON COUNTY
Budgetary Comparison Schedule - Budget and Actual
General Fund
For the Year Ended June 30, 2013

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Receipts			
Taxes	\$ 8,840,408	\$ 9,361,810	\$ 521,402
Licenses and Permits	138,900	152,475	13,575
Fees and Fines	78,800	126,390	47,590
Interest	30,000	52,568	22,568
Intergovernmental	198,500	262,174	63,674
Charges for Services	457,800	508,078	50,278
Miscellaneous	34,000	54,873	20,873
Total Receipts	<u>9,778,408</u>	<u>10,518,368</u>	<u>739,960</u>
Disbursements			
General Government:			
County Board	147,030	145,131	1,899
County Clerk	132,400	127,979	4,421
County Treasurer	242,350	233,877	8,473
Register of Deeds	104,800	99,404	5,396
Assessor	293,693	280,492	13,201
Election Commissioner	77,000	67,001	9,999
Planning Commission	107,680	107,203	477
Building Inspector	61,000	59,629	1,371
Data Processing	40,000	27,373	12,627
Clerk of the District Court	132,925	128,718	4,207
County Court	11,843	11,825	18
District Judge	53,150	40,398	12,752
Building and Grounds	350,430	331,903	18,527
Agricultural Extension Agent	167,780	154,920	12,860
Miscellaneous	3,328,223	2,827,219	501,004
Public Safety:			
County Sheriff	1,438,408	1,438,107	301
County Attorney	347,722	288,167	59,555
Child Support	40,000	38,629	1,371
Communications Center	357,986	355,429	2,557
County Jail	670,575	656,248	14,327
Public Works:			
County Surveyor	183,405	159,844	23,561
Noxious Weeds	46,430	42,557	3,873
Public Assistance:			
Medical Relief	25,000	1,503	23,497
Veterans' Service Officer	37,620	33,704	3,916
State Institutions	14,000	1,095	12,905
Total Disbursements	<u>8,411,450</u>	<u>7,658,355</u>	<u>753,095</u>
Excess (Deficiency) of Receipts over Disbursements	1,366,958	2,860,013	1,493,055
Other Financing Sources (Uses)			
Transfers in (out)	(3,691,257)	(2,710,000)	981,257
Total Other Financing Sources (Uses)	<u>(3,691,257)</u>	<u>(2,710,000)</u>	<u>981,257</u>
Net Change in Fund Balance	(2,324,299)	150,013	2,474,312
Fund Balances - Beginning	3,599,299	3,599,299	-
Fund Balances - Ending	<u>\$ 1,275,000</u>	<u>\$ 3,749,312</u>	<u>\$ 2,474,312</u>

WASHINGTON COUNTY
Budgetary Comparison Schedule - Budget and Actual
Major Funds
For the Year Ended June 30, 2013

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Road Fund			
Receipts			
Taxes	\$ -	\$ 208	\$ 208
Intergovernmental	2,002,980	2,375,030	372,050
Miscellaneous	13,000	23,719	10,719
Total Receipts	<u>2,015,980</u>	<u>2,398,957</u>	<u>382,977</u>
Disbursements	<u>6,142,800</u>	<u>5,203,474</u>	<u>939,326</u>
Excess (Deficiency) of Receipts over Disbursements	(4,126,820)	(2,804,517)	1,322,303
Other Financing Sources (Uses)			
Transfers in (out)	<u>3,731,257</u>	<u>2,750,000</u>	<u>(981,257)</u>
Total Other Financing Sources (Uses)	<u>3,731,257</u>	<u>2,750,000</u>	<u>(981,257)</u>
Net Change in Fund Balance	(395,563)	(54,517)	341,046
Fund Balance - Beginning	895,563	895,563	-
Fund Balance - Ending	<u>\$ 500,000</u>	<u>\$ 841,046</u>	<u>\$ 341,046</u>
Inheritance Fund			
Receipts			
Taxes	\$ 193,817	\$ 494,149	\$ 300,332
Total Receipts	<u>193,817</u>	<u>494,149</u>	<u>300,332</u>
Disbursements	<u>910,000</u>	<u>-</u>	<u>910,000</u>
Excess (Deficiency) of Receipts over Disbursements	(716,183)	494,149	1,210,332
Other Financing Sources (Uses)			
Transfers in (out)	<u>(590,000)</u>	<u>(590,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(590,000)</u>	<u>(590,000)</u>	<u>-</u>
Net Change in Fund Balance	(1,306,183)	(95,851)	1,210,332
Fund Balance - Beginning	1,306,183	1,306,183	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 1,210,332</u>	<u>\$ 1,210,332</u>

(Continued)

WASHINGTON COUNTY
Budgetary Comparison Schedule - Budget and Actual
Major Funds
For the Year Ended June 30, 2013

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Courthouse Bond Fund			
Receipts			
Taxes	\$ 199,706	\$ 211,838	\$ 12,132
Interest	200	203	3
Intergovernmental	3,200	15,180	11,980
Total Receipts	<u>203,106</u>	<u>227,221</u>	<u>24,115</u>
Disbursements			
Bond principal	475,000	475,000	-
Bond interest	20,000	9,584	10,416
Other	5,000	967	4,033
Total Disbursements	<u>500,000</u>	<u>485,551</u>	<u>14,449</u>
Excess (Deficiency) of Receipts over Disbursements	(296,894)	(258,330)	38,564
Other Financing Sources (Uses)			
Transfers in (out)	250,000	250,000	-
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net Change in Fund Balance	(46,894)	(8,330)	38,564
Fund Balance - Beginning	146,894	146,894	-
Fund Balance - Ending	<u>\$ 100,000</u>	<u>\$ 138,564</u>	<u>\$ 38,564</u>
Public Safety Communication Fund			
Receipts			
Taxes	\$ 269,571	\$ 272,084	\$ 2,513
Intergovernmental	3,750	10,336	6,586
Miscellaneous	-	-	-
Total Receipts	<u>273,321</u>	<u>282,420</u>	<u>9,099</u>
Disbursements	<u>340,000</u>	<u>307,845</u>	<u>32,155</u>
Excess (Deficiency) of Receipts over Disbursements	(66,679)	(25,425)	41,254
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(66,679)	(25,425)	41,254
Fund Balance - Beginning	216,679	216,679	-
Fund Balance - Ending	<u>\$ 150,000</u>	<u>\$ 191,254</u>	<u>\$ 41,254</u>

WASHINGTON COUNTY
Notes to Required Supplementary Information
For the Year Ended June 30, 2013

Budgetary Comparison Schedules

GAAP Requirements

Generally Accepted Accounting Principles (GAAP) requires budgetary comparison schedules for the General Fund, and for each major special revenue fund that has a legally adopted annual budget. GAAP further requires the budgetary comparison schedules to include the *original budget* and *final budget* amounts. The *original budget* is the first complete appropriated budget adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes *before*, the beginning of the fiscal year. The original budget would also include actual appropriation amounts automatically carried over from prior years when required by law. The *final budget*, is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year as approved by the County Board or otherwise legally authorized.

Budgetary Process

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

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

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

Excess of Expenditures over Appropriations

For the year ended June 30, 2013, expenditures exceeded appropriations in the Planning Commission department of the General Fund by \$7,023 and in the County Sheriff department of the General Fund by \$31,699. These over-expenditures were funded by the available fund balance in the General Fund.

WASHINGTON COUNTY
Combining Statement of Receipts, Disbursements, and Changes in Cash Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Hard Surfacing Fund	Revolving Loan Fund	County Visitors' Program Fund	Medical Relief Fund	State Institutions Fund	Veterans' Aid Fund	County Drug Law Enforcement Fund
Receipts							
Taxes	\$ 10	\$ -	\$ 14,878	\$ -	\$ -	\$ 4,157	\$ -
Fees and Fines	-	-	-	-	-	-	-
Interest	3,844	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	331	-
Charges for Services	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total Receipts	<u>3,854</u>	<u>-</u>	<u>14,878</u>	<u>-</u>	<u>-</u>	<u>4,488</u>	<u>-</u>
Disbursements							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	80,204	-	-	-	-	-	-
Public Assistance	-	-	-	-	-	1,000	-
Culture and Recreation	-	-	18,152	-	-	-	-
Total Disbursements	<u>80,204</u>	<u>-</u>	<u>18,152</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Excess (Deficiency) of Receipts over Disbursements	(76,350)	-	(3,274)	-	-	3,488	-
Other Financing Sources (Uses)							
Transfers in (out)	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(76,350)	-	(3,274)	-	-	3,488	-
Fund Balances - Beginning	<u>932,440</u>	<u>-</u>	<u>10,830</u>	<u>-</u>	<u>-</u>	<u>348</u>	<u>2,307</u>
Fund Balances - Ending	<u>\$ 856,090</u>	<u>\$ -</u>	<u>\$ 7,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,836</u>	<u>\$ 2,307</u>

(Continued)

WASHINGTON COUNTY
Combining Statement of Receipts, Disbursements, and Changes in Cash Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Federal and State Grants Fund	Register of Deeds P & M Fund	Wireless E911 Services Fund	Highway Safety Fund	Noxious Weed Fund	E911 System Fund	County Building Fund
Receipts							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 88,869	\$ -
Fees and Fines	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	493
Intergovernmental	5,826	9,142	75,711	22,092	-	-	-
Charges for Services	-	-	-	-	-	74,811	-
Miscellaneous	-	-	-	-	-	6,637	-
Total Receipts	<u>5,826</u>	<u>9,142</u>	<u>75,711</u>	<u>22,092</u>	<u>3</u>	<u>170,317</u>	<u>493</u>
Disbursements							
General Government	-	-	-	-	-	-	-
Public Safety	792	-	99,748	19,329	-	259,850	-
Public Works	-	-	-	-	-	-	698
Public Assistance	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Total Disbursements	<u>792</u>	<u>-</u>	<u>99,748</u>	<u>19,329</u>	<u>-</u>	<u>259,850</u>	<u>698</u>
Excess (Deficiency) of Receipts over Disbursements	5,034	9,142	(24,037)	2,763	3	(89,533)	(205)
Other Financing Sources (Uses)							
Transfers in (out)	-	-	-	-	-	-	300,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Net Change in Fund Balances	5,034	9,142	(24,037)	2,763	3	(89,533)	299,795
Fund Balances - Beginning	<u>18,641</u>	<u>-</u>	<u>59,329</u>	<u>2,425</u>	<u>-</u>	<u>139,229</u>	<u>356,991</u>
Fund Balances - Ending	<u>\$ 23,675</u>	<u>\$ 9,142</u>	<u>\$ 35,292</u>	<u>\$ 5,188</u>	<u>\$ 3</u>	<u>\$ 49,696</u>	<u>\$ 656,786</u>

(Continued)

WASHINGTON COUNTY**Combining Statement of Receipts, Disbursements, and Changes in Cash Fund Balances****Nonmajor Governmental Funds****For the Year Ended June 30, 2013**

	Courthouse Annex Bond Fund	Road Reconstruction Bond Fund	Total Nonmajor Governmental Funds
Receipts			
Taxes	\$ 100,363	\$ 64,598	\$ 272,878
Fees and Fines	-	-	-
Interest	-	-	4,337
Intergovernmental	6,348	4,635	124,085
Charges for Services	-	-	74,811
Miscellaneous	-	-	6,637
Total Receipts	<u>106,711</u>	<u>69,233</u>	<u>482,748</u>
Disbursements			
General Government	76,853	-	76,853
Public Safety	-	-	379,719
Public Works	-	58,825	139,727
Public Assistance	-	-	1,000
Culture and Recreation	-	-	18,152
Total Disbursements	<u>76,853</u>	<u>58,825</u>	<u>615,451</u>
Excess (Deficiency) of Receipts over Disbursements	29,858	10,408	(132,703)
Other Financing Sources (Uses)			
Transfers in (out)	-	-	300,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>300,000</u>
Net Change in Fund Balances	29,858	10,408	167,297
Fund Balances - Beginning	<u>68,253</u>	<u>43,371</u>	<u>1,634,164</u>
Fund Balances - Ending	<u>\$ 98,111</u>	<u>\$ 53,779</u>	<u>\$ 1,801,461</u>

(Concluded)

WASHINGTON COUNTY
Budgetary Comparison Schedule - Budget and Actual
Nonmajor Funds
For the Year Ended June 30, 2013

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Hard Surfacing Fund			
Receipts			
Taxes	\$ -	\$ 10	\$ 10
Interest	5,560	3,844	(1,716)
Total Receipts	<u>5,560</u>	<u>3,854</u>	<u>(1,706)</u>
Disbursements	<u>938,000</u>	<u>80,204</u>	<u>857,796</u>
Excess (Deficiency) of Receipts over Disbursements	(932,440)	(76,350)	856,090
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(932,440)	(76,350)	856,090
Fund Balance - Beginning	932,440	932,440	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 856,090</u>	<u>\$ 856,090</u>
Revolving Loan Fund			
Receipts			
Interest	\$ -	\$ -	\$ -
Total Receipts	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Receipts over Disbursements	-	-	-
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

WASHINGTON COUNTY
Budgetary Comparison Schedule - Budget and Actual
Nonmajor Funds
For the Year Ended June 30, 2013

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
County Visitors' Program Fund			
Receipts			
Taxes	\$ 14,170	\$ 14,878	\$ 708
Total Receipts	<u>14,170</u>	<u>14,878</u>	<u>708</u>
Disbursements	<u>25,000</u>	<u>18,152</u>	<u>6,848</u>
Excess (Deficiency) of Receipts over Disbursements	(10,830)	(3,274)	7,556
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(10,830)	(3,274)	7,556
Fund Balance - Beginning	10,830	10,830	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 7,556</u>	<u>\$ 7,556</u>
Medical Relief Fund			
Receipts			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Total Receipts	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Receipts over Disbursements	-	-	-
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

WASHINGTON COUNTY
Budgetary Comparison Schedule - Budget and Actual
Nonmajor Funds
For the Year Ended June 30, 2013

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
State Institutions Fund			
Receipts			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Total Receipts	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements			
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Receipts over Disbursements	-	-	-
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Veterans' Aid Fund			
Receipts			
Taxes	\$ 4,082	\$ 4,157	\$ 75
Intergovernmental	70	331	261
Total Receipts	<u>4,152</u>	<u>4,488</u>	<u>336</u>
Disbursements			
	<u>4,500</u>	<u>1,000</u>	<u>3,500</u>
Excess (Deficiency) of Receipts over Disbursements	(348)	3,488	3,836
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(348)	3,488	3,836
Fund Balance - Beginning	348	348	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 3,836</u>	<u>\$ 3,836</u>

(Continued)

WASHINGTON COUNTY
Budgetary Comparison Schedule - Budget and Actual
Nonmajor Funds
For the Year Ended June 30, 2013

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
County Drug Law Enforcement Fund			
Receipts			
Miscellaneous	\$ -	\$ -	\$ -
Total Receipts	-	-	-
Disbursements	2,307	-	2,307
Excess (Deficiency) of Receipts over Disbursements	(2,307)	-	2,307
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	(2,307)	-	2,307
Fund Balance - Beginning	2,307	2,307	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 2,307</u>	<u>\$ 2,307</u>
Federal and State Grants Fund			
Receipts			
Intergovernmental	\$ 181,359	\$ 5,826	\$ (175,533)
Total Receipts	181,359	5,826	(175,533)
Disbursements	200,000	792	199,208
Excess (Deficiency) of Receipts over Disbursements	(18,641)	5,034	23,675
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	(18,641)	5,034	23,675
Fund Balance - Beginning	18,641	18,641	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 23,675</u>	<u>\$ 23,675</u>

(Continued)

WASHINGTON COUNTY
Budgetary Comparison Schedule - Budget and Actual
Nonmajor Funds
For the Year Ended June 30, 2013

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Register of Deeds P&M Fund			
Receipts			
Intergovernmental	\$ 5,000	\$ 9,142	\$ 4,142
State Grants	-	-	
Total Receipts	<u>5,000</u>	<u>9,142</u>	<u>4,142</u>
Disbursements	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Excess (Deficiency) of Receipts over Disbursements	-	9,142	9,142
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	9,142	9,142
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 9,142</u>	<u>\$ 9,142</u>
Wireless E911 Services Fund			
Receipts			
Intergovernmental	\$ 40,671	\$ 75,711	\$ 35,040
Total Receipts	<u>40,671</u>	<u>75,711</u>	<u>35,040</u>
Disbursements	<u>100,000</u>	<u>99,748</u>	<u>252</u>
Excess (Deficiency) of Receipts over Disbursements	(59,329)	(24,037)	35,292
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(59,329)	(24,037)	35,292
Fund Balance - Beginning	59,329	59,329	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 35,292</u>	<u>\$ 35,292</u>

(Continued)

WASHINGTON COUNTY
Budgetary Comparison Schedule - Budget and Actual
Nonmajor Funds
For the Year Ended June 30, 2013

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Highway Safety Fund			
Receipts			
Intergovernmental	\$ 29,175	\$ 22,092	\$ (7,083)
Total Receipts	<u>29,175</u>	<u>22,092</u>	<u>(7,083)</u>
Disbursements	<u>31,600</u>	<u>19,329</u>	<u>12,271</u>
Excess (Deficiency) of Receipts over Disbursements	(2,425)	2,763	5,188
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(2,425)	2,763	5,188
Fund Balance - Beginning	2,425	2,425	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 5,188</u>	<u>\$ 5,188</u>
Noxious Weed Fund			
Receipts			
Taxes	\$ -	\$ 3	\$ 3
Total Receipts	<u>-</u>	<u>3</u>	<u>3</u>
Disbursements	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Receipts over Disbursements	-	3	3
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	3	3
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>

(Continued)

WASHINGTON COUNTY
Budgetary Comparison Schedule - Budget and Actual
Nonmajor Funds
For the Year Ended June 30, 2013

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
E911 System Fund			
Receipts			
Taxes	\$ 75,271	\$ 88,869	\$ 13,598
Intergovernmental	1,350	-	(1,350)
Charges for Services	80,000	74,811	(5,189)
Miscellaneous	120,400	6,637	(113,763)
Total Receipts	<u>277,021</u>	<u>170,317</u>	<u>(106,704)</u>
Disbursements	<u>366,250</u>	<u>259,850</u>	<u>106,400</u>
Excess (Deficiency) of Receipts over Disbursements	(89,229)	(89,533)	(304)
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(89,229)	(89,533)	(304)
Fund Balance - Beginning	139,229	139,229	-
Fund Balance - Ending	<u>\$ 50,000</u>	<u>\$ 49,696</u>	<u>\$ (304)</u>
County Building Fund			
Receipts			
Interest	\$ 509	\$ 493	\$ (16)
Total Receipts	<u>509</u>	<u>493</u>	<u>(16)</u>
Disbursements	<u>657,500</u>	<u>698</u>	<u>656,802</u>
Excess (Deficiency) of Receipts over Disbursements	(656,991)	(205)	656,786
Other Financing Sources (Uses)			
Transfers in (out)	300,000	300,000	-
Total Other Financing Sources (Uses)	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net Change in Fund Balance	(356,991)	299,795	656,786
Fund Balance - Beginning	356,991	356,991	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 656,786</u>	<u>\$ 656,786</u>

(Continued)

WASHINGTON COUNTY
Budgetary Comparison Schedule - Budget and Actual
Nonmajor Funds
For the Year Ended June 30, 2013

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Courthouse Annex Bond Fund			
Receipts			
Taxes	\$ 81,097	\$ 100,363	\$ 19,266
Intergovernmental	650	6,348	5,698
Total Receipts	<u>81,747</u>	<u>106,711</u>	<u>24,964</u>
Disbursements	<u>100,000</u>	<u>76,853</u>	<u>23,147</u>
Excess (Deficiency) of Receipts over Disbursements	(18,253)	29,858	48,111
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(18,253)	29,858	48,111
Fund Balance - Beginning	68,253	68,253	-
Fund Balance - Ending	<u>\$ 50,000</u>	<u>\$ 98,111</u>	<u>\$ 48,111</u>
Road Reconstruction Bond Fund			
Receipts			
Taxes	\$ 60,999	\$ 64,598	\$ 3,599
Intergovernmental	630	4,635	4,005
Total Receipts	<u>61,629</u>	<u>69,233</u>	<u>7,604</u>
Disbursements	<u>80,000</u>	<u>58,825</u>	<u>21,175</u>
Excess (Deficiency) of Receipts over Disbursements	(18,371)	10,408	28,779
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(18,371)	10,408	28,779
Fund Balance - Beginning	43,371	43,371	-
Fund Balance - Ending	<u>\$ 25,000</u>	<u>\$ 53,779</u>	<u>\$ 28,779</u>
			(Concluded)

WASHINGTON COUNTY
Schedule of Office Activities
For the Year Ended June 30, 2013

	County Clerk	Clerk of the District Court	County Sheriff
Balance July 1, 2012	\$ 433	\$ 347,672	\$ 26,202
Receipts			
Licenses and Permits	3,661	-	2,380
Intergovernmental	-	-	-
Charges for Services	-	8,636	823,527
Fees and Fines	-	-	-
Miscellaneous	-	2,630	-
State Fees	-	3,988	-
Trust Receipts	-	759,090	-
Total Receipts	<u>3,661</u>	<u>774,344</u>	<u>825,907</u>
Disbursements			
Payments to County Treasurer	3,821	30,850	395,398
Payments to State Treasurer	-	26,626	-
Trust Disbursements	-	904,100	-
Other Liabilities	-	2,500	414,330
Total Disbursements	<u>3,821</u>	<u>964,076</u>	<u>809,728</u>
Balance June 30, 2013	<u>\$ 273</u>	<u>\$ 157,940</u>	<u>\$ 42,381</u>
Balance consists of			
Cash in Bank	\$ -	\$ 75,214	\$ 39,955
Investments	-	81,786	-
Cash on Hand	273	940	2,426
Balance June 30, 2013	<u>\$ 273</u>	<u>\$ 157,940</u>	<u>\$ 42,381</u>

(Continued)

WASHINGTON COUNTY
Schedule of Office Activities
For the Year Ended June 30, 2013

	County Attorney	Register of Deeds	County Road Department
Balance July 1, 2012	\$ 8,312	\$ 30,572	\$ -
Receipts			
Licenses and Permits	-	-	1,396
Intergovernmental	-	-	576,852
Charges for Services	8,765	-	9,406
Fees and Fines	4,500	333,957	-
Miscellaneous	5,163	-	14,463
State Fees	-	-	-
Trust Receipts	-	-	-
Total Receipts	<u>18,428</u>	<u>333,957</u>	<u>602,117</u>
Disbursements			
Payments to County Treasurer	580	177,017	602,117
Payments to State Treasurer	-	143,449	-
Trust Disbursements	-	-	-
Other Liabilities	18,878	-	-
Total Disbursements	<u>19,458</u>	<u>320,466</u>	<u>602,117</u>
Balance June 30, 2013	<u>\$ 7,282</u>	<u>\$ 44,063</u>	<u>\$ -</u>
Balance consists of			
Cash in Bank	\$ 7,233	\$ 42,820	\$ -
Investments	-	-	-
Cash on Hand	49	1,243	-
Balance June 30, 2013	<u>\$ 7,282</u>	<u>\$ 44,063</u>	<u>\$ -</u>

(Continued)

WASHINGTON COUNTY
Schedule of Office Activities
For the Year Ended June 30, 2013

	County Planning and Zoning	County Surveyor	Total
Balance July 1, 2012	\$ 41	\$ 93	\$ 413,325
Receipts			
Licenses and Permits	91,122	-	98,559
Intergovernmental	-	-	576,852
Charges for Services	1,377	518	852,229
Fees and Fines	-	-	338,457
Miscellaneous	-	-	22,256
State Fees	-	-	3,988
Trust Receipts	-	-	759,090
Total Receipts	<u>92,499</u>	<u>518</u>	<u>2,651,431</u>
Disbursements			
Payments to County Treasurer	92,041	537	1,302,361
Payments to State Treasurer	-	-	170,075
Trust Disbursements	-	-	904,100
Other Liabilities	-	-	435,708
Total Disbursements	<u>92,041</u>	<u>537</u>	<u>2,812,244</u>
Balance June 30, 2013	<u>\$ 499</u>	<u>\$ 74</u>	<u>\$ 252,512</u>
Balance consists of			
Cash in Bank	\$ -	\$ -	\$ 165,222
Investments	-	-	81,786
Cash on Hand	499	74	5,504
Balance June 30, 2013	<u>\$ 499</u>	<u>\$ 74</u>	<u>\$ 252,512</u>

(Concluded)

WASHINGTON COUNTY
Schedule of Taxes Certified and Collected
for all Political Subdivision in the County
June 30, 2013

<u>Item</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Tax Certified by Assessor					
Real Estate	\$ 30,524,027	\$ 32,593,811	\$ 34,111,295	\$ 36,000,866	\$ 37,034,531
Personal and Specials	1,915,520	6,288,366	3,926,798	3,534,123	3,807,167
Drainage	105,786	112,616	78,524	133,246	132,036
Total	<u>32,545,333</u>	<u>38,994,793</u>	<u>38,116,617</u>	<u>39,668,235</u>	<u>40,973,734</u>
Corrections					
Additions	209,732	14,722	70,259	18,675	393
Deductions	(3,913)	(50,785)	(48,991)	(1,026)	(12,756)
Net Additions/ (Deductions)	<u>205,819</u>	<u>(36,063)</u>	<u>21,268</u>	<u>17,649</u>	<u>(12,363)</u>
Corrected Certified Tax	<u>32,751,152</u>	<u>38,958,730</u>	<u>38,137,885</u>	<u>39,685,884</u>	<u>40,961,371</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2009	17,909,041	-	-	-	-
June 30, 2010	14,796,212	21,476,079	-	-	-
June 30, 2011	4,160	17,448,161	21,552,217	-	-
June 30, 2012	19,835	(382)	16,537,666	22,677,384	-
June 30, 2013	<u>1,870</u>	<u>8,532</u>	<u>17,636</u>	<u>16,956,167</u>	<u>23,906,663</u>
Total Net Collections	<u>32,731,118</u>	<u>38,932,390</u>	<u>38,107,519</u>	<u>39,633,551</u>	<u>23,906,663</u>
Total Uncollected Tax	<u>\$ 20,034</u>	<u>\$ 26,340</u>	<u>\$ 30,366</u>	<u>\$ 52,333</u>	<u>\$ 17,054,708</u>
Percentage Uncollected Tax	<u>0.06%</u>	<u>0.07%</u>	<u>0.08%</u>	<u>0.13%</u>	<u>41.64%</u>



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

Board of Supervisors
Washington County, Nebraska
Blair, Nebraska

We 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 Washington County, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Washington County's basic financial statements and have issued our report thereon dated January 7, 2014. Our report disclosed that, as described in Note A to the financial statements, the County prepares its financial statements on the cash basis of accounting which is a comprehensive basis of accounting other than the accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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 a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Washington County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 13-01 to be material weaknesses.

Compliance and Other Matters

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

Purpose of this Report

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

Ritterbush & Piotrowski, LLP

Ritterbush & Piotrowski, L.L.P.

Omaha, Nebraska
January 7, 2014

WASHINGTON COUNTY
Schedule of Findings and Questioned Costs
For the year ended June 30, 2013

Findings Related to the Financial Statements

13-01: Segregation of Duties

Criteria or Specific Requirement

The offices of the Clerk of the District Court, Attorney, Road Department, and Planning and Zoning Department had a lack of segregation of duties since one individual is capable of handling all phases of a transaction from beginning to end.

Recommendation

We recommend that management and Board of Supervisors review the situation. We recognize that due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost.

Management's Response

We concur with the auditors' findings; however, we believe the cost of hiring additional personnel outweighs the benefits of additional segregation of duties.

The County Attorney's office has taken several steps to minimize the effects of the lack of segregation of duties and to improve its processes relating to the processing of funds.