

**AUDIT REPORT
OF
SEWARD COUNTY**

JULY 1, 2010 THROUGH JUNE 30, 2011

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the Auditor of Public Accounts.**

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Issued on December 1, 2011

SEWARD COUNTY

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SEWARD COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2011

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Larry Dedic	Board of Commissioners	Jan. 2013
Diana Garske		Jan. 2013
Mary Koci		Jan. 2015
Darrell Miller		Jan. 2015
Scott Stuhr		Jan. 2015
Marilyn Hladky	Assessor	Jan. 2015
Wendy Elston	Attorney	Jan. 2015
Sherry Schweitzer	Clerk Election Commissioner Register of Deeds	Jan. 2015
Jacquelyn Stewart	Clerk of the District Court	Jan. 2015
Joe Yocum	Sheriff	Jan. 2015
Bob Dahms	Treasurer	Jan. 2015
Jeff Baker	Veterans' Service Officer	Appointed
Glenn Callaway	Weed Superintendent	Appointed
Russell Daehling	Highway Superintendent	Appointed
Gary Petersen	Emergency Manager	Appointed
Dan Hansen	Planning & Zoning Superintendent	Appointed
David Kimble	Public Defender	Appointed



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SEWARD COUNTY

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Seward County, Nebraska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Seward County, as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of the County's primary government, as listed in the Table of Contents. These financial statements are the responsibility of the County's management. 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 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. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 Seward County, as of June 30, 2011, and the respective changes in cash balances thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2011, on our consideration of Seward County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The County has not presented Management's Discussion and Analysis, which the accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. 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 basic financial statements. Such statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.

Signed Original on File

November 15, 2011

Deann Haeffner, CPA
Assistant Deputy Auditor

SEWARD COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
June 30, 2011

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 8,895,443
TOTAL ASSETS	\$ 8,895,443
 NET ASSETS	
Restricted for:	
Visitor Promotion	\$ 8,602
911 Emergency Services	109,084
Drug Education	10,579
Law Enforcement	649,347
Economic Development	17,920
Emergency Management	44,453
Road Maintenance	47,773
Unrestricted	8,007,685
TOTAL NET ASSETS	\$ 8,895,443

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

SEWARD COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2011

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (3,015,609)	\$ 462,530	\$ 114,772	\$ (2,438,307)
Public Safety	(3,051,190)	96,877	295,829	(2,658,484)
Public Works	(3,638,259)	11,878	1,511,482	(2,114,899)
Public Assistance	(378,884)	-	130,750	(248,134)
Culture and Recreation	(10,243)	-	-	(10,243)
Total Governmental Activities	\$ (10,094,185)	\$ 571,285	\$ 2,052,833	(7,470,067)

General Receipts:

Property Taxes	7,169,419
Grants and Contributions Not Restricted to Specific Programs	841,117
Investment Income	146,452
Licenses and Permits	88,375
Miscellaneous	594,204
Total General Receipts	8,839,567
Change in Net Assets	1,369,500
Net Assets - Beginning	7,525,943
Net Assets - Ending	\$ 8,895,443

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

SEWARD COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2011

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents (Note 1.D)	\$ 1,631,044	\$ 464,072	\$ 5,542,788	\$ 1,257,539	\$ 8,895,443
TOTAL ASSETS	\$ 1,631,044	\$ 464,072	\$ 5,542,788	\$ 1,257,539	\$ 8,895,443
 FUND BALANCES					
Restricted for:					
Visitor Promotion	\$ -	\$ -	\$ -	\$ 8,602	\$ 8,602
911 Emergency Services	-	-	-	109,084	109,084
Drug Education	-	-	-	10,579	10,579
Law Enforcement	-	-	-	649,347	649,347
Economic Development	-	-	-	17,920	17,920
Emergency Management	-	-	-	44,453	44,453
Road Maintenance	-	-	-	47,773	47,773
Committed to:					
Road Maintenance	-	464,072	-	167,305	631,377
Aid and Assistance	-	-	-	13,977	13,977
Equipment	-	-	-	188,499	188,499
Assigned to:					
Other Purposes	-	-	5,542,788	-	5,542,788
Unassigned	1,631,044	-	-	-	1,631,044
TOTAL CASH BASIS FUND BALANCES	\$ 1,631,044	\$ 464,072	\$ 5,542,788	\$ 1,257,539	\$ 8,895,443

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

SEWARD COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$6,052,649	\$ -	\$1,010,158	\$ 106,612	\$ 7,169,419
Licenses and Permits	88,375	-	-	-	88,375
Interest	64,600	-	81,852	-	146,452
Intergovernmental	841,683	1,502,101	47,430	502,736	2,893,950
Charges for Services	559,407	11,878	-	-	571,285
Miscellaneous	30,638	18,104	20,822	524,640	594,204
TOTAL RECEIPTS	<u>7,637,352</u>	<u>1,532,083</u>	<u>1,160,262</u>	<u>1,133,988</u>	<u>11,463,685</u>
DISBURSEMENTS					
General Government	2,670,571	-	249,662	95,376	3,015,609
Public Safety	2,112,855	-	-	938,335	3,051,190
Public Works	151,627	3,486,632	-	-	3,638,259
Public Assistance	304,288	-	-	74,596	378,884
Culture and Recreation	-	-	-	10,243	10,243
TOTAL DISBURSEMENTS	<u>5,239,341</u>	<u>3,486,632</u>	<u>249,662</u>	<u>1,118,550</u>	<u>10,094,185</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS					
	<u>2,398,011</u>	<u>(1,954,549)</u>	<u>910,600</u>	<u>15,438</u>	<u>1,369,500</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	207,887	2,770,934	636,700	594,271	4,209,792
Transfers out	(2,614,283)	(681,500)	(856,700)	(57,309)	(4,209,792)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,406,396)</u>	<u>2,089,434</u>	<u>(220,000)</u>	<u>536,962</u>	<u>-</u>
Net Change in Fund Balances	(8,385)	134,885	690,600	552,400	1,369,500
CASH BASIS FUND BALANCES - BEGINNING					
	<u>1,639,429</u>	<u>329,187</u>	<u>4,852,188</u>	<u>705,139</u>	<u>7,525,943</u>
CASH BASIS FUND BALANCES - ENDING					
	<u>\$1,631,044</u>	<u>\$ 464,072</u>	<u>\$5,542,788</u>	<u>\$ 1,257,539</u>	<u>\$ 8,895,443</u>

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

SEWARD COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS
FIDUCIARY FUNDS
June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,770,832
 LIABILITIES	
Due to other governments	
State	274,248
Schools	1,348,549
Educational Service Units	2,885
Technical College	11,554
Natural Resource Districts	5,498
Fire Districts	10,525
Municipalities	72,537
Agricultural Society	5,733
Cemetery Districts	1,689
Hospital	145
Others	37,469
TOTAL LIABILITIES	1,770,832
 TOTAL NET ASSETS	 \$ -

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

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

As required by generally accepted accounting principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

Joint Organization.

Behavioral Health Region V - The County has entered into an agreement with surrounding counties and the Nebraska Health and Human Services System to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. The Region V (Region) consists of the following counties: Polk, Butler, Saunders, Seward, Lancaster, Otoe, Fillmore, Saline, Thayer, Jefferson, Gage, Johnson, Nemaha, Pawnee, York, and Richardson.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of federal, state, local, and private funding. The County contributed \$57,001 toward the operation of the Region 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 Health and Human Services System requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

Health Department – The County has entered into an agreement with Four Corners District Health Department (Department) to provide public health services. Agreements were established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Supp. 2011).

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department 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 Department is required to be audited annually in accordance with Neb. Rev. Stat. § 84-304(4) (Reissue 2008). Financial information for the Department is available in that report.

B. Basis of Presentation

Government-wide Financial Statements. The Statement of Net Assets - 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 Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions.

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

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category - governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify or

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

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

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

The County reports the following additional fund types:

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

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

The County designates fund balances as:

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

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

Assigned. The fund balances 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.

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

C. Measurement Focus, Basis of Accounting

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

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

D. Assets and Net Assets

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

Investments. The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. §§ 77-2315, 77-2340, and 77-2341 (Reissue 2009), and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

Capital Assets. Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Concluded)

capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) to be reported in the applicable governmental activities columns in the government-wide financial statements.

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

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

Restricted Net Assets. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net assets are reported as restricted when constraints placed on their use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$887,758 of restricted net assets, of which \$128,265 is restricted by enabling legislation.

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$8,895,443 for County funds and \$1,770,832 for Fiduciary funds. The bank balances for all funds totaled \$10,631,440. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2011, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Property Taxes

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

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

The levy set in October 2010, for the 2010, taxes which will be materially collected in May and September 2011, was set at \$.346882/\$100 of assessed valuation. The levy set in October 2009, for the 2009 taxes, which were materially collected in May and September 2010, was set at \$.345100/\$100 of assessed valuation. The amount collected for motor vehicle tax is outlined in State Statute.

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

4. Retirement System

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2335 (Reissue 2007, Cum. Supp. 2010, Supp. 2011) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 20. Part-time elected officials may exercise the option to join.

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

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Prior service benefits are paid directly by the County to the retired employee.

A supplemental retirement plan was established on January 1, 2003, for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary, and the County contributes an amount equal to 100% of the employee's contribution. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For the year ended June 30, 2011, 161 employees contributed \$184,905, and the County contributed \$277,346. Additionally, for the year ended June 30, 2011, 17 law enforcement employees and the County contributed \$5,271 in cash contributions for the supplemental law enforcement plan.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 78 counties throughout Nebraska.

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

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

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

	<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 2012. The County has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2011, consisted of the following:

<u>Transfers to</u>	<u>Transfers from</u>				<u>Total</u>
	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Nonmajor Funds</u>	
General Fund	\$ -	\$ -	\$ 200,000	\$ 7,887	\$ 207,887
Road Fund	2,139,434	-	631,500	-	2,770,934
Inheritance Fund	-	631,500	-	5,200	636,700
Nonmajor Funds	474,849	50,000	25,200	44,222	594,271
Total	<u>\$ 2,614,283</u>	<u>\$ 681,500</u>	<u>\$ 856,700</u>	<u>\$ 57,309</u>	<u>\$ 4,209,792</u>

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

7. **Capital Leases Payable**

Changes to the commitments under lease agreement for equipment and amounts to provide for annual rental payments are as follows:

	<u>Communication Towers and Equipment</u>
Balance July 1, 2010	\$ 33,241
Purchases	-
Payments	33,241
Balance June 30, 2011	<u>\$ -</u>
Carrying Value of the Related Fixed Asset	<u>\$ 208,164</u>

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

8. **Beginning Balance Adjustment**

The beginning balance of the Other Governmental Funds has been adjusted to remove the assets held by individual offices. The individual office assets are reflected in the separate Schedule of Office Activities.

9. **Contingent Liabilities**

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

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 6,466,380	\$ 6,466,380	\$ 6,052,649	\$ (413,731)
Licenses and Permits	55,000	55,000	88,375	33,375
Interest	70,000	70,000	64,600	(5,400)
Intergovernmental	455,000	455,000	841,683	386,683
Charges for Services	340,000	340,000	559,407	219,407
Miscellaneous	25,000	25,000	30,638	5,638
TOTAL RECEIPTS	7,411,380	7,411,380	7,637,352	225,972
DISBURSEMENTS				
General Government:				
County Board	133,510	133,510	118,414	15,096
County Clerk	160,955	160,955	156,264	4,691
County Treasurer	231,759	231,759	231,731	28
County Assessor	246,230	246,230	244,994	1,236
Election Commissioner	51,410	51,410	47,340	4,070
Zoning / Building Inspector	50,017	50,017	48,575	1,442
Clerk of the District Court	221,280	221,280	201,323	19,957
County Court System	32,950	32,950	19,867	13,083
District Judge	18,633	18,633	16,739	1,894
Public Defender	104,491	104,491	97,423	7,068
Building and Grounds	176,360	176,360	164,810	11,550
Agricultural Extension Agent	133,845	133,845	133,166	679
Cemetery	5,000	5,000	3,718	1,282
Miscellaneous	1,370,124	1,370,124	1,186,207	183,917
Public Safety:				
County Sheriff	850,351	850,351	832,015	18,336
County Attorney	482,055	482,055	457,062	24,993
County Jail	623,315	623,465	623,448	17
Emergency Manager	113,749	113,749	100,104	13,645
Miscellaneous	233,000	232,850	100,226	132,624
Public Works:				
County Surveyor	9,000	9,000	2,128	6,872
Noxious Weed Control	57,988	57,988	55,995	1,993
Highway Department	98,155	98,155	93,504	4,651

(Continued)

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
DISBURSEMENTS (Continued)				
Public Assistance:				
Veterans' Service Officer	59,011	59,011	58,589	422
Public Transit	127,404	127,404	127,324	80
Miscellaneous	130,479	130,479	118,375	12,104
TOTAL DISBURSEMENTS	<u>5,721,071</u>	<u>5,721,071</u>	<u>5,239,341</u>	<u>481,730</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,690,309</u>	<u>1,690,309</u>	<u>2,398,011</u>	<u>707,702</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	206,029	206,029	207,887	1,858
Transfers out	<u>(2,535,767)</u>	<u>(2,535,767)</u>	<u>(2,614,283)</u>	<u>(78,516)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,329,738)</u>	<u>(2,329,738)</u>	<u>(2,406,396)</u>	<u>(76,658)</u>
Net Change in Fund Balance	(639,429)	(639,429)	(8,385)	631,044
FUND BALANCES - BEGINNING	<u>1,639,429</u>	<u>1,639,429</u>	<u>1,639,429</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>\$ 1,000,000</u></u>	<u><u>\$ 1,000,000</u></u>	<u><u>\$ 1,631,044</u></u>	<u><u>\$ 631,044</u></u>

(Concluded)

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,370,000	\$ 1,370,000	\$ 1,502,101	\$ 132,101
Charges for Services	-	-	11,878	11,878
Miscellaneous	-	-	18,104	18,104
TOTAL RECEIPTS	<u>1,370,000</u>	<u>1,370,000</u>	<u>1,532,083</u>	<u>162,083</u>
DISBURSEMENTS	<u>3,488,621</u>	<u>3,488,621</u>	<u>3,486,632</u>	<u>1,989</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,118,621)</u>	<u>(2,118,621)</u>	<u>(1,954,549)</u>	<u>164,072</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,139,434	2,139,434	2,770,934	631,500
Transfers out	(50,000)	(50,000)	(681,500)	(631,500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,089,434</u>	<u>2,089,434</u>	<u>2,089,434</u>	<u>-</u>
Net Change in Fund Balance	(29,187)	(29,187)	134,885	164,072
FUND BALANCE - BEGINNING	329,187	329,187	329,187	-
FUND BALANCE - ENDING	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 464,072</u>	<u>\$ 164,072</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 1,010,158	\$ 1,010,158
Interest	-	-	81,852	81,852
Intergovernmental	-	-	47,430	47,430
Miscellaneous	-	-	20,822	20,822
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>1,160,262</u>	<u>1,160,262</u>
DISBURSEMENTS	<u>4,632,188</u>	<u>4,632,188</u>	<u>249,662</u>	<u>4,382,526</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(4,632,188)</u>	<u>(4,632,188)</u>	<u>910,600</u>	<u>5,542,788</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	636,700	636,700
Transfers out	(220,000)	(220,000)	(856,700)	(636,700)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(220,000)</u>	<u>(220,000)</u>	<u>(220,000)</u>	<u>-</u>
Net Change in Fund Balance	(4,852,188)	(4,852,188)	690,600	5,542,788
FUND BALANCE - BEGINNING	4,852,188	4,852,188	4,852,188	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,542,788</u>	<u>\$ 5,542,788</u>

SEWARD COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2011

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 contains only those receipts actually received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

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

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

SEWARD COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	Special Road Fund	Equipment Sinking Fund	Visitor Promotion Fund	Veterans Aid Fund	Aging Services Fund	Drug Law Enforcement Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ 10,598	\$ 2,562	\$ -	\$ -
Intergovernmental	-	-	-	237	49,032	-
Miscellaneous	-	200	-	-	845	1,499
TOTAL RECEIPTS	<u>-</u>	<u>200</u>	<u>10,598</u>	<u>2,799</u>	<u>49,877</u>	<u>1,499</u>
DISBURSEMENTS						
General Government	-	8,955	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Assistance	-	-	-	-	74,596	-
Culture and Recreation	-	-	10,243	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>8,955</u>	<u>10,243</u>	<u>-</u>	<u>74,596</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>(8,755)</u>	<u>355</u>	<u>2,799</u>	<u>(24,719)</u>	<u>1,499</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	50,000	85,526	-	-	22,646	-
Transfers out	-	(1,858)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>50,000</u>	<u>83,668</u>	<u>-</u>	<u>-</u>	<u>22,646</u>	<u>-</u>
Net Change in Fund Balances	50,000	74,913	355	2,799	(2,073)	1,499
FUND BALANCES - BEGINNING	<u>117,305</u>	<u>113,586</u>	<u>8,247</u>	<u>1,767</u>	<u>11,484</u>	<u>9,080</u>
FUND BALANCES - ENDING	<u>\$ 167,305</u>	<u>\$ 188,499</u>	<u>\$ 8,602</u>	<u>\$ 4,566</u>	<u>\$ 9,411</u>	<u>\$ 10,579</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	\$ -	\$ -	\$ 8,602	\$ -	\$ -	\$ -
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	-	-	10,579
Law Enforcement	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-
Emergency Management	-	-	-	-	-	-
Road Maintenance	-	-	-	-	-	-
Committed to:						
Road Maintenance	167,305	-	-	-	-	-
Aid and Assistance	-	-	-	4,566	9,411	-
Equipment	-	188,499	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 167,305</u>	<u>\$ 188,499</u>	<u>\$ 8,602</u>	<u>\$ 4,566</u>	<u>\$ 9,411</u>	<u>\$ 10,579</u>

(Continued)

SEWARD COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	Attorney Federal Drug Law Enforcement Fund	Sheriff Federal Drug Law Enforcement Fund	Attorney Grant Fund	Emergency Manager Grant Fund	E911 Grant Fund	Road Grant Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	55,141	100,248	-	48,194
Miscellaneous	70,946	451,081	-	-	-	-
TOTAL RECEIPTS	<u>70,946</u>	<u>451,081</u>	<u>55,141</u>	<u>100,248</u>	<u>-</u>	<u>48,194</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	-
Public Safety	9,956	204,873	52,966	98,785	-	421
Public Assistance	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>9,956</u>	<u>204,873</u>	<u>52,966</u>	<u>98,785</u>	<u>-</u>	<u>421</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>60,990</u>	<u>246,208</u>	<u>2,175</u>	<u>1,463</u>	<u>-</u>	<u>47,773</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	42,990	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,990</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	60,990	246,208	2,175	44,453	-	47,773
FUND BALANCES - BEGINNING	<u>64,082</u>	<u>225,859</u>	<u>50,033</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 125,072</u>	<u>\$ 472,067</u>	<u>\$ 52,208</u>	<u>\$ 44,453</u>	<u>\$ -</u>	<u>\$ 47,773</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	-	-	-
Law Enforcement	125,072	472,067	52,208	-	-	-
Economic Development	-	-	-	-	-	-
Emergency Management	-	-	-	44,453	-	-
Road Maintenance	-	-	-	-	-	47,773
Committed to:						
Road Maintenance	-	-	-	-	-	-
Aid and Assistance	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 125,072</u>	<u>\$ 472,067</u>	<u>\$ 52,208</u>	<u>\$ 44,453</u>	<u>\$ -</u>	<u>\$ 47,773</u>

(Continued)

SEWARD COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	Miscell- aneous Grants Fund	Economic Development Fund	911 Wireless Service Fund	Weed Fund	E911 Fund	Right of Way Holding Fund	Total Nonmajor Governmental Funds
RECEIPTS							
Property Taxes	\$ -	\$ -	\$ 28,486	\$ -	\$ 64,966	\$ -	\$ 106,612
Intergovernmental	24,103	41,073	-	-	184,708	-	502,736
Miscellaneous	-	-	-	-	69	-	524,640
TOTAL RECEIPTS	<u>24,103</u>	<u>41,073</u>	<u>28,486</u>	<u>-</u>	<u>249,743</u>	<u>-</u>	<u>1,133,988</u>
DISBURSEMENTS							
General Government	-	86,421	-	-	-	-	95,376
Public Safety	24,103	-	11,890	-	535,341	-	938,335
Public Assistance	-	-	-	-	-	-	74,596
Culture and Recreation	-	-	-	-	-	-	10,243
TOTAL DISBURSEMENTS	<u>24,103</u>	<u>86,421</u>	<u>11,890</u>	<u>-</u>	<u>535,341</u>	<u>-</u>	<u>1,118,550</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>(45,348)</u>	<u>16,596</u>	<u>-</u>	<u>(285,598)</u>	<u>-</u>	<u>15,438</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	60,493	-	-	332,616	-	594,271
Transfers out	-	(5,200)	(14,222)	(6,029)	(30,000)	-	(57,309)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>55,293</u>	<u>(14,222)</u>	<u>(6,029)</u>	<u>302,616</u>	<u>-</u>	<u>536,962</u>
Net Change in Fund Balances	-	9,945	2,374	(6,029)	17,018	-	552,400
FUND BALANCES - BEGINNING	<u>-</u>	<u>7,975</u>	<u>-</u>	<u>6,029</u>	<u>89,692</u>	<u>-</u>	<u>705,139</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 17,920</u>	<u>\$ 2,374</u>	<u>\$ -</u>	<u>\$ 106,710</u>	<u>\$ -</u>	<u>\$ 1,257,539</u>
FUND BALANCES:							
Restricted for:							
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,602
911 Emergency Services	-	-	2,374	-	106,710	-	109,084
Drug Education	-	-	-	-	-	-	10,579
Law Enforcement	-	-	-	-	-	-	649,347
Economic Development	-	17,920	-	-	-	-	17,920
Emergency Management	-	-	-	-	-	-	44,453
Road Maintenance	-	-	-	-	-	-	47,773
Committed to:							
Road Maintenance	-	-	-	-	-	-	167,305
Aid and Assistance	-	-	-	-	-	-	13,977
Equipment	-	-	-	-	-	-	188,499
TOTAL FUND BALANCES	<u>\$ -</u>	<u>\$ 17,920</u>	<u>\$ 2,374</u>	<u>\$ -</u>	<u>\$ 106,710</u>	<u>\$ -</u>	<u>\$ 1,257,539</u>

(Concluded)

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SPECIAL ROAD FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ -
TOTAL RECEIPTS	-	-	-	-
DISBURSEMENTS	167,305	167,305	-	167,305
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	50,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	50,000	50,000	50,000	-
Net Change in Fund Balance	(117,305)	(117,305)	50,000	167,305
FUND BALANCE - BEGINNING	117,305	117,305	117,305	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,305</u>	<u>\$ 167,305</u>
EQUIPMENT SINKING FUND				
RECEIPTS				
Intergovernmental	\$ 17,450	\$ 17,450	\$ -	\$ (17,450)
Miscellaneous	-	-	200	200
TOTAL RECEIPTS	17,450	17,450	200	(17,250)
DISBURSEMENTS	151,036	151,036	8,955	142,081
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	85,526	65,526
Transfers out	-	-	(1,858)	(1,858)
TOTAL OTHER FINANCING SOURCES (USES)	20,000	20,000	83,668	63,668
Net Change in Fund Balance	(113,586)	(113,586)	74,913	188,499
FUND BALANCE - BEGINNING	113,586	113,586	113,586	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,499</u>	<u>\$ 188,499</u>

(Continued)

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>VISITOR PROMOTION FUND</u>				
RECEIPTS				
Taxes	\$ 16,752	\$ 16,752	\$ 10,598	\$ (6,154)
TOTAL RECEIPTS	<u>16,752</u>	<u>16,752</u>	<u>10,598</u>	<u>(6,154)</u>
DISBURSEMENTS	<u>25,000</u>	<u>25,000</u>	<u>10,243</u>	<u>14,757</u>
Net Change in Fund Balance	(8,248)	(8,248)	355	8,603
FUND BALANCE - BEGINNING	<u>8,248</u>	<u>8,248</u>	<u>8,247</u>	<u>(1)</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,602</u>	<u>\$ 8,602</u>
<u>VETERANS AID FUND</u>				
RECEIPTS				
Taxes	\$ 3,233	\$ 3,233	\$ 2,562	\$ (671)
Intergovernmental	-	-	237	237
TOTAL RECEIPTS	<u>3,233</u>	<u>3,233</u>	<u>2,799</u>	<u>(434)</u>
DISBURSEMENTS	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net Change in Fund Balance	(1,767)	(1,767)	2,799	4,566
FUND BALANCE - BEGINNING	<u>1,767</u>	<u>1,767</u>	<u>1,767</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,566</u>	<u>\$ 4,566</u>
<u>AGING SERVICES FUND</u>				
RECEIPTS				
Intergovernmental	\$ 45,985	\$ 45,985	\$ 49,032	\$ 3,047
Miscellaneous	1,140	1,140	845	(295)
TOTAL RECEIPTS	<u>47,125</u>	<u>47,125</u>	<u>49,877</u>	<u>2,752</u>
DISBURSEMENTS	<u>76,255</u>	<u>76,255</u>	<u>74,596</u>	<u>1,659</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	22,646	22,646	22,646	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>22,646</u>	<u>22,646</u>	<u>22,646</u>	<u>-</u>
Net Change in Fund Balance	(6,484)	(6,484)	(2,073)	4,411
FUND BALANCE - BEGINNING	<u>11,484</u>	<u>11,484</u>	<u>11,484</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 9,411</u>	<u>\$ 4,411</u>

(Continued)

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>DRUG LAW ENFORCEMENT FUND</u>				
RECEIPTS				
Miscellaneous	\$ 190,920	\$ 190,920	\$ 1,499	\$ (189,421)
TOTAL RECEIPTS	<u>190,920</u>	<u>190,920</u>	<u>1,499</u>	<u>(189,421)</u>
DISBURSEMENTS	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Net Change in Fund Balance	(9,080)	(9,080)	1,499	10,579
FUND BALANCE - BEGINNING	9,080	9,080	9,080	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,579</u>	<u>\$ 10,579</u>
<u>ATTORNEY FEDERAL DRUG LAW ENFORCEMENT FUND</u>				
RECEIPTS				
Miscellaneous	\$ 135,918	\$ 135,918	\$ 70,946	\$ (64,972)
TOTAL RECEIPTS	<u>135,918</u>	<u>135,918</u>	<u>70,946</u>	<u>(64,972)</u>
DISBURSEMENTS	<u>200,000</u>	<u>200,000</u>	<u>9,956</u>	<u>190,044</u>
Net Change in Fund Balance	(64,082)	(64,082)	60,990	125,072
FUND BALANCE - BEGINNING	64,082	64,082	64,082	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,072</u>	<u>\$ 125,072</u>
<u>SHERIFF FEDERAL DRUG LAW ENFORCEMENT FUND</u>				
RECEIPTS				
Miscellaneous	\$ 178,795	\$ 178,795	\$ 451,081	\$ 272,286
TOTAL RECEIPTS	<u>178,795</u>	<u>178,795</u>	<u>451,081</u>	<u>272,286</u>
DISBURSEMENTS	<u>219,200</u>	<u>219,200</u>	<u>204,873</u>	<u>14,327</u>
Net Change in Fund Balance	(40,405)	(40,405)	246,208	286,613
FUND BALANCE - BEGINNING	40,405	40,405	225,859	185,454
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 472,067</u>	<u>\$ 472,067</u>

(Continued)

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ATTORNEY GRANT FUND				
RECEIPTS				
Intergovernmental	\$ 123,914	\$ 123,914	\$ 55,141	\$ (68,773)
TOTAL RECEIPTS	123,914	123,914	55,141	(68,773)
DISBURSEMENTS	173,947	173,947	52,966	120,981
Net Change in Fund Balance	(50,033)	(50,033)	2,175	52,208
FUND BALANCE - BEGINNING	50,033	50,033	50,033	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,208</u>	<u>\$ 52,208</u>
EMERGENCY MANAGER GRANT FUND				
RECEIPTS				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 100,248	\$ (399,752)
TOTAL RECEIPTS	500,000	500,000	100,248	(399,752)
DISBURSEMENTS	500,000	500,000	98,785	401,215
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	42,990	42,990
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	42,990	42,990
Net Change in Fund Balance	-	-	44,453	44,453
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,453</u>	<u>\$ 44,453</u>
E911 GRANT FUND				
RECEIPTS				
Intergovernmental	\$ 200,000	\$ 200,000	\$ -	\$ (200,000)
TOTAL RECEIPTS	200,000	200,000	-	(200,000)
DISBURSEMENTS	200,000	200,000	-	200,000
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD GRANT FUND				
RECEIPTS				
Intergovernmental	\$ 3,000,000	\$ 3,000,000	\$ 48,194	\$ (2,951,806)
TOTAL RECEIPTS	3,000,000	3,000,000	48,194	(2,951,806)
DISBURSEMENTS	3,000,000	3,000,000	421	2,999,579
Net Change in Fund Balance	-	-	47,773	47,773
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,773</u>	<u>\$ 47,773</u>
MISCELLANEOUS GRANTS FUND				
RECEIPTS				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 24,103	\$ (475,897)
TOTAL RECEIPTS	500,000	500,000	24,103	(475,897)
DISBURSEMENTS	500,000	500,000	24,103	475,897
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ECONOMIC DEVELOPMENT FUND				
RECEIPTS				
Intergovernmental	\$ 36,863	\$ 36,863	\$ 41,073	\$ 4,210
TOTAL RECEIPTS	36,863	36,863	41,073	4,210
DISBURSEMENTS	90,131	90,131	86,421	3,710
OTHER FINANCING SOURCES (USES)				
Transfers in	55,293	55,293	60,493	5,200
Transfers out	-	-	(5,200)	(5,200)
TOTAL OTHER FINANCING SOURCES (USES)	55,293	55,293	55,293	-
Net Change in Fund Balance	2,025	2,025	9,945	7,920
FUND BALANCE - BEGINNING	7,975	7,975	7,975	-
FUND BALANCE - ENDING	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 17,920</u>	<u>\$ 7,920</u>

(Continued)

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
911 WIRELESS SERVICE FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 28,486	\$ 28,486
Intergovernmental	50,000	50,000	-	(50,000)
TOTAL RECEIPTS	<u>50,000</u>	<u>50,000</u>	<u>28,486</u>	<u>(21,514)</u>
DISBURSEMENTS	<u>50,000</u>	<u>50,000</u>	<u>11,890</u>	<u>38,110</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(14,222)	(14,222)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(14,222)</u>	<u>(14,222)</u>
Net Change in Fund Balance	-	-	2,374	2,374
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,374</u>	<u>\$ 2,374</u>
WEED FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ -
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(6,029)	(6,029)	(6,029)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,029)</u>	<u>(6,029)</u>	<u>(6,029)</u>	<u>-</u>
Net Change in Fund Balance	(6,029)	(6,029)	(6,029)	-
FUND BALANCE - BEGINNING	6,029	6,029	6,029	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
E911 FUND				
RECEIPTS				
Taxes	\$ 60,000	\$ 60,000	\$ 64,966	\$ 4,966
Intergovernmental	186,994	186,994	184,708	(2,286)
Miscellaneous	-	-	69	69
TOTAL RECEIPTS	<u>246,994</u>	<u>246,994</u>	<u>249,743</u>	<u>2,749</u>
DISBURSEMENTS	<u>595,079</u>	<u>595,079</u>	<u>535,341</u>	<u>59,738</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	318,394	318,394	332,616	14,222
Transfers out	-	-	(30,000)	(30,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>318,394</u>	<u>318,394</u>	<u>302,616</u>	<u>(15,778)</u>
Net Change in Fund Balance	(29,691)	(29,691)	17,018	46,709
FUND BALANCE - BEGINNING	89,691	89,691	89,692	1
FUND BALANCE - ENDING	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 106,710</u>	<u>\$ 46,710</u>
RIGHT OF WAY HOLDING FUND				
RECEIPTS				
Intergovernmental	\$ 200,000	\$ 200,000	\$ -	\$ (200,000)
TOTAL RECEIPTS	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
DISBURSEMENTS	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

SEWARD COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2011

	County Clerk	Clerk of the District Court	County Sheriff	County Diversion Services	Highway Superin- tendent	Veterans' Service Officer	County Planning and Zoning	County Aging Services	County Public Transit	Total
BALANCE JULY 1, 2010	\$ 23,183	\$ 107,076	\$ 7,286	\$ 421	\$ 1,506	\$ 2,376	\$ -	\$ -	\$ -	\$ 141,848
RECEIPTS										
Licenses and Permits	2,110	-	910	-	575	-	28,588	-	-	32,183
Intergovernmental	-	-	10,987	-	-	-	-	49,032	-	60,019
Charges for Services	125,313	28,285	67,566	25,320	9,128	-	-	-	7,434	263,046
Miscellaneous	-	-	-	-	15,610	2,003	-	845	200	18,658
State Fees	91,619	15,353	-	-	-	-	-	-	-	106,972
Other Liabilities	-	260,325	361,095	25,907	-	-	-	-	-	647,327
TOTAL RECEIPTS	219,042	303,963	440,558	51,227	25,313	2,003	28,588	49,877	7,634	1,128,205
DISBURSEMENTS										
Payments to County Treasurer	124,814	27,260	81,016	25,020	25,933	-	28,588	49,877	7,634	370,142
Payments to State Treasurer	89,085	15,450	-	-	-	-	-	-	-	104,535
Other Liabilities	-	251,786	355,998	26,227	-	2,761	-	-	-	636,772
TOTAL DISBURSEMENTS	213,899	294,496	437,014	51,247	25,933	2,761	28,588	49,877	7,634	1,111,449
BALANCE JUNE 30, 2011	<u>\$ 28,326</u>	<u>\$ 116,543</u>	<u>\$ 10,830</u>	<u>\$ 401</u>	<u>\$ 886</u>	<u>\$ 1,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,604</u>
BALANCE CONSISTS OF:										
Due to County Treasurer	\$ 11,750	\$ 2,719	\$ 5,320	\$ 300	\$ 886	\$ 1,618	\$ -	\$ -	\$ -	\$ 22,593
Petty Cash	7,500	-	-	-	-	-	-	-	-	7,500
Due to State Treasurer	9,076	1,142	-	-	-	-	-	-	-	10,218
Due to Others	-	112,682	5,510	101	-	-	-	-	-	118,293
BALANCE JUNE 30, 2011	<u>\$ 28,326</u>	<u>\$ 116,543</u>	<u>\$ 10,830</u>	<u>\$ 401</u>	<u>\$ 886</u>	<u>\$ 1,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,604</u>

SEWARD COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED FOR
ALL POLITICAL SUBDIVISIONS IN THE COUNTY
 June 30, 2011

Item	2006	2007	2008	2009	2010
Tax Certified by Assessor					
Real Estate	\$ 21,815,927	\$ 21,784,393	\$ 22,904,670	\$ 23,476,255	\$ 25,368,473
Personal and Specials	1,515,078	1,567,628	1,609,015	1,819,239	2,139,532
Total	23,331,005	23,352,021	24,513,685	25,295,494	27,508,005
Corrections					
Additions	9,564	43,619	5,941	7,625	3,790
Deductions	(18,147)	(16,194)	(5,679)	(5,190)	(3,943)
Net Additions/ (Deductions)	(8,583)	27,425	262	2,435	(153)
Corrected Certified Tax	23,322,422	23,379,446	24,513,947	25,297,929	27,507,852
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2007	13,127,675	-	-	-	-
June 30, 2008	10,180,521	13,291,512	-	-	-
June 30, 2009	7,785	10,073,198	14,120,701	-	-
June 30, 2010	3,501	9,898	10,374,715	14,763,732	-
June 30, 2011	526	1,716	6,761	10,516,649	16,370,852
Total Net Collections	23,320,008	23,376,324	24,502,177	25,280,381	16,370,852
Total Uncollected Tax	\$ 2,414	\$ 3,122	\$ 11,770	\$ 17,548	\$ 11,137,000
Percentage Uncollected Tax	0.01%	0.01%	0.05%	0.07%	40.49%



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SEWARD COUNTY

**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 Commissioners
Seward County, Nebraska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Seward County as of and for the year ended June 30, 2011, and have issued our report thereon dated November 15, 2011. The report notes the financial statements were prepared on the basis of cash receipts and disbursements. Except as noted above, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Seward County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Seward County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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, detect, or correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, detected or corrected on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Seward 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*.

We also noted certain matters that we reported to management of Seward County in a separate letter dated November 15, 2011.

This report is intended solely for the information and use of management, the County Board, others within the entity, the State Legislature, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

Signed Original on File

November 15, 2011

Deann Haeffner, CPA
Assistant Deputy Auditor

**MANAGEMENT LETTER
OF
SEWARD COUNTY**

JULY 1, 2010 THROUGH JUNE 30, 2011

**This document is an official public record of the State of Nebraska, issued by
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
document and may be prohibited by law.**

Issued on December 1, 2011



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November 15, 2011

Board of Commissioners
Seward County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Seward County (County) for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 15, 2011. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the areas as follows:

COUNTY OVERALL

Segregation of Duties

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted some offices of the County had a lack of segregation of duties since one person could handle all aspects of processing a transaction from beginning to end. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

We recommend the County review this situation. As always, the County must weigh the cost of hiring additional personnel versus the benefit of a proper segregation of duties.

COUNTY BOARD

Inventory Policy and Records

During our audit we noted the following:

- The County does not have a policy for the inventorying of assets.
- During a test of items located in the County Sheriff's office, a computer selected for testing could not be traced to the corresponding inventory listing.
- The County Highway Department filed their inventory listing on October 4, 2011, not within two calendar months after the close of the fiscal year end, August 31, 2011, as required by State statute.

Neb. Rev. Stat. § 23-347 (Reissue 2007) states, "Within two calendar months after the close of each fiscal year, each county officer shall make, acknowledge under oath, and file with the county board of his or her county an inventory statement of all county personal property in the custody and possession of said county officer. The county board in each county, shall examine into each inventory statement so filed, and, if said statement is correct and proper in every particular, the county board shall deliver each of said inventory statements to the clerk of the county for filing as a public record in said county clerk's office in a manner convenient for reference."

Good internal controls require standardized policies be established to ensure all offices use the same guidelines when filing inventory statements of the personal property in the possession of County officers.

When there is a lack of guidance for completing inventory statements, there is an increased risk of inaccurate accounting of the County's personal property. When inventory statements are not filed within two calendar months after the end of the fiscal year, and do not include all assets owned by the County, the County is not in compliance with State statute.

We recommend the County Board develop policies for the inventorying of assets. We further recommend the County implement procedures to ensure inventory statements are properly filed within two months after the end of the fiscal year and such statements include all assets owned by the County as required by State statute.

COUNTY SHERIFF

Sheriff Balancing Procedures

We noted at June 30, 2011, office records indicated assets exceeded liabilities by \$2,034. Failure to identify and resolve asset-to-liability balancing variances increases the risk of loss, theft, or misuse of funds, allowing errors to more easily go undetected.

Sound accounting practice and good internal control require procedures be in place to ensure office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) are in agreement with office liabilities (fees and trust accounts) on at least a monthly basis. Balancing procedures should include the timely identification and resolution of all variances noted.

We recommend the County Sheriff implement documented monthly balancing procedures and follow up on all unexplained variances in a timely manner, and amounts determined to be excess or unknown balances should be remitted to the County General Fund.

County Sheriff's Response: I briefed the Commissioners on Tuesday regarding the submission of an amended inventory that will include all computers, desks, chairs, etc. that were not included in this year's Sheriff's Office annual inventory. I also advised them that we have initiated a reconcile/audit of all cash received in the front office on a weekly (Thursdays) basis. If Thursday is a holiday (Thanksgiving), this will be done on Wednesday.

I will be developing an inventory policy and assigning staff the responsibility to ensure that all office equipment is included each year. I'm seeking to find a county sheriff's office that has a policy on reconciling the cash received by personnel assigned to do title inspections, gun permits, fingerprint cards, etc. but have yet to find one. I'm sure someone has one, I just haven't found it yet.

COUNTY HIGHWAY SUPERINTENDENT

Office Accountability

During our audit we noted the following:

- Fees established by the Highway Superintendent were not approved by the County Board.
- The Highway Superintendent did not use pre-numbered receipts and invoices or maintain a log of invoiced amounts and receipts to ensure all monies due the County were collected.

Good internal controls require the governing board of the County approve all fees charged by the offices. Good internal controls and sound accounting practices also require the use of pre-numbered receipts and invoices as well as records, such as a log, to ensure all monies due the County are properly collected and accounted for.

Without approval by the County Board for fees charged and adequate records of monies received or invoiced, there is an increased risk that all monies due the County will not be properly collected.

We recommend the County Highway Superintendent obtain approval from the County Board for all fees charged. Additionally, procedures should be implemented to ensure all monies invoiced and collected are adequately documented to ensure all monies due the County are properly collected.

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

Draft copies of this report were furnished to the County to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses have been objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time, but will be verified in the next audit.

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Signed Original on File

Deann Haeffner, CPA
Assistant Deputy Auditor