

**AUDIT REPORT
OF
SEWARD COUNTY**

JULY 1, 2012 THROUGH JUNE 30, 2013

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the Auditor of Public Accounts.**

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Issued on January 3, 2014

SEWARD COUNTY

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SEWARD COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2013

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Diana Garske	Board of Commissioners	Jan. 2017
Mary Koci		Jan. 2015
Mike Luebbe		Jan. 2017
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



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SEWARD COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Seward County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis 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, 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 described in Note 1. 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 preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County'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 County's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made, by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Seward County as of June 30, 2013, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, schedule of expenditures of Federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, schedule of expenditures of Federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and schedule of taxes certified and collected, Pages 19 through 33, is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2013, 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 considering Seward County's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

December 24, 2013

Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

SEWARD COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 8,847,577
TOTAL ASSETS	<u>\$ 8,847,577</u>
 NET POSITION	
Restricted for:	
Visitor Promotion	\$ 12,075
911 Emergency Services	254,058
Drug Education and Enforcement	14,844
Law Enforcement	709,111
Aid and Assistance	14,552
Preservation of Records	6,672
Road Maintenance	47,953
Unrestricted	<u>7,788,312</u>
TOTAL NET POSITION	<u>\$ 8,847,577</u>

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, 2013

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (3,209,578)	\$ 653,183	\$ 169,951	\$ (2,386,444)
Public Safety	(3,393,092)	107,447	336,354	(2,949,291)
Public Works	(4,091,600)	-	2,121,445	(1,970,155)
Public Assistance	(389,753)	-	149,196	(240,557)
Culture and Recreation	(9,130)	-	-	(9,130)
Total Governmental Activities	\$ (11,093,153)	\$ 760,630	\$ 2,776,946	(7,555,577)

General Receipts:

Property Taxes	7,398,498
Grants and Contributions Not Restricted to Specific Programs	636,455
Investment Income	80,113
Licenses and Permits	97,162
Miscellaneous	143,317
Total General Receipts	8,355,545
 Increase in Net Position	 799,968
Net Position - Beginning of year	8,047,609
Net Position - End of year	\$ 8,847,577

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, 2013

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents (Note 1.D)	\$ 1,924,783	\$ 717,224	\$ 4,829,619	\$ 1,375,951	\$ 8,847,577
TOTAL ASSETS	<u>\$ 1,924,783</u>	<u>\$ 717,224</u>	<u>\$ 4,829,619</u>	<u>\$ 1,375,951</u>	<u>\$ 8,847,577</u>
FUND BALANCES					
Restricted for:					
Visitor Promotion	\$ -	\$ -	\$ -	\$ 12,075	\$ 12,075
911 Emergency Services	-	-	-	254,058	254,058
Drug Education and Enforcement	-	-	-	14,844	14,844
Law Enforcement	-	-	-	709,111	709,111
Aid and Assistance	-	-	-	14,552	14,552
Preservation of Records	-	-	-	6,672	6,672
Road Maintenance	-	-	-	47,953	47,953
Committed to:					
Road Maintenance	-	717,224	-	177,253	894,477
Aid and Assistance	-	-	-	5,163	5,163
County Equipment	-	-	-	134,270	134,270
Assigned to:					
Other Purposes	-	-	4,829,619	-	4,829,619
Unassigned	1,924,783	-	-	-	1,924,783
TOTAL CASH BASIS FUND BALANCES	<u>\$ 1,924,783</u>	<u>\$ 717,224</u>	<u>\$ 4,829,619</u>	<u>\$ 1,375,951</u>	<u>\$ 8,847,577</u>

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, 2013

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 6,591,189	\$ -	\$ 650,135	\$ 157,174	\$ 7,398,498
Licenses and Permits	97,162	-	-	-	97,162
Interest	80,113	-	-	-	80,113
Intergovernmental	672,254	1,656,994	452,595	631,558	3,413,401
Charges for Services	742,032	-	-	18,598	760,630
Miscellaneous	48,351	14,717	778	79,471	143,317
TOTAL RECEIPTS	8,231,101	1,671,711	1,103,508	886,801	11,893,121
DISBURSEMENTS					
General Government	3,130,674	-	-	78,904	3,209,578
Public Safety	2,278,560	-	-	1,114,532	3,393,092
Public Works	132,647	3,235,522	719,728	3,703	4,091,600
Public Assistance	313,975	-	-	75,778	389,753
Culture and Recreation	-	-	-	9,130	9,130
TOTAL DISBURSEMENTS	5,855,856	3,235,522	719,728	1,282,047	11,093,153
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	2,375,245	(1,563,811)	383,780	(395,246)	799,968
OTHER FINANCING SOURCES (USES)					
Transfers in	145,000	1,799,006	575,000	507,502	3,026,508
Transfers out	(2,665,542)	(150,000)	(145,000)	(65,966)	(3,026,508)
TOTAL OTHER FINANCING SOURCES (USES)	(2,520,542)	1,649,006	430,000	441,536	-
Net Change in Fund Balances	(145,297)	85,195	813,780	46,290	799,968
CASH BASIS FUND BALANCES - BEGINNING	2,070,080	632,029	4,015,839	1,329,661	8,047,609
CASH BASIS FUND BALANCES - ENDING	\$ 1,924,783	\$ 717,224	\$4,829,619	\$ 1,375,951	\$ 8,847,577

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, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,918,359
 LIABILITIES	
Due to other governments	
State	288,005
Schools	1,279,875
Educational Service Units	2,864
Technical College	11,974
Natural Resource Districts	5,143
Fire Districts	6,630
Municipalities	49,393
Agricultural Society	5,420
Cemetery Districts	1,936
Hospital	287
Others	266,832
TOTAL LIABILITIES	1,918,359
 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, 2013

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 Department of Health and Human Services 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. 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 \$72,238 toward the operation of the Region during fiscal year 2013.

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

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, Cum. Supp. 2012).

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 2013. 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) (Cum. Supp. 2012). Financial information for the Department is available in that report.

B. Basis of Presentation

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 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.

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 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 which is primarily funded by State tax receipts.

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

The County reports the following additional non-major governmental 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.

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

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 Position - 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 Position**

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.

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 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 Position. 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 position 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 position reports \$1,059,265 of restricted net position, of which \$287,649 is restricted by enabling legislation.

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

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

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 \$8,847,577 for County funds and \$1,918,359 for Fiduciary funds. The bank balances for all funds totaled \$10,329,132. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2013, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

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 2012, for the 2012 taxes, which will be materially collected in May and September 2013, was set at \$.303804/\$100 of assessed valuation. The levy set in October 2011, for the 2011 taxes, which were materially collected in May and September 2012, was set at \$.358791/\$100 of assessed valuation. The amount collected for motor vehicle tax is outlined in State statute.

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

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 2012) 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 18. 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 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, 2013, 143 employees contributed \$195,159, and the County contributed \$289,912. Contributions included \$5,666 in cash contributions towards the supplemental law enforcement plan for 12 law enforcement employees.

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 79 counties throughout Nebraska.

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

5. **Risk Management** (Concluded)

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.

	NIRMA Coverage	Maximum Coverage
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 2014. 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, 2013, consisted of the following:

Transfers to	Transfers from				Total
	General Fund	Inheritance Fund	Road Fund	Nonmajor Funds	
Road Fund	\$ 1,799,006	\$ -	\$ -	\$ -	\$ 1,799,006
Inheritance Fund	475,000	-	100,000	-	575,000
General Fund	-	145,000	-	-	145,000
Nonmajor Funds	391,536	-	50,000	65,966	507,502
Total	<u>\$ 2,665,542</u>	<u>\$ 145,000</u>	<u>\$ 150,000</u>	<u>\$ 65,966</u>	<u>\$ 3,026,508</u>

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

6. Interfund Transfers (Concluded)

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.

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 6,630,137	\$ 6,630,137	\$ 6,591,189	\$ (38,948)
Licenses and Permits	70,000	70,000	97,162	27,162
Interest	60,000	60,000	80,113	20,113
Intergovernmental	460,000	460,000	672,254	212,254
Charges for Services	486,000	486,000	742,032	256,032
Miscellaneous	250,000	250,000	48,351	(201,649)
TOTAL RECEIPTS	<u>7,956,137</u>	<u>7,956,137</u>	<u>8,231,101</u>	<u>274,964</u>
DISBURSEMENTS				
General Government:				
County Board	133,470	133,470	127,526	5,944
County Clerk	165,495	165,495	161,497	3,998
County Treasurer	251,940	251,940	251,568	372
County Assessor	255,685	255,685	255,580	105
Election Commissioner	52,320	52,320	42,480	9,840
Zoning Building Inspector	52,101	52,101	47,316	4,785
Clerk of the District Court	225,860	225,860	218,099	7,761
County Court System	30,450	30,450	30,086	364
District Judge	16,693	16,693	15,716	977
Public Defender	116,265	116,265	111,737	4,528
Building and Grounds	173,716	173,716	161,614	12,102
Agricultural Extension Agent	134,896	134,896	128,348	6,548
Abandoned Cemeteries	5,000	5,000	3,485	1,515
Miscellaneous	1,662,465	1,662,465	1,575,622	86,843
Public Safety:				
County Sheriff	862,500	862,500	835,024	27,476
County Attorney	517,491	517,491	483,336	34,155
County Jail	709,904	709,904	707,104	2,800
Emergency Management	118,952	118,952	104,310	14,642
Miscellaneous	178,500	178,500	148,786	29,714
Public Works:				
County Surveyor	7,500	7,500	-	7,500
Noxious Weed Control	57,740	57,740	33,218	24,522
Highway Department	101,391	101,391	99,429	1,962

(Continued)

SEWARD COUNTY
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Public Assistance:				
Veterans' Service Officer	55,072	55,072	54,876	196
Public Transit	150,465	150,465	149,074	1,391
Miscellaneous	114,324	114,324	110,025	4,299
TOTAL DISBURSEMENTS	<u>6,150,195</u>	<u>6,150,195</u>	<u>5,855,856</u>	<u>294,339</u>
EXCESS (DEFICIENCY) OF				
RECEIPTS OVER DISBURSEMENTS	<u>1,805,942</u>	<u>1,805,942</u>	<u>2,375,245</u>	<u>569,303</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	145,000	145,000	145,000	-
Transfers out	<u>(2,663,891)</u>	<u>(2,663,891)</u>	<u>(2,665,542)</u>	<u>(1,651)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,518,891)</u>	<u>(2,518,891)</u>	<u>(2,520,542)</u>	<u>(1,651)</u>
Net Change in Fund Balance	(712,949)	(712,949)	(145,297)	567,652
FUND BALANCE - BEGINNING	<u>2,070,080</u>	<u>2,070,080</u>	<u>2,070,080</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 1,357,131</u></u>	<u><u>\$ 1,357,131</u></u>	<u><u>\$ 1,924,783</u></u>	<u><u>\$ 567,652</u></u>

(Concluded)

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,400,000	\$ 1,400,000	\$1,656,994	\$ 256,994
Miscellaneous	-	-	14,717	14,717
TOTAL RECEIPTS	1,400,000	1,400,000	1,671,711	271,711
DISBURSEMENTS	3,531,035	3,531,035	3,235,522	295,513
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,131,035)	(2,131,035)	(1,563,811)	567,224
OTHER FINANCING SOURCES (USES)				
Transfers in	1,799,006	1,799,006	1,799,006	-
Transfers out	-	-	(150,000)	(150,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,799,006	1,799,006	1,649,006	(150,000)
Net Change in Fund Balance	(332,029)	(332,029)	85,195	417,224
FUND BALANCE - BEGINNING	632,029	632,029	632,029	-
FUND BALANCE - ENDING	\$ 300,000	\$ 300,000	\$ 717,224	\$ 417,224
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 650,135	\$ 650,135
Intergovernmental	-	-	452,595	452,595
Miscellaneous	-	-	778	778
TOTAL RECEIPTS	-	-	1,103,508	1,103,508
DISBURSEMENTS	4,345,839	4,345,839	719,728	3,626,111
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(4,345,839)	(4,345,839)	383,780	4,729,619
OTHER FINANCING SOURCES (USES)				
Transfers in	475,000	475,000	575,000	100,000
Transfers out	(145,000)	(145,000)	(145,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	330,000	330,000	430,000	100,000
Net Change in Fund Balance	(4,015,839)	(4,015,839)	813,780	4,829,619
FUND BALANCE - BEGINNING	4,015,839	4,015,839	4,015,839	-
FUND BALANCE - ENDING	\$ -	\$ -	\$4,829,619	\$ 4,829,619

SEWARD COUNTY
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS**

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EQUIPMENT SINKING FUND				
RECEIPTS	\$ -	\$ -	\$ 2,592	\$ 2,592
DISBURSEMENTS	172,331	172,331	42,304	130,027
OTHER FINANCING SOURCES (USES)				
Transfers in	37,949	37,949	39,600	1,651
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	37,949	37,949	39,600	1,651
Net Change in Fund Balance	(134,382)	(134,382)	(112)	134,270
FUND BALANCE - BEGINNING	134,382	134,382	134,382	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,270</u>	<u>\$ 134,270</u>
VISITOR PROMOTION FUND				
RECEIPTS	\$ 18,975	\$ 18,975	\$ 15,180	\$ (3,795)
DISBURSEMENTS	25,000	25,000	9,130	15,870
Net Change in Fund Balance	(6,025)	(6,025)	6,050	12,075
FUND BALANCE - BEGINNING	6,025	6,025	6,025	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,075</u>	<u>\$ 12,075</u>
REGISTER OF DEEDS PRESERVATION FUND				
RECEIPTS	\$ 10,000	\$ 10,000	\$ 6,672	\$ (3,328)
DISBURSEMENTS	10,000	10,000	-	10,000
Net Change in Fund Balance	-	-	6,672	6,672
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,672</u>	<u>\$ 6,672</u>
VETERANS' AID FUND				
RECEIPTS	\$ -	\$ -	\$ 163	\$ 163
DISBURSEMENTS	6,073	6,073	1,073	5,000
Net Change in Fund Balance	(6,073)	(6,073)	(910)	5,163
FUND BALANCE - BEGINNING	6,073	6,073	6,073	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,163</u>	<u>\$ 5,163</u>

(Continued)

SEWARD COUNTY
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS**

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
AGING SERVICES FUND				
RECEIPTS	\$ 56,312	\$ 56,312	\$ 56,885	\$ 573
DISBURSEMENTS	83,684	83,684	74,705	8,979
OTHER FINANCING SOURCES (USES)				
Transfers in	23,746	23,746	23,746	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	23,746	23,746	23,746	-
Net Change in Fund Balance	(3,626)	(3,626)	5,926	9,552
FUND BALANCE - BEGINNING	8,626	8,626	8,626	-
FUND BALANCE - ENDING	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 14,552</u>	<u>\$ 9,552</u>
DRUG LAW ENFORCEMENT FUND				
RECEIPTS	\$ 189,421	\$ 189,421	\$ 4,965	\$ (184,456)
DISBURSEMENTS	200,000	200,000	700	199,300
Net Change in Fund Balance	(10,579)	(10,579)	4,265	14,844
FUND BALANCE - BEGINNING	10,579	10,579	10,579	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,844</u>	<u>\$ 14,844</u>
ATTORNEY FEDERAL DRUG LAW ENFORCEMENT FUND				
RECEIPTS	\$ 115,234	\$ 115,234	\$ 70,795	\$ (44,439)
DISBURSEMENTS	296,231	296,231	73,888	222,343
Net Change in Fund Balance	(180,997)	(180,997)	(3,093)	177,904
FUND BALANCE - BEGINNING	180,997	180,997	180,997	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,904</u>	<u>\$ 177,904</u>
SHERIFF FEDERAL DRUG LAW ENFORCEMENT FUND				
RECEIPTS	\$ 151,586	\$ 151,586	\$ 229,750	\$ 78,164
DISBURSEMENTS	754,200	754,200	357,691	396,509
Net Change in Fund Balance	(602,614)	(602,614)	(127,941)	474,673
FUND BALANCE - BEGINNING	602,614	602,614	602,614	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 474,673</u>	<u>\$ 474,673</u>

(Continued)

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ATTORNEY GRANT FUND				
RECEIPTS	\$ 138,724	\$ 138,724	\$ 49,279	\$ (89,445)
DISBURSEMENTS	183,895	183,895	37,916	145,979
Net Change in Fund Balance	(45,171)	(45,171)	11,363	56,534
FUND BALANCE - BEGINNING	45,171	45,171	45,171	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,534</u>	<u>\$ 56,534</u>
EMERGENCY MANAGER GRANT FUND				
RECEIPTS	\$ 428,434	\$ 428,434	\$ 47,069	\$ (381,365)
DISBURSEMENTS	500,000	500,000	22,751	477,249
Net Change in Fund Balance	(71,566)	(71,566)	24,318	95,884
FUND BALANCE - BEGINNING	71,566	71,566	71,566	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,884</u>	<u>\$ 95,884</u>
E911 GRANT FUND				
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>
ROAD GRANT FUND				
RECEIPTS	\$ 2,951,910	\$ 2,951,910	\$ 1,208	\$ (2,950,702)
DISBURSEMENTS	3,000,000	3,000,000	1,345	2,998,655
Net Change in Fund Balance	(48,090)	(48,090)	(137)	47,953
FUND BALANCE - BEGINNING	48,090	48,090	48,090	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,953</u>	<u>\$ 47,953</u>
MISCELLANEOUS GRANT FUND				
RECEIPTS	\$ 500,000	\$ 500,000	\$ 36,600	\$ (463,400)
DISBURSEMENTS	500,000	500,000	36,600	463,400
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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
911 WIRELESS SERVICE FUND				
RECEIPTS	\$ 29,072	\$ 94,072	\$ 80,065	\$ (14,007)
DISBURSEMENTS	35,000	100,000	20,027	79,973
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(65,966)	(65,966)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(65,966)	(65,966)
Net Change in Fund Balance	(5,928)	(5,928)	(5,928)	-
FUND BALANCE - BEGINNING	5,928	5,928	5,928	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ -	\$ -
911 WIRELESS HOLDING FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	17,740	17,740	-	17,740
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	65,966	65,966
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	65,966	65,966
Net Change in Fund Balance	(17,740)	(17,740)	65,966	83,706
FUND BALANCE - BEGINNING	17,740	17,740	17,740	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 83,706	\$ 83,706
E911 FUND				
RECEIPTS	\$ 252,746	\$ 252,746	\$ 253,578	\$ 832
DISBURSEMENTS	615,195	615,195	601,559	13,636
OTHER FINANCING SOURCES (USES)				
Transfers in	328,190	328,190	328,190	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	328,190	328,190	328,190	-
Net Change in Fund Balance	(34,259)	(34,259)	(19,791)	14,468
FUND BALANCE - BEGINNING	94,259	94,259	94,259	-
FUND BALANCE - ENDING	\$ 60,000	\$ 60,000	\$ 74,468	\$ 14,468

(Continued)

SEWARD COUNTY
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS**

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>SPECIAL ROAD FUND</u>				
RECEIPTS	\$ 51,035	\$ 51,035	\$ -	\$ (51,035)
DISBURSEMENTS	148,646	148,646	2,358	146,288
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	50,000	50,000
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	50,000	50,000
Net Change in Fund Balance	(97,611)	(97,611)	47,642	145,253
FUND BALANCE - BEGINNING	97,611	97,611	97,611	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,253</u>	<u>\$ 145,253</u>
<u>RIGHT OF WAY HOLDING FUND</u>				
RECEIPTS	\$ 200,000	\$ 200,000	\$ 32,000	\$ (168,000)
DISBURSEMENTS	200,000	200,000	-	200,000
Net Change in Fund Balance	-	-	32,000	32,000
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,000</u>	<u>\$ 32,000</u>

(Concluded)

SEWARD COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2013

	Equipment Sinking Fund	Visitor Promotion Fund	Register of Deeds Preservation Fund	Veterans' Aid Fund	Aging Services Fund	Drug Law Enforcement Fund
RECEIPTS						
Property Taxes	\$ -	\$ 15,180	\$ -	\$ 163	\$ -	\$ -
Intergovernmental	-	-	-	-	56,229	-
Charges for Services	-	-	6,672	-	-	-
Miscellaneous	2,592	-	-	-	656	4,965
TOTAL RECEIPTS	2,592	15,180	6,672	163	56,885	4,965
DISBURSEMENTS						
General Government	42,304	-	-	-	-	-
Public Safety	-	-	-	-	-	700
Public Works	-	-	-	-	-	-
Public Assistance	-	-	-	1,073	74,705	-
Culture and Recreation	-	9,130	-	-	-	-
TOTAL DISBURSEMENTS	42,304	9,130	-	1,073	74,705	700
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(39,712)	6,050	6,672	(910)	(17,820)	4,265
OTHER FINANCING SOURCES (USES)						
Transfers in	39,600	-	-	-	23,746	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	39,600	-	-	-	23,746	-
Net Change in Fund Balances	(112)	6,050	6,672	(910)	5,926	4,265
FUND BALANCES - BEGINNING	134,382	6,025	-	6,073	8,626	10,579
FUND BALANCES - ENDING	\$ 134,270	\$ 12,075	\$ 6,672	\$ 5,163	\$ 14,552	\$ 14,844
FUND BALANCES:						
Restricted for:						
Visitor Promotion	\$ -	\$ 12,075	\$ -	\$ -	\$ -	\$ -
911 Emergency Services	-	-	-	-	-	-
Drug Education and Enforcement	-	-	-	-	-	14,844
Law Enforcement	-	-	-	-	-	-
Aid and Assistance	-	-	-	-	14,552	-
Preservation of Records	-	-	6,672	-	-	-
Road Maintenance	-	-	-	-	-	-
Committed to:						
Road Maintenance	-	-	-	-	-	-
Aid and Assistance	-	-	-	5,163	-	-
County Equipment	134,270	-	-	-	-	-
TOTAL FUND BALANCES	\$ 134,270	\$ 12,075	\$ 6,672	\$ 5,163	\$ 14,552	\$ 14,844

(Continued)

SEWARD COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2013

	Attorney Federal Drug Law Enforcement Fund	Sheriff Federal Drug Law Enforcement Fund	Attorney Grant Fund	Emergency Manager Grant Fund	Road Grant Fund	Miscellaneous Grant Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	58,497	191,428	49,035	47,069	1,208	36,600
Charges for Services	11,926	-	-	-	-	-
Miscellaneous	372	38,322	244	-	-	-
TOTAL RECEIPTS	70,795	229,750	49,279	47,069	1,208	36,600
DISBURSEMENTS						
General Government	-	-	-	-	-	36,600
Public Safety	73,888	357,691	37,916	22,751	-	-
Public Works	-	-	-	-	1,345	-
Public Assistance	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
TOTAL DISBURSEMENTS	73,888	357,691	37,916	22,751	1,345	36,600
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(3,093)	(127,941)	11,363	24,318	(137)	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
Net Change in Fund Balances	(3,093)	(127,941)	11,363	24,318	(137)	-
FUND BALANCES - BEGINNING	180,997	602,614	45,171	71,566	48,090	-
FUND BALANCES - ENDING	\$ 177,904	\$ 474,673	\$ 56,534	\$ 95,884	\$ 47,953	\$ -
FUND BALANCES:						
Restricted for:						
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
911 Emergency Services	-	-	-	95,884	-	-
Drug Education and Enforcement	-	-	-	-	-	-
Law Enforcement	177,904	474,673	56,534	-	-	-
Aid and Assistance	-	-	-	-	-	-
Preservation of Records	-	-	-	-	-	-
Road Maintenance	-	-	-	-	47,953	-
Committed to:						
Road Maintenance	-	-	-	-	-	-
Aid and Assistance	-	-	-	-	-	-
County Equipment	-	-	-	-	-	-
TOTAL FUND BALANCES	\$ 177,904	\$ 474,673	\$ 56,534	\$ 95,884	\$ 47,953	\$ -

(Continued)

SEWARD COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2013

	911 Wireless Service Fund	911 Wireless Holding Fund	E911 Fund	Special Road Fund	Right of Way Holding Fund	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$ 80,065	\$ -	\$ 61,766	\$ -	\$ -	\$ 157,174
Intergovernmental	-	-	191,492	-	-	631,558
Charges for Services	-	-	-	-	-	18,598
Miscellaneous	-	-	320	-	32,000	79,471
TOTAL RECEIPTS	80,065	-	253,578	-	32,000	886,801
DISBURSEMENTS						
General Government	-	-	-	-	-	78,904
Public Safety	20,027	-	601,559	-	-	1,114,532
Public Works	-	-	-	2,358	-	3,703
Public Assistance	-	-	-	-	-	75,778
Culture and Recreation	-	-	-	-	-	9,130
TOTAL DISBURSEMENTS	20,027	-	601,559	2,358	-	1,282,047
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	60,038	-	(347,981)	(2,358)	32,000	(395,246)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	65,966	328,190	50,000	-	507,502
Transfers out	(65,966)	-	-	-	-	(65,966)
TOTAL OTHER FINANCING SOURCES (USES)	(65,966)	65,966	328,190	50,000	-	441,536
Net Change in Fund Balances	(5,928)	65,966	(19,791)	47,642	32,000	46,290
FUND BALANCES - BEGINNING	5,928	17,740	94,259	97,611	-	1,329,661
FUND BALANCES - ENDING	\$ -	\$ 83,706	\$ 74,468	\$ 145,253	\$ 32,000	\$ 1,375,951
FUND BALANCES:						
Restricted for:						
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,075
911 Emergency Services	-	83,706	74,468	-	-	254,058
Drug Education and Enforcement	-	-	-	-	-	14,844
Law Enforcement	-	-	-	-	-	709,111
Aid and Assistance	-	-	-	-	-	14,552
Preservation of Records	-	-	-	-	-	6,672
Road Maintenance	-	-	-	-	-	47,953
Committed to:						
Road Maintenance	-	-	-	145,253	32,000	177,253
Aid and Assistance	-	-	-	-	-	5,163
County Equipment	-	-	-	-	-	134,270
TOTAL FUND BALANCES	\$ -	\$ 83,706	\$ 74,468	\$ 145,253	\$ 32,000	\$ 1,375,951

(Concluded)

SEWARD COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2013

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	County Health Insurance	County Planning and Zoning	County Aging Services	County Public Transit	Total
BALANCES JULY 1, 2012	<u>\$ 21,086</u>	<u>\$ 138,511</u>	<u>\$ 14,714</u>	<u>\$ 335</u>	<u>\$ 75</u>	<u>\$ 1,192</u>	<u>\$ 357,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 533,044</u>
RECEIPTS											
Licenses and Permits	2,455	-	1,510	-	475	-	-	-	-	-	4,440
Intergovernmental	-	-	10,102	-	-	-	-	-	56,229	-	66,331
Charges for Services	176,189	27,614	42,558	50,684	497	-	-	35,203	-	8,338	341,083
Miscellaneous	-	-	-	-	14,148	-	1,353,293	-	656	-	1,368,097
State Fees	165,024	18,848	-	-	241	-	-	-	-	-	184,113
Other Liabilities	493	815,061	564,347	12,623	-	-	-	-	-	-	1,392,524
TOTAL RECEIPTS	<u>344,161</u>	<u>861,523</u>	<u>618,517</u>	<u>63,307</u>	<u>15,361</u>	<u>-</u>	<u>1,353,293</u>	<u>35,203</u>	<u>56,885</u>	<u>8,338</u>	<u>3,356,588</u>
DISBURSEMENTS											
Payments to County Treasurer	168,371	29,037	52,394	51,019	15,120	-	-	35,203	56,885	8,336	416,365
Payments to State Treasurer	162,284	19,011	-	-	241	-	-	-	-	-	181,536
Other Liabilities	1,538	724,133	563,926	12,623	-	-	1,452,602	-	-	-	2,754,822
TOTAL DISBURSEMENTS	<u>332,193</u>	<u>772,181</u>	<u>616,320</u>	<u>63,642</u>	<u>15,361</u>	<u>-</u>	<u>1,452,602</u>	<u>35,203</u>	<u>56,885</u>	<u>8,336</u>	<u>3,352,723</u>
BALANCES JUNE 30, 2013	<u><u>\$ 33,054</u></u>	<u><u>\$ 227,853</u></u>	<u><u>\$ 16,911</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 75</u></u>	<u><u>\$ 1,192</u></u>	<u><u>\$ 257,822</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 536,909</u></u>
BALANCES CONSIST OF:											
Due to County Treasurer	\$ 18,050	\$ 1,071	\$ 5,946	\$ -	\$ 75	\$ 1,192	\$ 257,822	\$ -	\$ -	\$ 2	\$ 284,158
Petty Cash	7,500	-	-	-	-	-	-	-	-	-	7,500
Due to State Treasurer	7,504	1,594	-	-	-	-	-	-	-	-	9,098
Due to Others	-	225,188	10,965	-	-	-	-	-	-	-	236,153
BALANCES JUNE 30, 2013	<u><u>\$ 33,054</u></u>	<u><u>\$ 227,853</u></u>	<u><u>\$ 16,911</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 75</u></u>	<u><u>\$ 1,192</u></u>	<u><u>\$ 257,822</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 536,909</u></u>

SEWARD COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
 June 30, 2013

Item	2008	2009	2010	2011	2012
Tax Certified by Assessor					
Real Estate	\$ 22,904,670	\$ 23,476,255	\$ 25,368,473	\$ 26,900,926	\$ 27,832,232
Personal and Specials	1,609,015	1,819,239	2,139,532	2,220,078	2,927,682
Total	<u>24,513,685</u>	<u>25,295,494</u>	<u>27,508,005</u>	<u>29,121,004</u>	<u>30,759,914</u>
Corrections					
Additions	6,002	7,624	9,083	8,047	5,597
Deductions	<u>(5,840)</u>	<u>(23,886)</u>	<u>(35,197)</u>	<u>(3,295)</u>	<u>(3,034)</u>
Net Additions/ (Deductions)	<u>162</u>	<u>(16,262)</u>	<u>(26,114)</u>	<u>4,752</u>	<u>2,563</u>
Corrected Certified Tax	<u>24,513,847</u>	<u>25,279,232</u>	<u>27,481,891</u>	<u>29,125,756</u>	<u>30,762,477</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2009	14,120,701	-	-	-	-
June 30, 2010	10,374,715	14,763,732	-	-	-
June 30, 2011	6,761	10,516,649	16,370,852	-	-
June 30, 2012	4,824	7,581	11,093,969	17,540,097	-
June 30, 2013	<u>1,467</u>	<u>(14,994)</u>	<u>9,437</u>	<u>11,561,400</u>	<u>18,742,001</u>
Total Net Collections	<u>24,508,468</u>	<u>25,272,968</u>	<u>27,474,258</u>	<u>29,101,497</u>	<u>18,742,001</u>
 Total Uncollected Tax	 <u>\$ 5,379</u>	 <u>\$ 6,264</u>	 <u>\$ 7,633</u>	 <u>\$ 24,259</u>	 <u>\$ 12,020,476</u>
 Percentage Uncollected Tax	 <u>0.02%</u>	 <u>0.02%</u>	 <u>0.03%</u>	 <u>0.08%</u>	 <u>39.08%</u>

SEWARD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE		
Asset Forfeiture Program	16.Unknown	\$ 61,590
Passed through State Commission on Law Enforcement and Criminal Justice Crime Victim Assistance	16.575	<u>37,754</u>
Total U.S. Department of Justice		<u>99,344</u>
U.S. DEPARTMENT OF HOMELAND SECURITY		
Passed through Nebraska Military Department Emergency Management Performance Grants	97.042	<u>22,751</u>
Total U.S. Department of Homeland Security		<u>22,751</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through Nebraska Department of Health and Human Services Child Support Enforcement	93.563	94,805
Medical Assistance Program	93.778	558
Passed through City of Lincoln Special Programs for Aging, Title III, Part C, Nutrition Services	93.045	<u>39,222</u>
Total U.S. Department of Health and Human Services		<u>134,585</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Passed through Nebraska Department of Roads Formula Grants for Rural Areas	20.509	62,735
Site Management Training	20.Unknown	<u>1,208</u>
Total U.S. Department of Transportation		<u>63,943</u>
U.S. DEPARTMENT OF TREASURY		
Asset Forfeiture Program	21.Unknown	* <u>358,440</u>
Total U.S. Department of Treasury		<u>358,440</u>
U.S. DEPARTMENT OF COMMERCE		
Economic Development Adjustment Assistance	11.307	* <u>364,974</u>
Total U.S. Department of Commerce		<u>364,974</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 1,044,037</u></u>

* Represents Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

SEWARD COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. General

The accompanying schedule of expenditures of Federal awards (Schedule) presents the activity of all Federal awards programs of Seward County (County), except as noted in Note 2 below. The County's reporting entity is defined in Note 1.A. to the County's financial statements. Federal awards received directly from Federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective Federal agency. Due to the operations of the County, the accumulation of amounts passed to subrecipients by the County is not practical.

2. Summary of Significant Accounting Policies

A. **Reporting Entity**

The County's reporting entity is defined in Note 1.A. to the financial statements. The accompanying Schedule includes the Federal awards programs administered by the County for the fiscal year ended June 30, 2013.

B. **Basis of Presentation**

The accompanying Schedule presents total expenditures for each Federal awards program in accordance with the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Federal program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA), whenever possible.

Federal Awards. Pursuant to OMB Circular A-133, Federal awards are defined as assistance provided by a Federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations.

Major Programs. In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. Programs in the accompanying Schedule denoted with an asterisk (*) are considered major programs.

C. **Basis of Accounting**

The accompanying Schedule was prepared on the cash basis of accounting.

Matching Costs. The Schedule does not include matching expenditures from general revenues of the County.



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SEWARD COUNTY

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

Board of Commissioners
Seward County, Nebraska

We have audited 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, 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, 2013, and the related notes to the financial statements, which collectively comprise Seward County's basic financial statements, and have issued our report thereon dated December 24, 2013. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Seward 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 Seward County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a

deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weakness:

- The County offices had a lack of segregation of duties since one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

Additional Items

We also noted certain matters that we reported to management of Seward County in a separate letter dated December 24, 2013.

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 result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

December 24, 2013

Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

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SEWARD COUNTY
**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

Independent Auditor's Report

Board of Commissioners
Seward County, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Seward County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Seward County's major Federal programs for the year ended June 30, 2013. Seward County's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Seward County's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Seward County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Seward County's compliance.

Opinion on Each Major Federal Program

In our opinion, Seward County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Seward County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Seward County's internal control over compliance with the types of requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Seward County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of the internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2013, and the related notes to the financial statements, which collectively comprise Seward County's basic financial statements. We issued our report thereon dated December 24, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

SIGNED ORIGINAL ON FILE

December 24, 2013

Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

SEWARD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2013

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	<u> X </u> Yes <u> </u> No
Significant deficiencies identified?	<u> </u> Yes <u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes <u> X </u> No
Internal control over major programs:	
Material weaknesses identified?	<u> </u> Yes <u> X </u> No
Significant deficiencies identified?	<u> </u> Yes <u> X </u> None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133:	<u> </u> Yes <u> X </u> No
Major programs: Asset Forfeiture Program – CFDA 21.Unknown Economic Development Adjustment Assistance – CFDA 11.307	
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee:	<u> </u> Yes <u> X </u> No

SEWARD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

SECTION II. FINANCIAL STATEMENT FINDINGS

Finding # 2013-1

Condition - There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.

Criteria - Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.

Effect of the Condition - This lack of segregation of duties results in an inadequate overall internal control structure design.

Cause of the Condition - The County does not employ sufficient office personnel to properly segregate accounting functions.

Recommendation - The County should be aware of the inherent risks associated with improper segregation of accounting functions. The County should also develop mitigating controls to reduce the risk of errors or fraud associated with the improper segregation of accounting functions.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Noted

SEWARD COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2013

Finding Number	2012-2
Catalog Number	16.Unknown
Grant / Finding	Asset Forfeiture Program / Reporting
County Response	Corrected Action Plan completed
Current Finding	No current finding



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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December 24, 2013

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, 2013, and have issued our report thereon dated December 24, 2013. 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 the various offices, which collect and remit money to the County Treasurer, each 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 is not possible without additional cost. This was also noted in prior audits.

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

Duplicate Payments

During our audit we noted three claims to different vendors, totaling \$476, that were each paid twice during the fiscal year.

Good internal controls require a process be in place to review all claims prior to approval to ensure the claims are supported with adequate documentation and are not duplicate payments. When procedures are not in place to catch duplicate claim submissions, there is an increased risk of loss or misuse of funds.

We recommend the County Board implement procedures to ensure that claims are not paid twice for the same invoice and all claims are paid from original invoices.

COUNTY SHERIFF

Balancing Procedures

We noted at June 30, office records indicated assets exceeded liabilities by \$425, and a detailed list of individual account balances was not maintained. In addition, monthly bank reconciliations were not completed for one of the office bank accounts. Failure to complete monthly balancing procedures, including identifying and resolving asset-to-liability balancing variances, increases risk of loss, theft, or misuse of funds, and allows errors to more easily go undetected.

During our audit we also noted the following:

- Receipts submitted to the County Treasurer were overstated by a total of \$25.
- A complete list of all receipts issued for the audit period was not available.
- Mileage charged for serving papers had no documentation to support the number of miles traveled.
- There were 210 checks from an old bank account, totaling \$968, that should have been remitted to Unclaimed Property

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 (fee and trust accounts) on at least a monthly basis. Balancing procedures should include the timely identification and resolution of all variances noted.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009) states that personal property held by public entities or political subdivisions which remain unclaimed for more than three years is presumed abandoned. Additionally, Neb. Rev. Stat. § 69-1310 (Reissue 2009) requires such items to be reported to the Nebraska State Treasurer before November 1st of each year as of June 30 next preceding.

We recommend the County Sheriff implement documented monthly balancing procedures and follow up on all unexplained variances in a timely manner; amounts determined to be excess or unknown balances should be remitted to the County General Fund. Additionally, receipts should be issued for all money received, supported with documentation for the amount received, and recorded in a ledger which is available for inspection.

County Sheriff's Response: The front office staff has taken steps to ensure that money processed through the administrative office will be balanced and forwarded to the Treasurer's Office on a weekly basis occurring on or before Friday's of each week. Quicken Software has been installed and will be utilized to track claims and ensure duplicate invoices are not being submitted to clerk's office for payment. Each monetary transaction will provide a receipt for each customer. A daily transaction receipt will be kept that will match the weekly journal.

I have implemented some changes to the sheriff record keeping, per request of the state auditor personnel. These include meetings with our computer tech as to re-set the method of saving fee information, so loss of files through their work on our main server does not happen again. I am also setting up a ledger style to record month end accounting of money on hand pertaining to fees and transfers. This will be a work in progress. It should be noted that the prior audit could not be exact due to the loss of computer records during the months of March, April, and May, 2012.

I am also researching policies and procedures in place in other Sheriff's Offices in Nebraska to address some of the noted deficiencies attributed to our accounting practices that need improvement. I have discussed this with the staff directly involved in the process as well as supervisory and administrative management personnel with the goal of having everyone working toward improving our accounting and record keeping procedures. I have reassigned responsibility for completing weekly and monthly reconciliation for Front Office receipts. I am in the process of developing an SOP for documenting monthly balancing procedures for all bank accounts with attention given to resolving any unexplained variances in a timely manner. We are currently developing procedures for limiting access to signed checks used for reimbursement to inmates released from our custody and for tracking any check that are determined to be remitted to the County Treasurer as Unclaimed Property. We are also researching procedures for issuing receipts and maintaining a ledger/record for any monies received by Sheriff's Office staff to include out-of-county bond money posted for individuals incarcerated in our Detention Center. It is our intention to develop and implement a system for accounting for all monies/assets that come into our office or within our responsibility. In closing, I want you to know that we will strive to comply with all the requirements regarding appropriate accounting of all funds entrusted to the Seward County Sheriff's Office and we appreciate the guidance/recommendations made by your staff in accomplishing that responsibility.

Printed Check Signature

During our audit, we noted that for one of the office bank accounts, there was a signature printed on the checks prior to the checks being filled out. In addition, all office staff had access to print checks from the accounting system.

Good internal controls require procedures to be in place to ensure access to signed checks is limited to only the necessary parties. There is an increased risk of possible loss or misuse of funds when adequate controls are not in place.

We recommend the County Sheriff implement controls to ensure that access to signed checks is limited.

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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 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. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

SIGNED ORIGINAL ON FILE

Deann Haeffner, CPA
Assistant Deputy Auditor