

**AUDIT REPORT  
OF  
SEWARD COUNTY**

**JULY 1, 2013, THROUGH JUNE 30, 2014**

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The Auditor of Public Accounts.**

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**Issued on December 30, 2014**

SEWARD COUNTY

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SEWARD COUNTY

**LIST OF COUNTY OFFICIALS**

At June 30, 2014

<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
Becky Paulsen	Weed/Planning/Zoning	Appointed
Russell Daehling	Highway Superintendent	Appointed



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
[www.auditors.nebraska.gov](http://www.auditors.nebraska.gov)

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, 2014, 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, 2014, 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, which 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 - 33, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, along with 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, 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, which 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 30, 2014, 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.

December 30, 2014



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

SEWARD COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
 June 30, 2014

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 11,621,895
<b>TOTAL ASSETS</b>	<u><u>\$ 11,621,895</u></u>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 23,025
Emergency Services	342,385
Drug Education	84,534
Law Enforcement	634,277
Preservation of Records	18,228
Road Maintenance	47,953
Unrestricted	<u>10,471,493</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 11,621,895</u></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, 2014

<b>Functions:</b>	Cash	Program Cash Receipts		Net (Disbursement)
<b>Governmental Activities:</b>	Disbursements	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Receipts and Changes in Net Position
General Government	\$ (4,274,737)	\$ 628,392	\$ 122,836	\$ (3,523,509)
Public Safety	(3,437,868)	127,765	544,378	(2,765,725)
Public Works	(4,038,876)	-	2,870,553	(1,168,323)
Public Assistance	(415,283)	-	147,637	(267,646)
Culture and Recreation	(12,470)	-	-	(12,470)
<b>Total Governmental Activities</b>	<b>\$ (12,179,234)</b>	<b>\$ 756,157</b>	<b>\$ 3,685,404</b>	<b>(7,737,673)</b>
General Receipts:				
Property Taxes				9,083,642
Grants and Contributions Not Restricted to Specific Programs				944,506
Investment Income				65,362
Licenses and Permits				56,794
Miscellaneous				361,687
<b>Total General Receipts</b>				<b>10,511,991</b>
Increase in Net Position				2,774,318
Net Position - Beginning of year				8,847,577
Net Position - End of year				<b>\$ 11,621,895</b>

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, 2014

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents (Note 1.D)	\$ 2,497,039	\$ 443,898	\$ 7,232,713	\$ 1,448,245	\$ 11,621,895
<b>TOTAL ASSETS</b>	<u>\$ 2,497,039</u>	<u>\$ 443,898</u>	<u>\$ 7,232,713</u>	<u>\$ 1,448,245</u>	<u>\$ 11,621,895</u>
<b>FUND BALANCES</b>					
Restricted for:					
Visitor Promotion	-	-	-	23,025	23,025
Emergency Services	-	-	-	342,385	342,385
Drug Education	-	-	-	84,534	84,534
Law Enforcement	-	-	-	634,277	634,277
Preservation of Records	-	-	-	18,228	18,228
Road Maintenance	-	-	-	47,953	47,953
Committed to:					
Road Maintenance	-	443,898	-	132,618	576,516
Aid and Assistance	-	-	-	19,151	19,151
County Buildings & Equipment	-	-	-	146,074	146,074
Assigned to:					
Other Purposes	-	-	7,232,713	-	7,232,713
Unassigned	2,497,039	-	-	-	2,497,039
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 2,497,039</u>	<u>\$ 443,898</u>	<u>\$ 7,232,713</u>	<u>\$ 1,448,245</u>	<u>\$ 11,621,895</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, 2014

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$ 6,614,915	\$ -	\$ 2,334,439	\$ 134,288	\$ 9,083,642
Licenses and Permits	56,794	-	-	-	56,794
Interest	65,362	-	-	-	65,362
Intergovernmental	663,702	1,807,837	1,144,313	1,014,058	4,629,910
Charges for Services	718,840	-	-	37,317	756,157
Miscellaneous	106,073	38,232	123,288	94,094	361,687
<b>TOTAL RECEIPTS</b>	<u>8,225,686</u>	<u>1,846,069</u>	<u>3,602,040</u>	<u>1,279,757</u>	<u>14,953,552</u>
<b>DISBURSEMENTS</b>					
General Government	2,808,954	-	1,398,946	66,837	4,274,737
Public Safety	2,203,878	-	-	1,233,990	3,437,868
Public Works	159,241	3,566,481	-	313,154	4,038,876
Public Assistance	336,127	-	-	79,156	415,283
Culture and Recreation	-	-	-	12,470	12,470
<b>TOTAL DISBURSEMENTS</b>	<u>5,508,200</u>	<u>3,566,481</u>	<u>1,398,946</u>	<u>1,705,607</u>	<u>12,179,234</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>2,717,486</u>	<u>(1,720,412)</u>	<u>2,203,094</u>	<u>(425,850)</u>	<u>2,774,318</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	200,000	1,497,086	400,000	535,744	2,632,830
Transfers out	(2,345,230)	(50,000)	(200,000)	(37,600)	(2,632,830)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,145,230)</u>	<u>1,447,086</u>	<u>200,000</u>	<u>498,144</u>	<u>-</u>
Net Change in Fund Balances	572,256	(273,326)	2,403,094	72,294	2,774,318
<b>CASH BASIS FUND</b>					
<b>BALANCES - BEGINNING</b>	<u>1,924,783</u>	<u>717,224</u>	<u>4,829,619</u>	<u>1,375,951</u>	<u>8,847,577</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 2,497,039</u>	<u>\$ 443,898</u>	<u>\$ 7,232,713</u>	<u>\$ 1,448,245</u>	<u>\$ 11,621,895</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, 2014

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,510,090
 <b>LIABILITIES</b>	
Due to other governments	
State	295,456
Schools	800,341
Educational Service Units	3,056
Technical College	13,568
Natural Resource Districts	5,587
Fire Districts	6,185
Municipalities	52,193
Agricultural Society	5,190
Cemetery Districts	2,877
Hospital	277
Others	325,360
<b>TOTAL LIABILITIES</b>	<b>1,510,090</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

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, 2014

#### 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 that 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 \$76,397 toward the operation of the Region during fiscal year 2014. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of 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.

## 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. The agreement was 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. 2014).

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 2014. 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 audited in accordance with Neb. Rev. Stat. § 84-304(4) (Reissue 2014). 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.

**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

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 and 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 follows:

**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 balance has not been designated by the County Board for a specific purpose, but it has been separated based on the type of revenue.

**Unassigned.** This portion of the General Fund is 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 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 requires 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 are generally 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.

**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.

## SEWARD COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$1,150,402 of restricted net position, of which \$468,172 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 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.

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$11,621,895 for County funds and \$1,510,090 for fiduciary funds. The bank balances for all funds totaled \$12,608,298. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2014, 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 they 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. Counties may levy taxes in addition to the 50-cent limitation upon a vote of the people.

The levy set in October 2013, for the 2013 taxes, which will be materially collected in May and September 2014, was set at \$.272958/\$100 of assessed valuation. The levy set in October 2012, for the 2012 taxes, which were materially collected in May and September 2013, was set at \$.303804/\$100 of assessed valuation. The amount collected for the 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. The lid may be increased by 1% upon the approval of a three-fourths majority of the County Board.

## SEWARD COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

#### 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 23-2334 (Reissue 2012, Cum. Supp. 2014) 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, 2014, 145 employees contributed \$201,294, and the County contributed \$299,002. Contributions included \$5,859 in cash contributions towards the supplemental law enforcement plan for 16 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 60 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 2015. The County has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

SEWARD COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Concluded)

**6. Interfund Transfers**

Interfund transfers for the year ended June 30, 2014, consisted of the following:

<b>Transfers to</b>	Transfers from				Total
	General Fund	Inheritance Fund	Road Fund	Nonmajor Funds	
Road Fund	\$ 1,497,086	\$ -	\$ -	\$ -	\$ 1,497,086
Inheritance Fund	400,000	-	-	-	400,000
General Fund	-	200,000	-	-	200,000
Nonmajor Funds	448,144	-	50,000	37,600	535,744
Total	<u>\$ 2,345,230</u>	<u>\$ 200,000</u>	<u>\$ 50,000</u>	<u>\$ 37,600</u>	<u>\$ 2,632,830</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. Long-Term Debt**

The County issued bonds on October 17, 2014, in the amount of \$9,990,000 for the purpose of constructing a new Justice Center. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

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

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 6,805,170	\$ 6,805,170	\$ 6,614,915	\$ (190,255)
Licenses and Permits	45,000	45,000	56,794	11,794
Interest	70,000	70,000	65,362	(4,638)
Intergovernmental	450,000	450,000	663,702	213,702
Charges for Services	252,178	252,178	718,840	466,662
Miscellaneous	50,000	50,000	106,073	56,073
<b>TOTAL RECEIPTS</b>	<u>7,672,348</u>	<u>7,672,348</u>	<u>8,225,686</u>	<u>553,338</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	134,260	134,260	131,327	2,933
County Clerk	169,510	169,510	169,367	143
County Treasurer	263,868	263,868	261,832	2,036
County Assessor	276,585	276,585	273,732	2,853
Election Commissioner	53,600	53,600	38,426	15,174
Clerk of the District Court	247,783	247,783	244,118	3,665
County Court System	30,950	30,950	30,764	186
District Judge	20,322	20,322	20,155	167
Public Defender	118,903	123,203	123,142	61
Building and Grounds	199,256	199,256	182,694	16,562
Agricultural Extension Agent	137,008	137,008	133,607	3,401
Abandoned Cemeteries	5,000	5,000	4,815	185
Miscellaneous	1,726,589	1,722,289	1,194,975	527,314
Public Safety				
County Sheriff	936,255	936,255	912,428	23,827
County Attorney	569,151	569,151	532,316	36,835
County Jail	688,375	688,375	545,278	143,097
Emergency Management	121,092	121,092	104,493	16,599
Miscellaneous	165,000	165,000	109,363	55,637
Public Works				
County Surveyor	7,500	7,500	5,086	2,414
Noxious Weed Control	71,343	71,343	55,480	15,863
Highway Department	100,391	100,391	98,675	1,716
Public Assistance				
Veterans' Service Officer	56,470	56,470	55,623	847
Senior Citizen Handi-Bus	155,301	155,301	154,954	347
Miscellaneous	135,424	135,424	125,550	9,874
<b>TOTAL DISBURSEMENTS</b>	<u>6,389,936</u>	<u>6,389,936</u>	<u>5,508,200</u>	<u>881,736</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,282,412</u>	<u>1,282,412</u>	<u>2,717,486</u>	<u>1,435,074</u>

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

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	200,000	200,000	200,000	-
Transfers out	(2,307,195)	(2,307,195)	(2,345,230)	(38,035)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,107,195)</u>	<u>(2,107,195)</u>	<u>(2,145,230)</u>	<u>(38,035)</u>
Net Change in Fund Balance	(824,783)	(824,783)	572,256	1,397,039
<b>FUND BALANCE - BEGINNING</b>	1,924,783	1,924,783	1,924,783	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 2,497,039</u>	<u>\$ 1,397,039</u>

(Concluded)

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

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	1,700,000	1,700,000	1,807,837	107,837
Miscellaneous	-	-	38,232	38,232
<b>TOTAL RECEIPTS</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,846,069</b>	<b>146,069</b>
<b>DISBURSEMENTS</b>	<b>3,564,310</b>	<b>3,564,310</b>	<b>3,566,481</b>	<b>(2,171)</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(1,864,310)</b>	<b>(1,864,310)</b>	<b>(1,720,412)</b>	<b>143,898</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,497,086	1,497,086	1,497,086	-
Transfers out	(50,000)	(50,000)	(50,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,447,086</b>	<b>1,447,086</b>	<b>1,447,086</b>	<b>-</b>
Net Change in Fund Balance	(417,224)	(417,224)	(273,326)	143,898
FUND BALANCE - BEGINNING	717,224	717,224	717,224	-
FUND BALANCE - ENDING	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ 443,898</b>	<b>\$ 143,898</b>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 2,334,439	\$ 2,334,439
Intergovernmental	-	-	1,144,313	1,144,313
Miscellaneous	-	-	123,288	123,288
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>3,602,040</b>	<b>3,602,040</b>
<b>DISBURSEMENTS</b>	<b>5,029,619</b>	<b>5,029,619</b>	<b>1,398,946</b>	<b>3,630,673</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(5,029,619)</b>	<b>(5,029,619)</b>	<b>2,203,094</b>	<b>7,232,713</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	400,000	400,000	400,000	-
Transfers out	(200,000)	(200,000)	(200,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>-</b>
Net Change in Fund Balance	(4,829,619)	(4,829,619)	2,403,094	7,232,713
FUND BALANCE - BEGINNING	4,829,619	4,829,619	4,829,619	-
FUND BALANCE - ENDING	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,232,713</b>	<b>\$ 7,232,713</b>

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

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD BUYBACK FUND</b>				
Receipts	\$ 300,000	\$ 300,000	\$ 194,356	\$ (105,644)
Disbursements	300,000	300,000	106,991	193,009
Net Change in Fund Balance	-	-	87,365	87,365
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,365</u>	<u>\$ 87,365</u>
<b>SPECIAL ROAD FUND</b>				
Receipts	\$ 4,747	\$ 4,747	\$ -	\$ (4,747)
Disbursements	200,000	200,000	150,000	50,000
Transfers in	50,000	50,000	50,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(145,253)	(145,253)	(100,000)	45,253
Fund Balance - Beginning	145,253	145,253	145,253	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,253</u>	<u>\$ 45,253</u>
<b>EQUIPMENT SINKING FUND</b>				
Receipts	\$ 21,410	\$ 21,410	\$ -	\$ (21,410)
Disbursements	195,680	195,680	66,231	129,449
Transfers in	40,000	40,000	78,035	38,035
Transfers out	-	-	-	-
Net Change in Fund Balance	(134,270)	(134,270)	11,804	146,074
Fund Balance - Beginning	134,270	134,270	134,270	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,074</u>	<u>\$ 146,074</u>
<b>VISITOR PROMOTION FUND</b>				
Receipts	\$ 37,925	\$ 37,925	\$ 18,715	\$ (19,210)
Disbursements	50,000	50,000	12,470	37,530
Net Change in Fund Balance	(12,075)	(12,075)	6,245	18,320
Fund Balance - Beginning	12,075	12,075	12,075	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,320</u>	<u>\$ 18,320</u>
<b>REGISTER OF DEEDS PRESERVATION FUND</b>				
Receipts	\$ 18,328	\$ 18,328	\$ 12,162	\$ (6,166)
Disbursements	25,000	25,000	606	24,394
Net Change in Fund Balance	(6,672)	(6,672)	11,556	18,228
Fund Balance - Beginning	6,672	6,672	6,672	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,228</u>	<u>\$ 18,228</u>

(Continued)

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

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>VETERANS' AID FUND</b>				
Receipts	\$ -	\$ -	\$ 1	\$ 1
Disbursements	5,163	5,163	5,000	163
Net Change in Fund Balance	(5,163)	(5,163)	(4,999)	164
Fund Balance - Beginning	5,163	5,163	5,163	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164</u>	<u>\$ 164</u>
<b>AGING SERVICES FUND</b>				
Receipts	\$ 50,386	\$ 50,386	\$ 54,431	\$ 4,045
Disbursements	84,098	84,098	74,156	9,942
Transfers in	24,160	24,160	24,160	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(9,552)	(9,552)	4,435	13,987
Fund Balance - Beginning	14,552	14,552	14,552	-
Fund Balance - Ending	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 18,987</u>	<u>\$ 13,987</u>
<b>DRUG LAW ENFORCEMENT FUND</b>				
Receipts	\$ 185,156	\$ 185,156	\$ 84,163	\$ (100,993)
Disbursements	200,000	200,000	14,473	185,527
Net Change in Fund Balance	(14,844)	(14,844)	69,690	84,534
Fund Balance - Beginning	14,844	14,844	14,844	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,534</u>	<u>\$ 84,534</u>
<b>ATTORNEY FEDERAL DRUG LAW ENFORCEMENT FUND</b>				
Receipts	\$ 169,684	\$ 169,684	\$ 83,426	\$ (86,258)
Disbursements	347,588	347,588	112,001	235,587
Net Change in Fund Balance	(177,904)	(177,904)	(28,575)	149,329
Fund Balance - Beginning	177,904	177,904	177,904	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,329</u>	<u>\$ 149,329</u>
<b>SHERIFF FEDERAL DRUG LAW ENFORCEMENT FUND</b>				
Receipts	\$ 279,527	\$ 279,527	\$ 360,264	\$ 80,737
Disbursements	754,200	754,200	428,624	325,576
Net Change in Fund Balance	(474,673)	(474,673)	(68,360)	406,313
Fund Balance - Beginning	474,673	474,673	474,673	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 406,313</u>	<u>\$ 406,313</u>

(Continued)

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

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ATTORNEY GRANT FUND</b>				
Receipts	\$ 182,953	\$ 182,953	\$ 64,163	\$ (118,790)
Disbursements	239,487	239,487	50,483	189,004
Net Change in Fund Balance	(56,534)	(56,534)	13,680	70,214
Fund Balance - Beginning	56,534	56,534	56,534	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,214</u>	<u>\$ 70,214</u>
<b>EMERGENCY MANAGER GRANT FUND</b>				
Receipts	\$ 404,116	\$ 404,116	\$ 58,986	\$ (345,130)
Disbursements	500,000	500,000	34,041	465,959
Net Change in Fund Balance	(95,884)	(95,884)	24,945	120,829
Fund Balance - Beginning	95,884	95,884	95,884	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,829</u>	<u>\$ 120,829</u>
<b>E911 GRANT FUND</b>				
Receipts	\$ 400,000	\$ 400,000	\$ -	\$ (400,000)
Disbursements	400,000	400,000	-	400,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>ROAD GRANT FUND</b>				
Receipts	\$ 2,952,047	\$ 2,952,047	\$ -	\$ (2,952,047)
Disbursements	3,000,000	3,000,000	-	3,000,000
Net Change in Fund Balance	(47,953)	(47,953)	-	47,953
Fund Balance - Beginning	47,953	47,953	47,953	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,953</u>	<u>\$ 47,953</u>
<b>MISCELLANEOUS GRANT FUND</b>				
Receipts	\$ 500,000	\$ 500,000	\$ 32,584	\$ (467,416)
Disbursements	500,000	500,000	24,163	475,837
Net Change in Fund Balance	-	-	8,421	8,421
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,421</u>	<u>\$ 8,421</u>

(Continued)

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

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>911 WIRELESS SERVICE FUND</b>				
Receipts	\$ 200,000	\$ 200,000	\$ 50,134	\$ (149,866)
Disbursements	200,000	200,000	10,663	189,337
Transfers in	-	-	-	-
Transfers out	-	-	(37,600)	(37,600)
Net Change in Fund Balance	-	-	1,871	1,871
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,871</u>	<u>\$ 1,871</u>
<b>911 WIRELESS HOLDING FUND</b>				
Receipts	\$ 116,294	\$ 116,294	\$ -	\$ (116,294)
Disbursements	200,000	200,000	-	200,000
Transfers in	-	-	37,600	37,600
Transfers out	-	-	-	-
Net Change in Fund Balance	(83,706)	(83,706)	37,600	121,306
Fund Balance - Beginning	83,706	83,706	83,706	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,306</u>	<u>\$ 121,306</u>
<b>E911 FUND</b>				
Receipts	\$ 261,176	\$ 261,176	\$ 261,667	\$ 491
Disbursements	621,593	621,593	583,705	37,888
Transfers in	345,949	345,949	345,949	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(14,468)	(14,468)	23,911	38,379
Fund Balance - Beginning	74,468	74,468	74,468	-
Fund Balance - Ending	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 98,379</u>	<u>\$ 38,379</u>
<b>RIGHT OF WAY HOLDING FUND</b>				
Receipts	\$ 168,000	\$ 168,000	\$ -	\$ (168,000)
Disbursements	200,000	200,000	32,000	168,000
Net Change in Fund Balance	(32,000)	(32,000)	(32,000)	-
Fund Balance - Beginning	32,000	32,000	32,000	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>VISITOR IMPROVEMENT FUND</b>				
Receipts	\$ -	\$ -	\$ 4,705	\$ 4,705
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	4,705	4,705
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,705</u>	<u>\$ 4,705</u>

SEWARD COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2014

	Road Buyback Fund	Special Road Fund	Equipment Sinking Fund	Visitor Promotion Fund	Register of Deeds Preservation Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ 18,632	\$ -
Intergovernmental	194,356	-	-	-	-
Charges for Services	-	-	-	-	12,162
Miscellaneous	-	-	-	83	-
<b>TOTAL RECEIPTS</b>	<u>194,356</u>	<u>-</u>	<u>-</u>	<u>18,715</u>	<u>12,162</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	66,231	-	606
Public Safety	-	-	-	-	-
Public Works	106,991	150,000	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	12,470	-
<b>TOTAL DISBURSEMENTS</b>	<u>106,991</u>	<u>150,000</u>	<u>66,231</u>	<u>12,470</u>	<u>606</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>87,365</u>	<u>(150,000)</u>	<u>(66,231)</u>	<u>6,245</u>	<u>11,556</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	50,000	78,035	-	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>50,000</u>	<u>78,035</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	87,365	(100,000)	11,804	6,245	11,556
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>145,253</u>	<u>134,270</u>	<u>12,075</u>	<u>6,672</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 87,365</u>	<u>\$ 45,253</u>	<u>\$ 146,074</u>	<u>\$ 18,320</u>	<u>\$ 18,228</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	18,320	-
Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	18,228
Debt Service	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	87,365	45,253	-	-	-
Aid and Assistance	-	-	-	-	-
County Buildings & Equipment	-	-	146,074	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 87,365</u>	<u>\$ 45,253</u>	<u>\$ 146,074</u>	<u>\$ 18,320</u>	<u>\$ 18,228</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, 2014

	Veterans' Aid Fund	Aging Services Fund	Drug Law Enforcement Fund	Attorney Federal Drug Law Enforcement Fund	Sheriff Federal Drug Law Enforcement Fund	Attorney Grant Fund
<b>RECEIPTS</b>						
Property Taxes	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	53,831	2,353	58,271	348,663	64,163
Charges for Services	-	-	-	25,155	-	-
Miscellaneous	-	600	81,810	-	11,601	-
<b>TOTAL RECEIPTS</b>	<b>1</b>	<b>54,431</b>	<b>84,163</b>	<b>83,426</b>	<b>360,264</b>	<b>64,163</b>
<b>DISBURSEMENTS</b>						
General Government	-	-	-	-	-	-
Public Safety	-	-	14,473	112,001	428,624	50,483
Public Works	-	-	-	-	-	-
Public Assistance	5,000	74,156	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>5,000</b>	<b>74,156</b>	<b>14,473</b>	<b>112,001</b>	<b>428,624</b>	<b>50,483</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(4,999)</b>	<b>(19,725)</b>	<b>69,690</b>	<b>(28,575)</b>	<b>(68,360)</b>	<b>13,680</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	24,160	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>24,160</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(4,999)	4,435	69,690	(28,575)	(68,360)	13,680
<b>FUND BALANCES - BEGINNING</b>	<b>5,163</b>	<b>14,552</b>	<b>14,844</b>	<b>177,904</b>	<b>474,673</b>	<b>56,534</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 164</b>	<b>\$18,987</b>	<b>\$ 84,534</b>	<b>\$ 149,329</b>	<b>\$ 406,313</b>	<b>\$ 70,214</b>
<b>FUND BALANCES:</b>						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
Emergency Services	-	-	-	-	-	-
Drug Education	-	-	84,534	-	-	-
Law Enforcement	-	-	-	149,329	406,313	70,214
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Road Maintenance	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	-	-	-	-	-
Road Maintenance	-	-	-	-	-	-
Aid and Assistance	164	18,987	-	0	-	-
County Buildings & Equipment	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>\$ 164</b>	<b>\$18,987</b>	<b>\$ 84,534</b>	<b>\$ 149,329</b>	<b>\$ 406,313</b>	<b>\$ 70,214</b>

(Continued)

**SEWARD COUNTY**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2014

	Emergency Manager Grant Fund	E911 Grant Fund	Road Grant Fund	Miscellaneous Grant	911 Wireless Service Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 50,134
Intergovernmental	58,986	-	-	32,584	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>58,986</u>	<u>-</u>	<u>-</u>	<u>32,584</u>	<u>50,134</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	-
Public Safety	34,041	-	-	-	10,663
Public Works	-	-	-	24,163	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>34,041</u>	<u>-</u>	<u>-</u>	<u>24,163</u>	<u>10,663</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>24,945</u>	<u>-</u>	<u>-</u>	<u>8,421</u>	<u>39,471</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(37,600)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,600)</u>
Net Change in Fund Balances	24,945	-	-	8,421	1,871
<b>FUND BALANCES - BEGINNING</b>	<u>95,884</u>	<u>-</u>	<u>47,953</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 120,829</u>	<u>\$ -</u>	<u>\$47,953</u>	<u>\$ 8,421</u>	<u>\$ 1,871</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	-
Emergency Services	120,829	-	-	-	1,871
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	8,421	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Road Maintenance	-	-	47,953	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
County Buildings & Equipment	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 120,829</u>	<u>\$ -</u>	<u>\$47,953</u>	<u>\$ 8,421</u>	<u>\$ 1,871</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, 2014

	911 Wireless Holding Fund	E911 Fund	Right of Way Holding Fund	Visitor Improvement Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ 60,816	\$ -	\$ 4,705	\$ 134,288
Intergovernmental	-	200,851	-	-	1,014,058
Charges for Services	-	-	-	-	37,317
Miscellaneous	-	-	-	-	94,094
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>261,667</b>	<b>-</b>	<b>4,705</b>	<b>1,279,757</b>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	66,837
Public Safety	-	583,705	-	-	1,233,990
Public Works	-	-	32,000	-	313,154
Public Assistance	-	-	-	-	79,156
Culture and Recreation	-	-	-	-	12,470
<b>TOTAL DISBURSEMENTS</b>	<b>-</b>	<b>583,705</b>	<b>32,000</b>	<b>-</b>	<b>1,705,607</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>-</b>	<b>(322,038)</b>	<b>(32,000)</b>	<b>4,705</b>	<b>(425,850)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	37,600	345,949	-	-	535,744
Transfers out	-	-	-	-	(37,600)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>37,600</b>	<b>345,949</b>	<b>-</b>	<b>-</b>	<b>498,144</b>
Net Change in Fund Balances	37,600	23,911	(32,000)	4,705	72,294
<b>FUND BALANCES - BEGINNING</b>	<b>83,706</b>	<b>74,468</b>	<b>32,000</b>	<b>-</b>	<b>1,375,951</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 121,306</b>	<b>\$ 98,379</b>	<b>\$ -</b>	<b>\$ 4,705</b>	<b>\$ 1,448,245</b>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	4,705	23,025
Emergency Services	121,306	98,379	-	-	342,385
Drug Education	-	-	-	-	84,534
Law Enforcement	-	-	-	-	634,277
Preservation of Records	-	-	-	-	18,228
Debt Service	-	-	-	-	-
Road Maintenance	-	-	-	-	47,953
-	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	-	-	-	-	132,618
Aid and Assistance	-	-	-	-	19,151
County Buildings & Equipment	-	-	-	-	146,074
<b>TOTAL FUND BALANCES</b>	<b>\$ 121,306</b>	<b>\$ 98,379</b>	<b>\$ -</b>	<b>\$ 4,705</b>	<b>\$ 1,448,245</b>

(Concluded)

**SEWARD COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2014

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer
BALANCES JULY 1, 2013	\$ 33,054	\$ 227,853	\$ 16,911	\$ -	\$ 75	\$ 1,192
<b>RECEIPTS</b>						
Licenses and Permits	2,755	-	760	-	700	-
Intergovernmental	-	-	14,262	-	-	6,073
Charges for Services	138,305	37,562	47,378	59,602	3,982	-
Miscellaneous	-	100	-	-	6,214	1
State Fees	129,038	23,354	-	-	177	-
Other Liabilities	570	433,492	402,249	18,968	-	-
<b>TOTAL RECEIPTS</b>	<b>270,668</b>	<b>494,508</b>	<b>464,649</b>	<b>78,570</b>	<b>11,073</b>	<b>6,074</b>
<b>DISBURSEMENTS</b>						
Payments to County Treasurer	143,124	36,740	66,260	59,187	10,895	-
Payments to State Treasurer	121,919	23,107	-	-	178	-
Other Liabilities	1,750	449,270	401,137	18,968	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>266,793</b>	<b>509,117</b>	<b>467,397</b>	<b>78,155</b>	<b>11,073</b>	<b>-</b>
BALANCES JUNE 30, 2014	<u>\$ 36,929</u>	<u>\$ 213,244</u>	<u>\$ 14,163</u>	<u>\$ 415</u>	<u>\$ 75</u>	<u>\$ 7,266</u>
<b>BALANCES CONSIST OF:</b>						
Due to County Treasurer	\$ 14,806	\$ 1,894	\$ 2,087	\$ 415	\$ 75	\$ 7,266
Petty Cash	7,500	100	-	-	-	-
Due to State Treasurer	14,623	1,841	-	-	-	-
Due to Others	-	209,409	12,076	-	-	-
BALANCES JUNE 30, 2014	<u>\$ 36,929</u>	<u>\$ 213,244</u>	<u>\$ 14,163</u>	<u>\$ 415</u>	<u>\$ 75</u>	<u>\$ 7,266</u>

(Continued)

**SEWARD COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2014

	<u>County Health Insurance</u>	<u>County Planning and Zoning</u>	<u>County Aging Services</u>	<u>County Public Transit</u>	<u>Total</u>
BALANCES JULY 1, 2013	\$ 257,822	\$ -	\$ -	\$ 2	\$ 536,909
<b>RECEIPTS</b>					
Licenses and Permits	-	7,725	-	-	11,940
Intergovernmental	-	-	53,832	-	74,167
Charges for Services	-	-	-	9,805	296,634
Miscellaneous	1,234,744	-	600	-	1,241,659
State Fees	-	-	-	-	152,569
Other Liabilities	-	-	-	-	855,279
<b>TOTAL RECEIPTS</b>	<u>1,234,744</u>	<u>7,725</u>	<u>54,432</u>	<u>9,805</u>	<u>2,632,248</u>
<b>DISBURSEMENTS</b>					
Payments to County Treasurer	-	3,075	54,432	9,807	383,520
Payments to State Treasurer	-	-	-	-	145,204
Other Liabilities	897,374	-	-	-	1,768,499
<b>TOTAL DISBURSEMENTS</b>	<u>897,374</u>	<u>3,075</u>	<u>54,432</u>	<u>9,807</u>	<u>2,297,223</u>
BALANCES JUNE 30, 2014	<u>\$ 595,192</u>	<u>\$ 4,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 871,934</u>
<b>BALANCES CONSIST OF:</b>					
Due to County Treasurer	\$ 595,192	\$ 4,650	\$ -	\$ -	\$ 626,385
Petty Cash	-	-	-	-	7,600
Due to State Treasurer	-	-	-	-	16,464
Due to Others	-	-	-	-	221,485
BALANCES JUNE 30, 2014	<u>\$ 595,192</u>	<u>\$ 4,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 871,934</u>

(Concluded)

SEWARD COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
 June 20, 2014

Item	2009	2010	2011	2012	2013
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 23,476,255	\$ 25,368,473	\$ 26,900,926	\$ 27,832,232	\$ 30,133,842
Personal and Specials	1,819,239	2,139,532	2,220,078	2,927,682	3,008,360
<b>Total</b>	<b>25,295,494</b>	<b>27,508,005</b>	<b>29,121,004</b>	<b>30,759,914</b>	<b>33,142,202</b>
<b>Corrections</b>					
Additions	7,624	9,083	9,814	11,372	4,621
Deductions	(24,274)	(35,616)	(3,537)	(5,182)	(4,002)
Net Additions/ (Deductions)	(16,650)	(26,533)	6,277	6,190	619
<b>Corrected Certified Tax</b>	<b>25,278,844</b>	<b>27,481,472</b>	<b>29,127,281</b>	<b>30,766,104</b>	<b>33,142,821</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2010	14,763,732	-	-	-	-
June 30, 2011	10,516,649	16,370,852	-	-	-
June 30, 2012	7,581	11,093,969	17,540,097	-	-
June 30, 2013	(14,994)	9,437	11,561,400	18,742,001	-
June 30, 2014	1,737	2,993	13,585	12,005,023	20,604,864
<b>Total Net Collections</b>	<b>25,274,705</b>	<b>27,477,251</b>	<b>29,115,082</b>	<b>30,747,024</b>	<b>20,604,864</b>
<b>Total Uncollected Tax</b>	<b>\$ 4,139</b>	<b>\$ 4,221</b>	<b>\$ 12,199</b>	<b>\$ 19,080</b>	<b>\$ 12,537,957</b>
<b>Percentage Uncollected Tax</b>	<b>0.02%</b>	<b>0.02%</b>	<b>0.04%</b>	<b>0.06%</b>	<b>37.83%</b>

SEWARD COUNTY  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
<b>U.S. DEPARTMENT OF JUSTICE</b>		
Asset Forfeiture Program	16.Unknown	\$ 40,646
Passed through State Commission on Law Enforcement and Criminal Justice Crime Victim Assistance	16.575	23,665
Total U.S. Department of Justice		<u>64,311</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>		
Passed through Nebraska Military Department Emergency Management Performance Grants	97.042	34,041
Total U.S. Department of Homeland Security		<u>34,041</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
Passed through Nebraska Department of Health and Human Services Child Support Enforcement	93.563	114,382
Medical Assistance Program	93.778	74
Passed through City of Lincoln Special Programs for Aging, Title III, Part C, Nutrition Services	93.045	36,824
Total U.S. Department of Health and Human Services		<u>151,280</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>		
Passed through Nebraska Department of Roads Formula Grants for Rural Areas	20.509	57,077
Total U.S. Department of Transportation		<u>57,077</u>
<b>U.S. DEPARTMENT OF TREASURY</b>		
Asset Forfeiture Program	21.Unknown *	474,824
Total U.S. Department of Treasury		<u>474,824</u>
<b>U.S. DEPARTMENT OF Commerce</b>		
Economic Development Adjustment Assistance	11.307 *	530,846
Total U.S. Department of Commerce		<u>530,846</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u><u>\$ 1,312,379</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, 2014.

##### 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.



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
[www.auditors.nebraska.gov](http://www.auditors.nebraska.gov)

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, 2014, 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 30, 2014. 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.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiencies in the County's internal control to be a significant deficiency:

- The County offices lacked a segregation of duties, as 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.

*County's Response: The County Board implemented a segregation of duties policy on September 9, 2014. The policy instructs offices to implement good controls when ever possible and was established to insure internal safeguards and controls are implemented for all financial transactions.*

### **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**

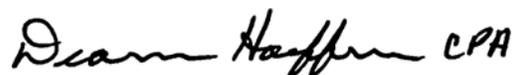
We also noted certain matters that we reported to the management of Seward County in a separate letter dated December 30, 2014.

### **Seward County's Response to Findings**

Seward County's response to the findings identified in our audit is described above. Seward County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

December 30, 2014



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
[www.auditors.nebraska.gov](http://www.auditors.nebraska.gov)

SEWARD COUNTY  
**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM; REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENITURES 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, 2014. 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, 2014.

### **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 major Federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 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 Seward County, as of and for the year ended June 30, 2014, and have issued our report thereon dated December 30, 2014, which contains unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements, which 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

December 30, 2014



Deann Haeffner  
Assistant Deputy Auditor  
Lincoln, Nebraska

SEWARD COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2014

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Type of auditor's report issued:	<b>Unmodified</b>		
Internal control over financial reporting:			
Material weaknesses identified?	<u>    </u> Yes	<u>  X  </u> No	
Significant deficiencies identified?	<u>  X  </u> Yes	<u>    </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:	<b>Unmodified</b>		
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: <b>Asset Forfeiture Program CFDA 21.Unknown Economic Development Adjustment Assistance CFDA 11.307</b>			
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**

(Continued)

SECTION II. FINANCIAL STATEMENT FINDINGS

**Finding # 2014-1**

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 an 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**



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
[www.auditors.nebraska.gov](http://www.auditors.nebraska.gov)

December 30, 2014

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, 2014, and have issued our report thereon dated December 30, 2014. 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 various offices, which collect and remit money to the County Treasurer, had a lack of segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. Due to a limited number of personnel in those various offices, 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's Response: The County Board implemented a segregation of duties policy on September 9, 2014. The policy instructs offices to implement good controls when ever possible and was established to insure internal safeguards and controls are implemented for all financial transactions.*

## **COUNTY BOARD**

### **Duplicate Payments**

During our audit, we noted two claims to different vendors, totaling \$1,544, 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 liabilities exceeded assets by \$150, and a detailed list of individual account balances was not maintained. Additionally we noted a complete list of all receipts issued for the audit period was not available. 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.

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.

We recommend the County Sheriff implement documented monthly balancing procedures and follow up on all unexplained variances in a timely manner. Additionally, receipts should be issued for all money received, supported with documentation for the amount received, and recorded in a ledger that is available for inspection.

## **Unclaimed Property**

During our audit, we noted 210 uncashed checks, totaling \$968, which were voided in the Sheriff's bank account records but were never reported to the State Treasurer as unclaimed property. This was a prior year finding. Additionally, we noted one check for \$32 that was remitted to the County Treasurer rather than to the State Treasurer as unclaimed property.

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

We recommend all personal property that remains unclaimed for more than three years be remitted to the State Treasurer in accordance with the Unclaimed Property Act.

## **Printed Check Signature**

During our audit, we noted that preprinted signatures were used for checks written on one of the County Sheriff's bank accounts. In addition, numerous office staff had access to print checks from the accounting system. This was a prior year finding.

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 to insure checks are written to the correct payee and for the appropriate amount.

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

*County Sheriff's Response: I have requested staff to review the report and to respond in writing to areas determined to be in need of remediation or changes recommended by your office.*

*I am also researching and discussing policies and procedures in our accounting practices that need improvement. I have discussed this with the staff directly involved in the process with the goal of improving our accounting, balancing and records management procedures.*

*I have requested assigned responsibility for completing weekly and monthly reconciliation for Front Office receipts. I am in the process of determining how we address the issue of limiting access to signed checks used for reimbursement to inmates released from our custody and for tracking any checks that are determined to be remitted to the State Treasurer as Unclaimed Property.*

*We are already issuing receipts and maintaining a ledger/record for any monies received by Sheriff's Office staff. We also have an internal validation process in place to periodically pull random receipts and compliance with reconciling of Sheriff's Office checks/ledger entries. It is our intention to use the lessons learned from the annual audit that ensure proper accounting for all monies/assets that come into our office or within our responsibility.*

*In closing, I want you to know that we strive to comply and meet all the requirements regarding appropriate accounting of public funds entrusted to the Seward County Sheriff's Office and Detention Center. We want you to know that we appreciate the recommendations made by your staff in accomplishing this responsibility.*

## **COUNTY PLANNING AND ZONING**

### **Balancing Procedures**

Good internal control includes a plan of organization and procedures designed to safeguard assets and provide reliable financial records, including detailed documentation to ensure amounts are received for all permits issued.

During testing, we noted an accurate listing of accounts receivable was not maintained. As of June 30, 2014, there was \$4,650 worth of permits issued but no fee collected; the amount increased to \$5,100 as of November 18, 2014.

Without sufficient records and the timely collection of money for permits issued, there is an increased risk of loss or misuse of County funds.

We strongly recommend the County implement procedures to track outstanding accounts receivable and follow up on the current balances.

\* \* \* \* \*

It should be noted this report is critical in nature, as 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 management with 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 they 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 it 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,

A handwritten signature in black ink that reads "Deann Haeffner CPA". The signature is written in a cursive style.

Deann Haeffner, CPA  
Assistant Deputy Auditor