

**AUDIT REPORT  
OF  
SEWARD COUNTY**

**JULY 1, 2015 THROUGH JUNE 30, 2016**

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
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**Issued on December 22, 2016**

SEWARD COUNTY

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SEWARD COUNTY

**LIST OF COUNTY OFFICIALS**

At June 30, 2016

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Eugene Gausman	Jan. 2019
	Whitney Fleischman	Jan. 2019
	Roger Glawatz	Jan. 2019
	Diana Garske	Jan. 2017
	Mike Luebbe	Jan. 2017
Assessor	Marilyn Hladky	Jan. 2019
Attorney	Wendy Elston	Jan. 2019
Clerk	Sherry Schweitzer	Jan. 2019
Election Commissioner		
Register of Deeds		
Clerk of the District Court	Jacquelyn Stewart	Jan. 2019
Sheriff	Joe Yocum	Jan. 2019
Treasurer	Bob Dahms	Jan. 2019
Public Defender	Christina Marroquin	Jan. 2017
Veterans' Service Officer	Jeff Baker	Appointed
Rural Transit Director		
Weed Superintendent	Becky Paulsen	Appointed
Planning and Zoning		
Highway Superintendent	Curt Parrack (last day 6/29/16)	Appointed



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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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, 2016, 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, 2016, 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.

### **Emphasis of Matters – 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.

### **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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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.

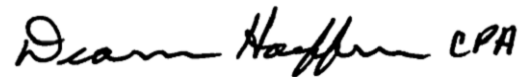
The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, schedule of expenditures of Federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and schedule of taxes certified and collected, pages 20-34, 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 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2016, 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* in considering Seward County's internal control over financial reporting and compliance.

December 20, 2016

  
Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

SEWARD COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**

June 30, 2016

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 11,531,720
<b>TOTAL ASSETS</b>	<u><u>\$ 11,531,720</u></u>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 58,754
Emergency Services	448,698
Drug Education	220,257
Law Enforcement	1,025,970
Preservation of Records	35,092
Capital Projects	2,174,921
Bridge/Road Projects	274,532
Unrestricted	7,293,496
<b>TOTAL NET POSITION</b>	<u><u>\$ 11,531,720</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, 2016

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (4,179,819)	\$ 677,485	\$ 105,434	\$ (3,396,900)
Public Safety	(3,762,471)	128,264	348,207	(3,286,000)
Public Works	(3,504,986)	-	1,972,283	(1,532,703)
Public Assistance	(498,407)	-	200,547	(297,860)
Culture and Recreation	(33,207)	-	-	(33,207)
Debt Payments	(622,710)	-	-	(622,710)
Capital Outlay	(10,054,584)	-	-	(10,054,584)
Total Governmental Activities	<u>\$ (22,656,184)</u>	<u>\$ 805,749</u>	<u>\$ 2,626,471</u>	<u>(19,223,964)</u>

General Receipts:

Property Taxes	8,624,288
Grants and Contributions Not Restricted to Specific Programs	1,197,268
Investment Income	68,432
Licenses and Permits	60,523
Miscellaneous	534,526
Total General Receipts	<u>10,485,037</u>
Increase in Net Position	(8,738,927)
Net Position - Beginning of year	20,270,647
Net Position - End of year	<u>\$ 11,531,720</u>

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, 2016

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Justice Center Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and Cash Equivalents (Note 1.D)	\$ 2,832,509	\$ 927,604	\$ 3,052,994	\$2,174,921	\$ 2,543,692	\$ 11,531,720
<b>TOTAL ASSETS</b>	<u>\$ 2,832,509</u>	<u>\$ 927,604</u>	<u>\$ 3,052,994</u>	<u>\$2,174,921</u>	<u>\$ 2,543,692</u>	<u>\$ 11,531,720</u>
<b>FUND BALANCES</b>						
Restricted for:						
Visitor Promotion	-	-	-	-	58,754	58,754
Emergency Services	-	-	-	-	448,698	448,698
Drug Education	-	-	-	-	220,257	220,257
Law Enforcement	-	-	-	-	1,025,970	1,025,970
Preservation of Records	-	-	-	-	35,092	35,092
Capital Projects	-	-	-	2,174,921	-	2,174,921
Bridge/Road Projects	-	-	-	-	274,532	274,532
Committed to:						
Road Maintenance	-	927,604	-	-	238,330	1,165,934
Aid and Assistance	-	-	-	-	44,891	44,891
County Buildings & Equipment	-	-	-	-	197,168	197,168
Assigned to:						
Other Purposes	-	-	3,052,994	-	-	3,052,994
Unassigned	2,832,509	-	-	-	-	2,832,509
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 2,832,509</u>	<u>\$ 927,604</u>	<u>\$ 3,052,994</u>	<u>\$2,174,921</u>	<u>\$ 2,543,692</u>	<u>\$ 11,531,720</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, 2016

	General Fund	Road Fund	Inheritance Fund	Justice Center Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$ 6,785,267	\$ -	\$ 970,418	\$ 711,597	\$ 157,006	\$ 8,624,288
Licenses and Permits	60,523	-	-	-	-	60,523
Investment Income	45,892	-	-	22,540	-	68,432
Intergovernmental	831,284	1,928,052	15,391	85,112	963,900	3,823,739
Charges for Services	743,390	-	-	-	62,359	805,749
Miscellaneous	96,779	4,031	125,611	-	308,105	534,526
<b>TOTAL RECEIPTS</b>	<u>8,563,135</u>	<u>1,932,083</u>	<u>1,111,420</u>	<u>819,249</u>	<u>1,491,370</u>	<u>13,917,257</u>
<b>DISBURSEMENTS</b>						
General Government	3,330,213	-	746,056	-	103,550	4,179,819
Public Safety	2,402,494	-	-	-	1,359,977	3,762,471
Public Works	218,382	3,147,000	-	-	139,604	3,504,986
Health and Sanitation	-	-	-	-	-	-
Public Assistance	402,513	-	-	-	95,894	498,407
Culture and Recreation	-	-	-	-	33,207	33,207
Debt Service:						
Principal Payments	-	-	-	375,000	-	375,000
Interest and Fiscal Charges	-	-	-	247,710	-	247,710
Capital Outlay	-	-	-	10,054,584	-	10,054,584
<b>TOTAL DISBURSEMENTS</b>	<u>6,353,602</u>	<u>3,147,000</u>	<u>746,056</u>	<u>10,677,294</u>	<u>1,732,232</u>	<u>22,656,184</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>2,209,533</u>	<u>(1,214,917)</u>	<u>365,364</u>	<u>(9,858,045)</u>	<u>(240,862)</u>	<u>(8,738,927)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	125,000	1,771,369	12,000	2,500,000	768,562	5,176,931
Transfers out	(2,192,645)	(222,090)	(2,637,000)	-	(125,196)	(5,176,931)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,067,645)</u>	<u>1,549,279</u>	<u>(2,625,000)</u>	<u>2,500,000</u>	<u>643,366</u>	<u>-</u>
Net Change in Fund Balances	141,888	334,362	(2,259,636)	(7,358,045)	402,504	(8,738,927)
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>2,690,621</u>	<u>593,242</u>	<u>5,312,630</u>	<u>9,532,966</u>	<u>2,141,188</u>	<u>20,270,647</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 2,832,509</u>	<u>\$ 927,604</u>	<u>\$ 3,052,994</u>	<u>\$ 2,174,921</u>	<u>\$ 2,543,692</u>	<u>\$ 11,531,720</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, 2016

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,881,830
 <b>LIABILITIES</b>	
Due to other governments	
State	277,240
Schools	1,202,029
Educational Service Units	5,202
Technical College	25,036
Natural Resource Districts	9,245
Fire Districts	10,888
Municipalities	54,740
Agricultural Society	4,274
Cemetery Districts	1,317
Hospital	247
Others	291,612
<b>TOTAL LIABILITIES</b>	<b>1,881,830</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, 2016

### 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 \$64,351 toward the operation of the Region during fiscal year 2016. 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. 2016).

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 2016. 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) (Cum. Supp. 2016). 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 the following: 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 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.

**Justice Center Debt Service Fund.** This fund is used to account for bond proceeds to be used for the purpose of paying the costs of building the new Justice Center and the resources for, and payment of, general long-term debt principal, interest, and related costs of the bond issued.

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.

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**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.

**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.

## SEWARD COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**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.

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 \$4,238,224 of restricted net position which is fully 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.



## SEWARD COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

#### 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 \$11,531,720 for County funds and \$1,881,830 for Fiduciary funds. The bank balances for all funds totaled \$13,370,360. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2016, 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.

## SEWARD COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

#### 3. **Property Taxes** (Concluded)

The levy set in October 2015, for the 2015 taxes, which will be materially collected in May and September 2016, was set at \$.271338/\$100 of assessed valuation. The levy set in October 2014, for the 2014 taxes, which were materially collected in May and September 2015, was set at \$.242477/\$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.

#### 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. 2016) 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 employee'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. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. 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.

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS  
(Continued)

4. **Retirement System** (Continued)

For the year ended June 30, 2016, 149 employees contributed \$216,672, and the County contributed \$322,311. Contributions included \$5,244 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 80 counties throughout Nebraska.

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed by the Board for an additional contribution equal to its contribution for the current fiscal year, divided by the contribution of all participants for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, is sent to each county in writing, and each county has 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
Workers' Compensation Claim	\$ 550,000	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 2017. 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**

(Continued)

**6. Interfund Transfers**

Interfund transfers for the year ended June 30, 2016, consisted of the following:

<b>Transfers to</b>	Transfers from				Total
	General Fund	Inheritance Fund	Road Fund	Nonmajor Funds	
Road Fund	\$ 1,759,369	\$ 12,000	\$ -	\$ -	\$ 1,771,369
General Fund	-	125,000	-	-	125,000
Justice Center Debt Service Fund	-	2,500,000	-	-	2,500,000
Inheritance Fund	-	-	12,000	-	12,000
Nonmajor Funds	433,276	-	210,090	125,196	768,562
<b>Total</b>	<b>\$ 2,192,645</b>	<b>\$ 2,637,000</b>	<b>\$ 222,090</b>	<b>\$ 125,196</b>	<b>\$ 5,176,931</b>

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. Contingent Liabilities**

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

**8. Long-Term Debt**

The County issued bonds on October 17, 2014, in the amount of \$9,990,000 for the purpose of paying the costs of constructing a new Justice Center. The bond payable balance, as of June 30, 2016, was \$ 9,615,000. 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.

Future Payments:			
<b>Year</b>	Principal	Interest	Total
2017	\$ 425,000	\$ 242,791	\$ 667,791
2018	415,000	239,963	654,963
2019	430,000	235,884	665,884
2020	435,000	230,420	665,420
2021	440,000	223,635	663,635
2022-2026	2,340,000	969,365	3,309,365
2027-2031	2,675,000	624,705	3,299,705
2032-2035	2,455,000	170,665	2,625,665
<b>Total Payments</b>	<b>\$ 9,615,000</b>	<b>\$ 2,937,428</b>	<b>\$ 12,552,428</b>

SEWARD COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Concluded)

**8. Long-Term Debt** (Concluded)

Subsequently, the County issued bonds on September 30, 2016, in the amount of \$3,500,000 for the purpose of paying for additional costs of constructing, equipping, and furnishing the 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, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 7,351,775	\$ 7,351,775	\$ 6,785,267	\$ (566,508)
Licenses and Permits	35,000	35,000	60,523	25,523
Interest	50,000	50,000	45,892	(4,108)
Intergovernmental	535,000	535,000	831,284	296,284
Charges for Services	515,000	515,000	743,390	228,390
Miscellaneous	55,000	55,000	96,779	41,779
<b>TOTAL RECEIPTS</b>	<u>8,541,775</u>	<u>8,541,775</u>	<u>8,563,135</u>	<u>21,360</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Commissioners	140,350	141,550	141,464	86
County Clerk	181,270	181,270	177,044	4,226
County Treasurer	275,871	275,871	273,840	2,031
County Assessor	276,700	276,700	276,580	120
Election Commissioner	56,300	56,300	36,918	19,382
Personnel	69,065	69,065	68,818	247
Clerk of the District Court	261,365	261,365	251,202	10,163
County Court System	32,200	32,200	31,799	401
District Judge	42,414	42,414	36,036	6,378
Public Defender	132,531	132,531	130,432	2,099
Building and Grounds	220,754	220,754	213,015	7,739
Agricultural Extension Agent	186,869	186,869	150,172	36,697
Abandoned Cemeteries	5,000	5,000	4,144	856
Miscellaneous	2,052,942	2,051,742	1,538,749	512,993
Public Safety				
County Sheriff	1,103,637	1,103,637	1,032,051	71,586
County Attorney	591,019	591,019	574,580	16,439
County Jail	749,744	749,744	595,027	154,717
Emergency Management	120,079	120,079	104,285	15,794
Miscellaneous	160,000	160,000	96,551	63,449
Public Works				
County Surveyor	8,440	8,440	7,289	1,151
Noxious Weed Control	92,955	92,955	88,397	4,558
Highway Department	130,018	130,018	122,696	7,322
Public Assistance				
Veterans' Service Officer	45,419	45,419	44,689	730
Public Transit	208,579	208,579	193,912	14,667
Miscellaneous	159,632	159,632	163,912	(4,280)
<b>TOTAL DISBURSEMENTS</b>	<u>7,303,153</u>	<u>7,303,153</u>	<u>6,353,602</u>	<u>949,551</u>

(Continued)

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

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	1,238,622	1,238,622	2,209,533	970,911
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	125,000	125,000	125,000	-
Transfers out	(2,149,044)	(2,149,044)	(2,192,645)	(43,601)
TOTAL OTHER FINANCING SOURCES (USES)	(2,024,044)	(2,024,044)	(2,067,645)	(43,601)
Net Change in Fund Balance	(785,422)	(785,422)	141,888	927,310
<b>FUND BALANCE - BEGINNING</b>	1,885,422	1,885,422	2,690,621	805,199
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 2,832,509</u>	<u>\$ 1,732,509</u>

(Concluded)

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

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,875,000	\$ 1,875,000	\$1,928,052	\$ 53,052
Miscellaneous	-	-	4,031	4,031
<b>TOTAL RECEIPTS</b>	<b>1,875,000</b>	<b>1,875,000</b>	<b>1,932,083</b>	<b>57,083</b>
<b>DISBURSEMENTS</b>	<b>3,927,611</b>	<b>3,927,611</b>	<b>3,147,000</b>	<b>780,611</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(2,052,611)</b>	<b>(2,052,611)</b>	<b>(1,214,917)</b>	<b>837,694</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,759,369	1,759,369	1,771,369	12,000
Transfers out	-	-	(222,090)	(222,090)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,759,369</b>	<b>1,759,369</b>	<b>1,549,279</b>	<b>(210,090)</b>
Net Change in Fund Balance	(293,242)	(293,242)	334,362	627,604
<b>FUND BALANCE - BEGINNING</b>	<b>593,242</b>	<b>593,242</b>	<b>593,242</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ 927,604</b>	<b>\$ 627,604</b>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 970,418	\$ 970,418
Intergovernmental	-	-	15,391	15,391
Miscellaneous	-	-	125,611	125,611
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>1,111,420</b>	<b>1,111,420</b>
<b>DISBURSEMENTS</b>	<b>5,655,630</b>	<b>5,655,630</b>	<b>746,056</b>	<b>4,909,574</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(5,655,630)</b>	<b>(5,655,630)</b>	<b>365,364</b>	<b>6,020,994</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	12,000	12,000
Transfers out	(125,000)	(125,000)	(2,637,000)	(2,512,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(125,000)</b>	<b>(125,000)</b>	<b>(2,625,000)</b>	<b>(2,500,000)</b>
Net Change in Fund Balance	(5,780,630)	(5,780,630)	(2,259,636)	3,520,994
<b>FUND BALANCE - BEGINNING</b>	<b>5,780,630</b>	<b>5,780,630</b>	<b>5,312,630</b>	<b>(468,000)</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$3,052,994</b>	<b>\$ 3,052,994</b>



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

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>JUSTICE CENTER DEBT SERVICE FUND</u></b>				
<b>RECEIPTS</b>				
Taxes	\$ 1,000,000	\$ 1,000,000	\$ 711,597	\$ (288,403)
Interest	-	-	22,540	22,540
Intergovernmental	-	-	85,112	85,112
Miscellaneous	4,000,000	4,000,000	-	(4,000,000)
<b>TOTAL RECEIPTS</b>	<u>5,000,000</u>	<u>5,000,000</u>	<u>819,249</u>	<u>(4,180,751)</u>
 <b>DISBURSEMENTS</b>	 <u>14,532,966</u>	 <u>14,532,966</u>	 <u>10,677,294</u>	 <u>3,855,672</u>
 <b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	 <u>(9,532,966)</u>	 <u>(9,532,966)</u>	 <u>(9,858,045)</u>	 <u>(325,079)</u>
 <b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	2,500,000	2,500,000
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>2,500,000</u>	<u>2,500,000</u>
 Net Change in Fund Balance	 (9,532,966)	 (9,532,966)	 (7,358,045)	 2,174,921
FUND BALANCE - BEGINNING	9,532,966	9,532,966	9,532,966	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,174,921</u>	<u>\$ 2,174,921</u>

(Concluded)

**SEWARD COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**  
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD BUYBACK FUND</b>				
Receipts	\$ 220,926	\$ 220,926	\$ 235,002	\$ 14,076
Disbursements	(281,484)	(281,484)	(60,558)	220,926
Net Change in Fund Balance	(60,558)	(60,558)	174,444	235,002
Fund Balance - Beginning	60,558	60,558	60,558	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,002</u>	<u>\$ 235,002</u>
<b>SPECIAL ROAD FUND</b>				
Receipts	\$ 171,308	\$ 171,308	\$ 16,567	\$ (154,741)
Disbursements	(200,000)	(200,000)	(17,019)	182,981
Transfers in	-	-	210,090	210,090
Transfers out	-	-	-	-
Net Change in Fund Balance	(28,692)	(28,692)	209,638	238,330
Fund Balance - Beginning	28,692	28,692	28,692	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,330</u>	<u>\$ 238,330</u>
<b>EQUIPMENT SINKING FUND</b>				
Receipts	\$ 30,250	\$ 30,250	\$ 5,350	\$ (24,900)
Disbursements	(237,315)	(237,315)	(58,848)	178,467
Transfers in	20,000	20,000	63,601	43,601
Transfers out	-	-	-	-
Net Change in Fund Balance	(187,065)	(187,065)	10,103	197,168
Fund Balance - Beginning	187,065	187,065	187,065	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,168</u>	<u>\$ 197,168</u>
<b>VISITOR PROMOTION FUND</b>				
Receipts	\$ 26,006	\$ 26,006	\$ 19,747	\$ (6,259)
Disbursements	(50,000)	(50,000)	(21,510)	28,490
Net Change in Fund Balance	(23,994)	(23,994)	(1,763)	22,231
Fund Balance - Beginning	23,994	23,994	23,994	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,231</u>	<u>\$ 22,231</u>
<b>VISITOR IMPROVEMENT FUND</b>				
Receipts	\$ 23,977	\$ 23,977	\$ 22,197	\$ (1,780)
Disbursements	(50,000)	(50,000)	(11,697)	38,303
Net Change in Fund Balance	(26,023)	(26,023)	10,500	36,523
Fund Balance - Beginning	26,023	26,023	26,023	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,523</u>	<u>\$ 36,523</u>

(Continued)

**SEWARD COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**  
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REGISTER OF DEEDS PRESERVATION FUND</b>				
Receipts	\$ 25,105	\$ 25,105	\$ 11,860	\$ (13,245)
Disbursements	(50,000)	(50,000)	(1,663)	48,337
Net Change in Fund Balance	(24,895)	(24,895)	10,197	35,092
Fund Balance - Beginning	24,895	24,895	24,895	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,092</u>	<u>\$ 35,092</u>
<b>VETERANS' AID FUND</b>				
Receipts	\$ 1,651	\$ 1,651	\$ 1,699	\$ 48
Disbursements	(5,000)	(5,000)	-	5,000
Net Change in Fund Balance	(3,349)	(3,349)	1,699	5,048
Fund Balance - Beginning	3,349	3,349	3,349	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,048</u>	<u>\$ 5,048</u>
<b>AGING SERVICES FUND</b>				
Receipts	\$ 44,464	\$ 44,464	\$ 75,282	\$ 30,818
Disbursements	(99,919)	(99,919)	(95,894)	4,025
Transfers in	21,718	21,718	21,718	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(33,737)	(33,737)	1,106	34,843
Fund Balance - Beginning	38,737	38,737	38,737	-
Fund Balance - Ending	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 39,843</u>	<u>\$ 34,843</u>
<b>DRUG LAW ENFORCEMENT FUND</b>				
Receipts	\$ 135,634	\$ 135,634	\$ 202,961	\$ 67,327
Disbursements	(200,000)	(200,000)	(47,070)	152,930
Net Change in Fund Balance	(64,366)	(64,366)	155,891	220,257
Fund Balance - Beginning	64,366	64,366	64,366	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,257</u>	<u>\$ 220,257</u>
<b>ATTORNEY FEDERAL DRUG LAW ENFORCEMENT FUND</b>				
Receipts	\$ 177,547	\$ 177,547	\$ 57,187	\$ (120,360)
Disbursements	(442,066)	(442,066)	(33,453)	408,613
Transfers in	-	-	-	-
Transfers out	-	-	(80,000)	(80,000)
Net Change in Fund Balance	(264,519)	(264,519)	(56,266)	208,253
Fund Balance - Beginning	264,519	264,519	264,519	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,253</u>	<u>\$ 208,253</u>

(Continued)

**SEWARD COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**  
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>SHERIFF FEDERAL DRUG LAW ENFORCEMENT FUND</b>				
Receipts	\$ -	\$ -	\$ 160,860	\$ 160,860
Disbursements	(791,054)	(791,054)	(391,370)	399,684
Net Change in Fund Balance	(791,054)	(791,054)	(230,510)	560,544
Fund Balance - Beginning	791,054	791,054	791,054	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 560,544</u>	<u>\$ 560,544</u>
<b>ATTORNEY GRANT FUND</b>				
Receipts	\$ 458,815	\$ 458,815	\$ 263,262	\$ (195,553)
Disbursements	(558,507)	(558,507)	(185,781)	372,726
Transfers in	-	-	80,000	80,000
Transfers out	-	-	-	-
Net Change in Fund Balance	(99,692)	(99,692)	157,481	257,173
Fund Balance - Beginning	99,692	99,692	99,692	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,173</u>	<u>\$ 257,173</u>
<b>EMERGENCY MANAGER GRANT FUND</b>				
Receipts	\$ 354,179	\$ 354,179	\$ 45,725	\$ (308,454)
Disbursements	(500,000)	(500,000)	(27,231)	472,769
Net Change in Fund Balance	(145,821)	(145,821)	18,494	164,315
Fund Balance - Beginning	145,821	145,821	145,821	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,315</u>	<u>\$ 164,315</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	\$ 2,917,727	\$ 2,917,727	\$ 19,284	\$ (2,898,443)
Disbursements	(3,000,000)	(3,000,000)	(62,027)	2,937,973
Net Change in Fund Balance	(82,273)	(82,273)	(42,743)	39,530
Fund Balance - Beginning	82,273	82,273	82,273	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,530</u>	<u>\$ 39,530</u>

(Continued)

**SEWARD COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**  
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>MISCELLANEOUS GRANT FUND</b>				
Receipts	\$ 491,751	\$ 491,751	\$ 34,790	\$ (456,961)
Disbursements	(500,000)	(500,000)	(43,039)	456,961
Net Change in Fund Balance	(8,249)	(8,249)	(8,249)	-
Fund Balance - Beginning	8,249	8,249	8,249	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -
<b>911 WIRELESS SERVICE FUND</b>				
Receipts	\$ 190,724	\$ 190,724	\$ 50,194	\$ (140,530)
Disbursements	(200,000)	(200,000)	(7,729)	192,271
Transfers in	-	-	-	-
Transfers out	-	-	(45,196)	(45,196)
Net Change in Fund Balance	(9,276)	(9,276)	(2,731)	6,545
Fund Balance - Beginning	9,276	9,276	9,276	-
Fund Balance - Ending	\$ -	\$ -	\$ 6,545	\$ 6,545
<b>911 WIRELESS HOLDING FUND</b>				
Receipts	\$ 91,079	\$ 91,079	\$ -	\$ (91,079)
Disbursements	(250,000)	(250,000)	-	250,000
Transfers in	-	-	45,196	45,196
Transfers out	-	-	-	-
Net Change in Fund Balance	(158,921)	(158,921)	45,196	204,117
Fund Balance - Beginning	158,921	158,921	158,921	-
Fund Balance - Ending	\$ -	\$ -	\$ 204,117	\$ 204,117
<b>E911 FUND</b>				
Receipts	\$ 264,355	\$ 264,355	\$ 269,403	\$ 5,048
Disbursements	(676,016)	(676,016)	(667,343)	8,673
Transfers in	347,957	347,957	347,957	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(63,704)	(63,704)	(49,983)	13,721
Fund Balance - Beginning	123,704	123,704	123,704	-
Fund Balance - Ending	\$ 60,000	\$ 60,000	\$ 73,721	\$ 13,721
<b>RIGHT OF WAY HOLDING FUND</b>				
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	\$ -	\$ -	\$ -	\$ -

(Concluded)

**SEWARD COUNTY**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2016

	Road Buyback Fund	Special Road Fund	Equipment Sinking Fund	Visitor Promotion Fund	Visitor Improvement Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ 19,697	\$ 19,697
Intergovernmental	235,002	-	-	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	16,567	5,350	50	2,500
<b>TOTAL RECEIPTS</b>	<u>235,002</u>	<u>16,567</u>	<u>5,350</u>	<u>19,747</u>	<u>22,197</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	58,848	-	-
Public Safety	-	-	-	-	-
Public Works	60,558	17,019	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	21,510	11,697
<b>TOTAL DISBURSEMENTS</b>	<u>60,558</u>	<u>17,019</u>	<u>58,848</u>	<u>21,510</u>	<u>11,697</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>174,444</u>	<u>(452)</u>	<u>(53,498)</u>	<u>(1,763)</u>	<u>10,500</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	210,090	63,601	-	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>210,090</u>	<u>63,601</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	174,444	209,638	10,103	(1,763)	10,500
<b>FUND BALANCES - BEGINNING</b>	<u>60,558</u>	<u>28,692</u>	<u>187,065</u>	<u>23,994</u>	<u>26,023</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 235,002</u>	<u>\$ 238,330</u>	<u>\$ 197,168</u>	<u>\$ 22,231</u>	<u>\$ 36,523</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	22,231	36,523
Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Bridge/Road Projects	235,002	-	-	-	-
Committed to:					
Road Maintenance	-	238,330	-	-	-
Aid and Assistance	-	-	-	-	-
County Buildings & Equipment	-	-	197,168	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 235,002</u>	<u>\$ 238,330</u>	<u>\$ 197,168</u>	<u>\$ 22,231</u>	<u>\$ 36,523</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, 2016

	Register of Deeds Preservation Fund	Veterans' Aid Fund	Aging Services Fund	Drug Law Enforcement Fund	Attorney Federal Drug Law Enforcement Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ 1,682	\$ -	\$ -	\$ -
Intergovernmental	-	17	74,628	-	54,410
Charges for Services	11,860	-	-	-	-
Miscellaneous	-	-	654	202,961	2,777
<b>TOTAL RECEIPTS</b>	<u>11,860</u>	<u>1,699</u>	<u>75,282</u>	<u>202,961</u>	<u>57,187</u>
<b>DISBURSEMENTS</b>					
General Government	1,663	-	-	-	-
Public Safety	-	-	-	47,070	33,453
Public Works	-	-	-	-	-
Public Assistance	-	-	95,894	-	-
Culture and Recreation	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>1,663</u>	<u>-</u>	<u>95,894</u>	<u>47,070</u>	<u>33,453</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>10,197</u>	<u>1,699</u>	<u>(20,612)</u>	<u>155,891</u>	<u>23,734</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	21,718	-	-
Transfers out	-	-	-	-	(80,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>21,718</u>	<u>-</u>	<u>(80,000)</u>
Net Change in Fund Balances	10,197	1,699	1,106	155,891	(56,266)
<b>FUND BALANCES - BEGINNING</b>	<u>24,895</u>	<u>3,349</u>	<u>38,737</u>	<u>64,366</u>	<u>264,519</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 35,092</u>	<u>\$ 5,048</u>	<u>\$ 39,843</u>	<u>\$ 220,257</u>	<u>\$ 208,253</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	-
Emergency Services	-	-	-	-	-
Drug Education	-	-	-	220,257	-
Law Enforcement	-	-	-	-	208,253
Preservation of Records	35,092	-	-	-	-
Bridge/Road Projects	-	-	-	-	-
Committed to:					
Road Maintenance	-	-	-	-	-
Aid and Assistance	-	5,048	39,843	-	-
County Buildings & Equipment	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 35,092</u>	<u>\$ 5,048</u>	<u>\$ 39,843</u>	<u>\$ 220,257</u>	<u>\$ 208,253</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, 2016

	Sheriff Federal Drug Law Enforcement Fund	Attorney Grant Fund	Emergency Manager Grant Fund	Road Grant Fund	Miscellaneous Grant Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	155,776	140,601	45,725	19,284	34,790
Charges for Services	-	50,499	-	-	-
Miscellaneous	5,084	72,162	-	-	-
<b>TOTAL RECEIPTS</b>	<u>160,860</u>	<u>263,262</u>	<u>45,725</u>	<u>19,284</u>	<u>34,790</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	43,039
Public Safety	391,370	185,781	27,231	-	-
Public Works	-	-	-	62,027	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>391,370</u>	<u>185,781</u>	<u>27,231</u>	<u>62,027</u>	<u>43,039</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(230,510)</u>	<u>77,481</u>	<u>18,494</u>	<u>(42,743)</u>	<u>(8,249)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	80,000	-	-	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(230,510)	157,481	18,494	(42,743)	(8,249)
<b>FUND BALANCES - BEGINNING</b>	<u>791,054</u>	<u>99,692</u>	<u>145,821</u>	<u>82,273</u>	<u>8,249</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 560,544</u>	<u>\$ 257,173</u>	<u>\$ 164,315</u>	<u>\$ 39,530</u>	<u>\$ -</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	-
Emergency Services	-	-	164,315	-	-
Drug Education	-	-	-	-	-
Law Enforcement	560,544	257,173	-	-	-
Preservation of Records	-	-	-	-	-
Bridge/Road Projects	-	-	-	39,530	-
Committed to:					
Road Maintenance	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
County Buildings & Equipment	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 560,544</u>	<u>\$ 257,173</u>	<u>\$ 164,315</u>	<u>\$ 39,530</u>	<u>\$ -</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, 2016

	911 Wireless Service Fund	911 Wireless Holding Fund	E911 Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>				
Property Taxes	\$ 50,194	\$ -	\$ 65,736	\$ 157,006
Intergovernmental	-	-	203,667	963,900
Charges for Services	-	-	-	62,359
Miscellaneous	-	-	-	308,105
<b>TOTAL RECEIPTS</b>	<u>50,194</u>	<u>-</u>	<u>269,403</u>	<u>1,491,370</u>
<b>DISBURSEMENTS</b>				
General Government	-	-	-	103,550
Public Safety	7,729	-	667,343	1,359,977
Public Works	-	-	-	139,604
Public Assistance	-	-	-	95,894
Culture and Recreation	-	-	-	33,207
<b>TOTAL DISBURSEMENTS</b>	<u>7,729</u>	<u>-</u>	<u>667,343</u>	<u>1,732,232</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>42,465</u>	<u>-</u>	<u>(397,940)</u>	<u>(240,862)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	45,196	347,957	768,562
Transfers out	(45,196)	-	-	(125,196)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(45,196)</u>	<u>45,196</u>	<u>347,957</u>	<u>643,366</u>
Net Change in Fund Balances	(2,731)	45,196	(49,983)	402,504
<b>FUND BALANCES - BEGINNING</b>	<u>9,276</u>	<u>158,921</u>	<u>123,704</u>	<u>2,141,188</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 6,545</u>	<u>\$ 204,117</u>	<u>\$ 73,721</u>	<u>\$ 2,543,692</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	-	58,754
Emergency Services	6,545	204,117	73,721	448,698
Drug Education	-	-	-	220,257
Law Enforcement	-	-	-	1,025,970
Preservation of Records	-	-	-	35,092
Bridge/Road Projects	-	-	-	274,532
Committed to:				
Road Maintenance	-	-	-	238,330
Aid and Assistance	-	-	-	44,891
County Buildings & Equipment	-	-	-	197,168
<b>TOTAL FUND BALANCES</b>	<u>\$ 6,545</u>	<u>\$ 204,117</u>	<u>\$ 73,721</u>	<u>\$ 2,543,692</u>

(Concluded)

**SEWARD COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2016

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	County Assessor	Highway Superintendent	Veterans' Service Officer	County Health Insurance	County Planning and Zoning	County Public Transit	County Aging Services	Total
BALANCES JULY 1, 2015	\$ 36,577	\$ 244,698	\$ 23,800	\$ -	\$ 20	\$ 25	\$ 6,757	\$ 805,199	\$ 3,600	\$ 876	\$ 762	\$1,122,314
<b>RECEIPTS</b>												
Licenses and Permits	3,080	-	1,275	-	-	600	-	-	7,775	-	-	12,730
Intergovernmental	-	-	11,332	-	-	-	-	-	-	-	74,313	85,645
Charges for Services	134,976	50,706	42,741	77,951	-	1,599	-	-	-	11,854	-	319,827
Miscellaneous	-	-	-	25	74	88,584	3	1,426,374	-	-	206	1,515,266
State Fees	149,607	32,101	-	-	-	370	-	-	-	-	-	182,078
Other Liabilities	202	397,220	542,949	9,901	-	-	-	-	-	-	-	950,272
<b>TOTAL RECEIPTS</b>	<b>287,865</b>	<b>480,027</b>	<b>598,297</b>	<b>87,877</b>	<b>74</b>	<b>91,153</b>	<b>3</b>	<b>1,426,374</b>	<b>7,775</b>	<b>11,854</b>	<b>74,519</b>	<b>3,065,818</b>
<b>DISBURSEMENTS</b>												
Payments to County Treasurer	136,463	46,267	52,085	77,951	68	90,808	-	-	8,375	12,298	75,281	499,596
Payments to State Treasurer	144,773	30,107	-	-	-	370	-	-	-	-	-	175,250
Other Liabilities	202	393,383	529,989	9,901	-	-	795	1,215,269	-	-	-	2,149,539
<b>TOTAL DISBURSEMENTS</b>	<b>281,438</b>	<b>469,757</b>	<b>582,074</b>	<b>87,852</b>	<b>68</b>	<b>91,178</b>	<b>795</b>	<b>1,215,269</b>	<b>8,375</b>	<b>12,298</b>	<b>75,281</b>	<b>2,824,385</b>
BALANCES JUNE 30, 2016	\$ 43,004	\$ 254,968	\$ 40,023	\$ 25	\$ 26	\$ -	\$ 5,965	\$ 1,016,304	\$ 3,000	\$ 432	\$ -	\$1,363,747
<b>BALANCES CONSIST OF:</b>												
Due to County Treasurer	\$ 15,539	\$ 8,328	\$ 7,717	\$ -	\$ 6	\$ -	\$ 5,965	\$ 1,016,304	\$ 3,000	\$ 432	\$ -	\$1,057,291
Petty Cash	7,500	100	-	25	20	-	-	-	-	-	-	7,645
Due to State Treasurer	19,965	3,469	-	-	-	-	-	-	-	-	-	23,434
Due to Others	-	243,072	32,306	-	-	-	-	-	-	-	-	275,378
BALANCES JUNE 30, 2016	\$ 43,004	\$ 254,969	\$ 40,023	\$ 25	\$ 26	\$ -	\$ 5,965	\$ 1,016,304	\$ 3,000	\$ 432	\$ -	\$1,363,748

**SEWARD COUNTY**  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2016

Item	2011	2012	2013	2014	2015
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 26,900,926	\$ 27,832,232	\$ 30,133,842	\$ 32,033,274	\$ 33,621,254
Personal and Specials	2,220,078	2,927,682	3,008,360	2,686,456	2,891,034
<b>Total</b>	<b>29,121,004</b>	<b>30,759,914</b>	<b>33,142,202</b>	<b>34,719,730</b>	<b>36,512,288</b>
<b>Corrections</b>					
Additions	9,814	11,373	13,089	12,900	13,403
Deductions	(3,766)	(5,817)	(5,451)	(9,195)	(14,448)
Net Additions/ (Deductions)	6,048	5,556	7,638	3,705	(1,045)
<b>Corrected Certified Tax</b>	<b>29,127,052</b>	<b>30,765,470</b>	<b>33,149,840</b>	<b>34,723,435</b>	<b>36,511,243</b>
<b>Net Tax Collected by</b>					
County Treasurer during					
Fiscal Year Ending:					
June 30, 2012	17,540,097	-	-	-	-
June 30, 2013	11,561,400	18,742,001	-	-	-
June 30, 2014	13,585	12,005,023	20,604,864	-	-
June 30, 2015	7,009	12,614	12,525,811	21,654,269	-
June 30, 2016	849	2,438	7,657	13,048,105	22,472,235
<b>Total Net Collections</b>	<b>29,122,940</b>	<b>30,762,076</b>	<b>33,138,332</b>	<b>34,702,374</b>	<b>22,472,235</b>
<b>Total Uncollected Tax</b>	<b>\$ 4,112</b>	<b>\$ 3,394</b>	<b>\$ 11,508</b>	<b>\$ 21,061</b>	<b>\$ 14,039,008</b>
<b>Percentage Uncollected Tax</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.03%</b>	<b>0.06%</b>	<b>38.45%</b>

Note: Tax refunds are netted against tax collections to determine Net Tax Collected.

**SEWARD COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b>DEPARTMENT OF JUSTICE</b>			
Asset Forfeiture Program	16.Unkown		\$ 23,494
Passed through State Commission on Law Enforcement and Criminal Justice			
Juvenile Justice and Delinquency Prevention:	16.540	14-JJ-0012	35,866
Edward Byrne Memorial Justice Assistance	16.738	15-DA-0302	20,001
Total U.S. Department of Justice			<u>79,361</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through Nebraska Military Department Disaster Grants - Public Assistance	97.036	574655	192,550
Emergency Management Performance Grants	97.042	574655	45,725
Total U.S. Department of Homeland Security			<u>238,275</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Nebraska Department of Health and Human Services Child Support Enforcement	93.563	31159	107,536
Passed through City of Lincoln Special Programs for Aging, Title III, Part C, Nutrition Services	93.045	89210	29,158
Nutrition Services Incentive Program	93.053	89210	9,374
Total U.S. Department of Health and Human Services			<u>146,068</u>
<b>DEPARTMENT OF TRANSPORTATION</b>			
Passed through Nebraska Department of Roads Formula Grants for Rural Areas	20.509	3080	108,276
Total U.S. Department of Transportation			<u>108,276</u>
<b>DEPARTMENT OF TREASURY</b>			
Asset Forfeiture Program	21.Unknown		* 402,815
Total U.S. Department of Treasury			<u>402,815</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 974,795</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**

For the Year Ended June 30, 2016

**1. Basis of Presentation**

The accompanying schedule of expenditures of Federal awards (Schedule) includes the Federal award activity of Seward County (County) under programs of the Federal government for the year ended June 30, 2016, except as noted in Note 2 below. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Seward County, it is not intended to and does not present the financial position, changes or net assets of the County. 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.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Seward County has elected to use the 10 percent de minimis indirect cost rate, as allowed under Uniform Guidance.



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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[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, 2016, 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 20, 2016. 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 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 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. 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 deficiency in the County's internal controls 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. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. 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 the management of Seward County in a separate letter dated December 20, 2016.

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

Seward County declined to respond to the finding described above.

### **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 20, 2016



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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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 THE  
UNIFORM GUIDANCE**

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) *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, 2016. 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 Federal statutes, regulations, and the terms and conditions of its Federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 with those requirements.

### **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, 2016.

### **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 each major Federal program 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 the Uniform Guidance, 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.

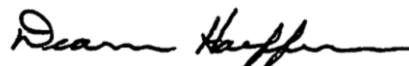
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Seward County as of and for the year ended June 30, 2016, and have issued our report thereon dated December 20, 2016, which contained an unmodified opinion 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 the Uniform Guidance, 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. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

December 20, 2016



Deann Haeffner  
Assistant Deputy Auditor  
Lincoln, Nebraska

SEWARD COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with cash basis of accounting:

**Unmodified**

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_ Yes X No

Significant deficiencies identified?

X Yes \_\_\_ None Reported

Noncompliance material to financial statements noted?

\_\_\_ Yes X No

**Federal Awards**

Internal control over major programs:

Material weaknesses identified?

\_\_\_ Yes X No

Significant deficiencies identified?

\_\_\_ Yes X 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 2 CFR 200.516(a)?

\_\_\_ Yes X No

Major programs: **Asset Forfeiture Program CFDA 21.Uknown**

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_ Yes X No

SEWARD COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
(Concluded)

**Section II – Financial Statement Findings**

**Finding # 2016-1**

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.

Context - Various County offices collect money; most of those offices employ one or two individuals. The offices remit the money to the County Treasurer.

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

Cause - The County does not employ sufficient office personnel to segregate properly 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.

View of Officials - The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

**Section III – Federal Award Findings and Questioned Costs**

**None Noted**



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

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December 20, 2016

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, 2016, and have issued our report thereon dated December 20, 2016. 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 following areas:

### **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, have a lack of segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be 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.

### **Financial Discrepancies**

During the audit, we noted differences between the financial records of the County Treasurer and the figures reported in the 2016-2017 County Budget document. The following summarizes the differences noted:

- The beginning fund balance at July 1, 2015, of the Inheritance Fund was reported at \$5,780,630; however, the correct beginning balance was \$5,312,630. The difference was the result of a \$468,000 transfer to the Road Fund not being correctly recorded.
- A transfer of \$12,000 that occurred between the Road Fund and the Inheritance Fund was not reflected.

Neb. Rev. Stat. § 13-504(1)(b) (Cum. Supp. 2016) requires the proposed budget statement of a political subdivision to contain, among other things, the following::

*For the current fiscal year or biennial period, actual and estimated revenue from all sources, including motor vehicle taxes, allocated to the funds and separately stated as to each source: The actual unencumbered cash balance available at the beginning of the year or biennial period; the amount received from personal and real property taxation; and the amount of actual and estimated expenditures, whichever is applicable.*

Good internal control and sound accounting practices require that the annual budget records and County Treasurer financial records agree. When the office records are not in agreement, there is an increased risk of loss, theft, or misuse of funds, and the taxpayers are not made aware of the actual financial condition of the County.

We recommend the County Clerk implement procedures to ensure that the budget reflects all financial activity and reconciles to the County Treasurer's records.

### **COUNTY BOARD**

#### **Road Gravel Purchases**

During testing of vendor claims, we noted the County was not in compliance with State bidding requirements for the purchase of gravel by the County Road Department. Although the County bid out gravel purchases properly for the fiscal year, the Road Department frequently used Beatrice Concrete Company, a vendor who did not submit a bid and was not approved by the Board. Payments to this vendor exceeded \$5,000 four times during the fiscal year, with overall payments totaling \$51,237 during the fiscal year. Additionally, the County was not able to provide information as to why gravel had been purchased from a company that was not awarded the County bid.

Neb. Rev. Stat. § 23-3108(1) (Reissue 2012) provides, in relevant part, the following:

*[P]urchases of personal property or services by the county board or purchasing agent shall be made:*

*(a) Through the competitive sealed bidding process prescribed in section 23-311 if the estimated value of the purchase is twenty thousand or more;*

*(b) By securing and recording at least three informal bids, if practicable, if the estimated value of the purchase is equal to or exceeds five thousand dollars, but is less than twenty thousand dollars[.]*

When procedures are not in place to ensure that purchases are properly bid out according to State statute, and adequate supporting documentation is not on hand before claims are paid, there is an increased risk of loss or misuse of funds.

We recommend the County Board ensure bidding procedures are followed on all purchases requiring bids.

### **Insufficient Pledged Collateral**

During the audit period, we noted 14 days when deposits of the County Board Imprest bank account were not fully insured by the Federal Deposit Insurance Corporation (FDIC) or additional securities. The uninsured amounts ranged from \$20,469 to 310,505.

Neb. Rev. Stat. § 77-2395(1) (Reissue 2009) states, in relevant part, the following:

*[T]he custodial official shall not have on deposit in such depository any public money or public funds in excess of the amount insured by the Federal Deposit Insurance Corporation, unless and until the depository has furnished to the custodial official securities, the market value of which are in an amount not less than one hundred two percent of the amount on deposit which is in excess of the amount so insured or guaranteed.*

Without adequate procedures to make certain that County deposits are properly insured, there is an increased risk for not only the loss of County funds but also noncompliance with State law.

We recommend the County Board ensure there is sufficient FDIC and/or pledged collateral for all bank deposits at all times.

### **Inventory Statements**

Neb. Rev. Stat. § 23-347 (Reissue 2012) provides, in relevant part, the following:

*Within two calendar months after the close of each fiscal year, each county officer shall make, acknowledge under oath, and file with the county board of his or her county an inventory statement of all county personal property in the custody and possession of said county officer.*

During our audit, we noted that the listings for the following offices were not filed timely:

- County Real Estate, 12 days late
- County Extension Office, 1 day late
- E911 Communications/Ambulance, 1 day late
- County Weed/Zoning, 6 days late

Additionally, we noted that two County Sheriff's vehicles and security equipment, as well as a Road Department dump truck purchased during the fiscal year, were not included on the inventory listings filed with the County Commissioners.

When inventory listings are not on file or contain an inaccurate accounting of the County's assets, there is an increased risk for not only the loss, theft, or misuse of public property but also noncompliance with State law.

We recommend the County Board implement procedures to ensure all inventory lists are on file with the County Clerk and contain an accurate listing of the County's assets.

### **Supporting Documentation**

The County did not have documentation on file to support a claim totaling \$35,742. Upon contacting the vendor, it was determined that the costs associated with this claim had not been incurred at the time the invoice was submitted for payment. Per information provided by the vendor, an invoice was created at the request of the Communications office to ensure the money was spent during the fiscal year 2016 budget year.

Sound accounting practice and good internal controls require that disbursements are supported by adequate documentation.

When claims lack supporting documentation, there is an increased risk that the County may be paying for unallowable items. Additionally, there is an increased risk of loss or misuse of County funds.

We recommend the County implement procedures to ensure adequate documentation is on file to support all claims.

## **COUNTY PLANNING AND ZONING**

### **Fee Rate**

During the audit, we noted that the County Planning and Zoning office charged the incorrect fee for a short form plat. The amount charged by the office was \$150; however, the County Board set the cost at only \$100. There were 11 instances of the office charging the incorrect rate for short form plats during the audit period.

Neb. Rev. Stat. § 23-106(1) (Reissue 2012) assigns to the County Board the responsibility of managing the County's funds and business activities. In addition, good internal control and sound accounting practice require fees set by the County Board to be properly charged.

We recommend the County Planning and Zoning office charge the rates set and approved the County Board.



## COUNTY SHERIFF

### Balancing Procedures

During our audit, we noted that the County Sheriff's office had a total balance of \$32,306 due to others at June 30, 2016. Of this total amount, \$30,987 consisted of balances carried by inmates. However, a listing of individual balances for each inmate was not provided to support the June 30, 2016, ending balance. The remaining amount of \$1,319 consisted of advanced fees and other collections by the Sheriff's office. A detailed listing could not be provided to support those to whom the amount was owed. This was a prior year's finding.

Sound accounting practices and good internal control require that an asset to liability reconciliation be performed timely and any variances noted be pursued appropriately. Sound accounting practices and good internal control require also a detailed listing of monies owed to others.

When the Sheriff's office does not have adequate balancing procedures, there is an increased risk for the loss and/or misuse of funds.

We recommend the County Sheriff implement procedures to ensure an asset to liability reconciliation is performed, and a detailed listing of office liabilities is maintained.

*County's Response: I inquired as to what steps have taken place to address the issue of inmate balances and learned there are a couple of issues associated with this deficiency. First, inmates housed in Seward County receive a check (instead of cash) for the amount they have credited to them at the time the individuals are released from custody. Until these checks/debit cards are submitted for payment, the funds are still managed within the inmate account. In some instances, former inmates do not cash these checks and these funds must then be maintained for a prescribed period of time. If unclaimed, these uncollected funds will be submitted to the State of Nebraska for final disposition. The Seward Sheriff's Office and Detention Center has addressed this issue and reconciling these unclaimed funds with the State of Nebraska as part of the resolution of balancing the inmate accounts.*

*A listing of individual balances for current inmates to support the June 30, 2016 ending balances is a more difficult/complex issue to address. In the age of electronic transfers (deposits into and payments from), inmate commissary accounts may make exacting amounts credited to each individual incarcerated in the Seward County Detention Center more challenging.*

*Second, we will have to establish an agreed upon standardized time for reconciling each inmate account and endeavor to provide as exacting as possible balance for each account to auditors in the future to review in the future. The reconciliation time must be agreed upon so no ambiguity exists between the person(s) assigned by the Sheriff for accounting purposes and the auditor assigned to review these accounts. If this isn't completely understood, perceived errors in accounting for individual inmate balances may occur.*

*We have determined that we were unable to go back in the archives of the software used to maintain inmate accounts to June 30, 2016 and supply auditors with an individual listing of what each individual had for a balance on that day. We are working to address this in the future and plan to run balances on a regular basis and provide them to auditors in the future for review.*

*We are also looking at other software providers that could supply us with a program to manage and retrieve archived records that would provide balances for individual accounts for any selected or random time or date requested by auditors. This would provide the Seward County Sheriff and Detention Center Director as well as the State Auditor's Office with a concise report and accounting of all inmate funds under the authority of Seward County.*

### **Distress Warrant Property Search**

Neb. Rev. Stat. § 77-1719 (Reissue 2009) requires distress warrants returned to the County Treasurer to “bear an endorsement of the sheriff showing that . . . upon diligent search no property could be found on which to levy . . . .”

During the audit, we tested five distress warrants that the County Sheriff had returned with an endorsement that no property could be found on which to levy. For four of those five distress warrants, documents do not support the County Sheriff's endorsement. The properties in question consist of two sets of personal property and two mobile homes.

For the two sets of personal property, both distress warrants were signed by a deputy on July 20, 2016. However, in early May 2016, personal property returns were filed by the taxpayers with the County Assessor that noted the property still existed. Also, partial payments for delinquent taxes were made in October and November 2016 on both sets of property. Therefore, it appears the two sets of properties were still in existence at the time the distress warrants were endorsed.

For the two mobile homes, both distress warrants were signed by a deputy on July 20, 2016. In January 2016, a cabin listing was filed with the County Assessor. This cabin listing noted both mobile homes were still located on the property. In addition, the County Assessor performed appraisals on June 30, 2016, and noted both homes were still on the property. These appraisals were done only 20 days before the distress warrants were signed.

Failure to search diligently for property increases the risk that returned distress warrants might contain incorrect endorsements that no property on which to levy could be found. Such faulty endorsements could lead to delinquent taxes on existing property being written off and never collected, resulting in a loss of public funds.

We recommend the County Sheriff implement procedures to ensure a diligent search of property is completed for each distress warrant returned.

*County's Response: In addressing this deficiency, additional Sheriff's Office staff members are designated and are now trained to work with the County Assessor and County Treasurer in seeking out and collecting on Distress Warrants. In the past, the Civil Process supervisor (Sergeant) solely coordinated this activity within the department. Communication between the*

*County Treasurer and County Assessor was not achieved to the level/extent that it needed to be in order for the Sheriff's Office to effectively perform the duties associated with the collection of outstanding Distress Warrants.*

*I, as Sheriff of Seward County, assume full responsibility for our failure to communicate effectively to the County Treasurer and/or County Assessor. However, I have established and designated four (4) additional deputy sheriffs to report directly to the Civil Process Sergeant. These members of my staff will fully investigate these Distress Warrants in a manner similar to that undertaken during criminal investigations.*

*They will be in communication with the Assessor and Treasurer on a regular basis to determine what Distress Warrants are still uncollected and if any property can be seized and liquidated to reconcile the balances due to Seward County.*

*I have also directed that tracking of any progress made on any of these investigations include documentation and that these reports be communicated to the County Treasurer, County Assessor and County Board of Commissioners. I have also directed that a monthly report on Distress Warrants be assembled and a briefing of progress made to the Chief Deputy Sheriff and to me so we do better with monitoring our effectiveness in this area of responsibility. Follow-ups with regard to these uncollected Distress Warrants may also be assigned out to night patrol deputies to collaborate with the Civil Process Sergeant with regard to any individual, business or corporation having unpaid taxes (or property) that can be collected as defined by Nebraska Revised Statutes.*

## **COUNTY TREASURER**

### **Property Tax Credit**

During the fiscal year, the County Treasurer was made aware of a missing levy in the distribution system for parcels associated with Tax Increment Financing (TIF). This missing levy caused errors in the January 2016 distribution of property tax credit. The monies associated with the TIF excess value, totaling \$2,087, were distributed to the County General Fund instead of to the City of Seward. When this error was caught by the County Treasurer's office, a correction was made to remove these funds from all districts associated with the TIF funds instead of only the County General Fund. See below for a breakout of the funds which were underpaid.

<b>Funds</b>	<b>Total Underpayment</b>
Seward School Funds	\$1,120
City of Seward Funds	\$361
County Funds	\$331
Southeast Community College Funds	\$92
Centennial School Funds	\$43
Seward Airport Funds	\$40
Village of Utica Funds	\$33
Upper Big Blue NRD Funds	\$32
Educational Service Unit 6 Funds	\$19
Seward County Agricultural Society Funds	\$16
<b>Total</b>	<b>\$2,087</b>

Neb. Rev. Stat. § 77-4212(4)(a) (Cum. Supp. 2014) states, in relevant part, the following:

*By September 15, the Property Tax Administrator shall determine the amount to be disbursed under this subsection to each county and certify such amounts to the State Treasurer and to each county . . . . After retaining one percent of the receipts for costs, the county treasurer shall allocate the remaining receipts to each taxing unit levying taxes on taxable property in the tax district in which the real property is located in the same proportion that the levy of such taxing unit bears to the total levy on taxable property of all the taxing units in the tax district in which the real property is located.*

Good internal control and sound business practice require procedures to be in place to ensure that payment of property tax credit is distributed from the proper funds. Furthermore, good internal controls require procedures to ensure that all corrections of funds are made accurately.

We recommend the County Treasurer correct past property tax credit distribution errors and implement procedures to ensure that all future such distributions are accurate.

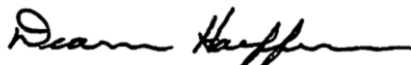
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

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,



Deann Haeffner  
Assistant Deputy Auditor