

**AUDIT REPORT
OF
SEWARD COUNTY**

JULY 1, 2014 THROUGH JUNE 30, 2015

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the Auditor of Public Accounts.**

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Issued on December 29, 2015

SEWARD COUNTY

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SEWARD COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2015

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



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SEWARD COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Seward County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Seward County, as of and for the year ended June 30, 2015, 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, 2015, 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 the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

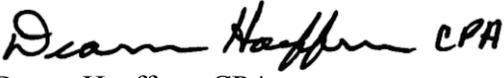
The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, schedule of expenditures of Federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and schedule of taxes certified and collected, pages 19-35, is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other

records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, 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 23, 2015


Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

SEWARD COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2015

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 20,270,647
TOTAL ASSETS	\$ 20,270,647
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 50,017
Emergency Services	437,722
Drug Education	64,366
Law Enforcement	1,163,514
Preservation of Records	24,895
Debt Service	9,532,966
Bridge/Road Projects	142,831
Unrestricted	8,854,336
TOTAL NET POSITION	\$ 20,270,647

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, 2015

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement)
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Receipts and Changes in Net Position
Governmental Activities:				
General Government	\$ (5,899,076)	\$ 645,168	\$ 156,816	\$ (5,097,092)
Public Safety	(3,242,037)	146,825	907,858	(2,187,354)
Public Works	(4,179,172)	-	2,028,315	(2,150,857)
Public Assistance	(436,571)	-	209,446	(227,125)
Culture and Recreation	(15,644)	-	-	(15,644)
Debt Payments	(166,243)	-	-	(166,243)
Capital Outlay	(440,772)	-	-	(440,772)
Total Governmental Activities	<u><u>\$ (14,379,515)</u></u>	<u><u>\$ 791,993</u></u>	<u><u>\$ 3,302,435</u></u>	<u><u>(10,285,087)</u></u>

General Receipts:

Property Taxes	7,782,266
Grants and Contributions Not Restricted to Specific Programs	970,651
Investment Income	73,734
Licenses and Permits	60,791
Bond Proceeds	9,849,823
Miscellaneous	196,574
Total General Receipts	<u><u>18,933,839</u></u>
Increase in Net Position	8,648,752
Net Position - Beginning of year	11,621,895
Net Position - End of year	<u><u>\$ 20,270,647</u></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, 2015

	General Fund	Road Fund	Inheritance Fund	Justice Center Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$2,690,621	\$ 593,242	\$ 5,312,630	\$ 9,532,966	\$ 2,141,188	\$ 20,270,647
TOTAL ASSETS	<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>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	50,017	50,017
Emergency Services	-	-	-	-	437,722	437,722
Drug Education	-	-	-	-	64,366	64,366
Law Enforcement	-	-	-	-	1,163,514	1,163,514
Preservation of Records	-	-	-	-	24,895	24,895
Debt Service	-	-	-	9,532,966	-	9,532,966
Bridge/Road Projects	-	-	-	-	142,831	142,831
Committed to:						
Road Maintenance	-	593,242	-	-	28,692	621,934
Aid and Assistance	-	-	-	-	42,086	42,086
County Buildings & Equipment	-	-	-	-	187,065	187,065
Assigned to:						
Other Purposes	-	-	5,312,630	-	-	5,312,630
Unassigned	2,690,621	-	-	-	-	2,690,621
TOTAL CASH BASIS FUND BALANCES	<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>

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, 2015

	General Fund	Road Fund	Inheritance Fund	Justice Center Debt Service Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$6,600,422	\$ -	\$ 788,303	\$ 235,698	\$ 157,843	\$ 7,782,266
Licenses and Permits	60,791	-	-	-	-	60,791
Interest	49,689	-	-	24,045	-	73,734
Intergovernmental	748,656	1,889,133	6,148	28,115	1,601,034	4,273,086
Charges for Services	732,670	-	-	-	59,323	791,993
Miscellaneous	88,580	9,370	18,914	9,852,123	77,410	10,046,397
TOTAL RECEIPTS	<u>8,280,808</u>	<u>1,898,503</u>	<u>813,365</u>	<u>10,139,981</u>	<u>1,895,610</u>	<u>23,028,267</u>
DISBURSEMENTS						
General Government	3,207,828	-	2,583,448	-	107,800	5,899,076
Public Safety	2,178,164	-	-	-	1,063,873	3,242,037
Public Works	179,124	3,619,675	-	-	380,373	4,179,172
Public Assistance	350,529	-	-	-	86,042	436,571
Culture and Recreation	-	-	-	-	15,644	15,644
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	166,243	-	166,243
Capital Outlay	-	-	-	440,772	-	440,772
TOTAL DISBURSEMENTS	<u>5,915,645</u>	<u>3,619,675</u>	<u>2,583,448</u>	<u>607,015</u>	<u>1,653,732</u>	<u>14,379,515</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>2,365,163</u>	<u>(1,721,172)</u>	<u>(1,770,083)</u>	<u>9,532,966</u>	<u>241,878</u>	<u>8,648,752</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	150,000	2,338,516	468,000	-	497,101	3,453,617
Transfers out	(2,321,581)	(468,000)	(618,000)	-	(46,036)	(3,453,617)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,171,581)</u>	<u>1,870,516</u>	<u>(150,000)</u>	<u>-</u>	<u>451,065</u>	<u>-</u>
Net Change in Fund Balances	193,582	149,344	(1,920,083)	9,532,966	692,943	8,648,752
CASH BASIS FUND BALANCES - BEGINNING						
	<u>2,497,039</u>	<u>443,898</u>	<u>7,232,713</u>	<u>-</u>	<u>1,448,245</u>	<u>11,621,895</u>
CASH BASIS FUND BALANCES - ENDING						
	<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>

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, 2015

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 1,591,173
 LIABILITIES	
Due to other governments	
State	285,399
Schools	853,741
Educational Service Units	3,026
Technical College	12,063
Natural Resource Districts	5,866
Fire Districts	7,292
Municipalities	38,385
Agricultural Society	3,997
Cemetery	1,737
Hospital	344
Others	379,323
TOTAL LIABILITIES	1,591,173
 TOTAL NET ASSETS	 \$ -

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

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

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 \$60,296 toward the operation of the Region during fiscal year 2015. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Health Department – The County has entered into an agreement with Four Corners District Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Cum. Supp. 2014).

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2015. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Reissue 2014). Financial information for the Department is available in that report.

B. Basis of Presentation

Government-Wide Financial Statements. The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions.

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

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

The County reports the following major governmental funds:

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

Road Fund. This fund is used to account for costs associated with the repair and maintenance of roads and bridges and is primarily funded by State tax receipts.

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

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:

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

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

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

Assigned. The fund 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.

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

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Capital Assets. Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), to be reported in the applicable governmental activities columns in the government-wide financial statements.

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

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position 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 \$11,416,311 of restricted net position, of which \$199,836 is restricted by enabling legislation.

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

On or before August 1, the County budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the receipts from sources other than taxation, and the

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$20,270,647 for County funds and \$1,591,173 for Fiduciary funds. The bank balances for all funds totaled \$20,757,206. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2015, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

3. **Property Taxes**

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

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

The levy set in October 2014, for the 2014 taxes, which will be materially collected in May and September 2015, was set at \$.242477/\$100 of assessed valuation. The levy set in October 2013, for the 2013 taxes, which were materially collected in May and September 2014, was set at \$.272958/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

Additionally, there is currently a statutory lid limitation, which limits taxation to the prior year's level, with provisions for growth. 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. 2014) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. 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.

For the year ended June 30, 2015, 151 employees contributed \$206,514, and the County contributed \$306,677. Contributions included \$6,188 in cash contributions towards the supplemental law enforcement plan for 17 law enforcement employees.

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

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 2016. The County has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

SEWARD COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2015, consisted of the following:

Transfers to	Transfers from				Total
	General Fund	Inheritance Fund	Road Fund	Nonmajor Funds	
Road Fund	\$ 1,870,516	\$ 468,000	\$ -	\$ -	\$ 2,338,516
Inheritance Fund	-	-	468,000	-	468,000
General Fund	-	150,000	-	-	150,000
Nonmajor Funds	451,065	-	-	46,036	497,101
Total	\$ 2,321,581	\$ 618,000	\$ 468,000	\$ 46,036	\$ 3,453,617

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.

9. **Contingent Liabilities**

The County is a defendant in various lawsuits. The outcome of these lawsuits is not presently determinable, and a range of potential loss is unable to be determined. The County has purchased insurance coverage and believes the resolution of these matters will not have a materially adverse effect on the financial condition of the County.

10. **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, 2015, was \$9,990,000. 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:

Year	Principal	Interest	Total
2016	\$ 375,000	\$ 247,710	\$ 622,710
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
2021-2025	2,290,000	1,022,850	3,312,850
2026-2030	2,600,000	703,200	3,303,200
2031-2035	3,020,000	262,320	3,282,320
Total Payments	\$ 9,990,000	\$ 3,185,138	\$ 13,175,138

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 6,760,217	\$ 6,760,217	\$ 6,600,422	\$ (159,795)
Licenses and Permits	40,000	40,000	60,791	20,791
Interest	65,000	65,000	49,689	(15,311)
Intergovernmental	520,000	520,000	748,656	228,656
Charges for Services	525,000	525,000	732,670	207,670
Miscellaneous	50,000	50,000	88,580	38,580
TOTAL RECEIPTS	<u>7,960,217</u>	<u>7,960,217</u>	<u>8,280,808</u>	<u>320,591</u>
DISBURSEMENTS				
General Government:				
County Commissioners	137,275	139,275	138,184	1,091
County Clerk	176,265	176,265	172,208	4,057
County Treasurer	270,475	270,475	264,231	6,244
County Assessor	270,169	270,169	269,757	412
Election Commissioner	54,920	54,920	39,106	15,814
Personnel	43,785	43,785	40,993	2,792
Clerk of the District Court	250,745	250,745	241,205	9,540
County Court System	31,450	31,450	24,466	6,984
District Judge	33,048	33,048	31,694	1,354
Public Defender	130,280	130,280	122,592	7,688
Building and Grounds	208,847	208,847	196,301	12,546
Agricultural Extension Agent	147,862	147,862	140,168	7,694
Abandoned Cemeteries	5,000	5,000	3,860	1,140
Miscellaneous	1,731,942	1,729,942	1,523,063	206,879
Public Safety				
County Sheriff	1,018,034	1,018,034	943,668	74,366
County Attorney	563,741	563,741	516,762	46,979
County Jail	695,221	695,221	527,467	167,754
Emergency Management	122,184	122,184	101,653	20,531
Miscellaneous	155,000	155,000	88,614	66,386
Public Works				
County Surveyor	10,340	10,340	5,670	4,670
Noxious Weed Control	92,754	92,754	85,819	6,935
Highway Department	102,151	102,151	87,635	14,516
Public Assistance				
Veterans' Service Officer	38,438	38,438	37,775	663
Public Transit	207,850	207,850	176,933	30,917
Miscellaneous	156,907	156,907	135,821	21,086
TOTAL DISBURSEMENTS	<u>6,654,683</u>	<u>6,654,683</u>	<u>5,915,645</u>	<u>739,038</u>

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,305,534</u>	<u>1,305,534</u>	<u>2,365,163</u>	<u>1,059,629</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	150,000	-
Transfers out	<u>(2,257,381)</u>	<u>(2,257,381)</u>	<u>(2,321,581)</u>	<u>(64,200)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,107,381)</u>	<u>(2,107,381)</u>	<u>(2,171,581)</u>	<u>(64,200)</u>
Net Change in Fund Balance	(801,847)	(801,847)	193,582	995,429
FUND BALANCE - BEGINNING	<u>1,901,847</u>	<u>1,901,847</u>	<u>2,497,039</u>	<u>595,192</u>
FUND BALANCE - ENDING	<u><u>\$ 1,100,000</u></u>	<u><u>\$ 1,100,000</u></u>	<u><u>\$ 2,690,621</u></u>	<u><u>\$ 1,590,621</u></u>

(Concluded)

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,725,000	\$ 1,725,000	\$ 1,889,133	\$ 164,133
Miscellaneous	-	-	9,370	9,370
TOTAL RECEIPTS	<u>1,725,000</u>	<u>1,725,000</u>	<u>1,898,503</u>	<u>173,503</u>
DISBURSEMENTS	<u>3,739,414</u>	<u>3,739,414</u>	<u>3,619,675</u>	<u>119,739</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,014,414)</u>	<u>(2,014,414)</u>	<u>(1,721,172)</u>	<u>293,242</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,870,516	1,870,516	2,338,516	468,000
Transfers out	-	-	(468,000)	(468,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,870,516</u>	<u>1,870,516</u>	<u>1,870,516</u>	<u>-</u>
Net Change in Fund Balance	(143,898)	(143,898)	149,344	293,242
FUND BALANCE - BEGINNING	443,898	443,898	443,898	-
FUND BALANCE - ENDING	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 593,242</u>	<u>\$ 293,242</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 788,303	\$ 788,303
Intergovernmental	-	-	6,148	6,148
Miscellaneous	-	-	18,914	18,914
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>813,365</u>	<u>813,365</u>
DISBURSEMENTS	<u>6,565,748</u>	<u>6,565,748</u>	<u>2,583,448</u>	<u>3,982,300</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(6,565,748)</u>	<u>(6,565,748)</u>	<u>(1,770,083)</u>	<u>4,795,665</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	468,000	468,000
Transfers out	(150,000)	(150,000)	(618,000)	(468,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Net Change in Fund Balance	(6,715,748)	(6,715,748)	(1,920,083)	4,795,665
FUND BALANCE - BEGINNING	6,715,748	6,715,748	7,232,713	516,965
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,312,630</u>	<u>\$ 5,312,630</u>

(Continued)

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>JUSTICE CENTER DEBT SERVICE FUND</u>				
RECEIPTS				
Taxes	\$ 400,000	\$ 400,000	\$ 235,698	\$ (164,302)
Interest	-	-	24,045	24,045
Intergovernmental	-	-	28,115	28,115
Miscellaneous	10,000,000	10,000,000	9,852,123	(147,877)
TOTAL RECEIPTS	<u>10,400,000</u>	<u>10,400,000</u>	<u>10,139,981</u>	<u>(260,019)</u>
 DISBURSEMENTS	 <u>10,400,000</u>	 <u>10,400,000</u>	 <u>607,015</u>	 <u>9,792,985</u>
 EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	 <u>-</u>	 <u>-</u>	 <u>9,532,966</u>	 <u>9,532,966</u>
 Net Change in Fund Balance	 -	 -	 9,532,966	 9,532,966
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,532,966</u>	<u>\$ 9,532,966</u>

(Concluded)

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD BUYBACK FUND				
Receipts	\$ 211,050	\$ 211,050	\$ 211,595	\$ 545
Disbursements	(298,415)	(298,415)	(238,402)	60,013
Net Change in Fund Balance	(87,365)	(87,365)	(26,807)	60,558
Fund Balance - Beginning	87,365	87,365	87,365	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,558</u>	<u>\$ 60,558</u>
SPECIAL ROAD FUND				
Receipts	\$ 154,747	\$ 154,747	\$ 28,692	\$ (126,055)
Disbursements	(200,000)	(200,000)	(45,253)	154,747
Net Change in Fund Balance	(45,253)	(45,253)	(16,561)	28,692
Fund Balance - Beginning	45,253	45,253	45,253	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,692</u>	<u>\$ 28,692</u>
EQUIPMENT SINKING FUND				
Receipts	\$ 29,900	\$ 29,900	\$ 10,200	\$ (19,700)
Disbursements	(195,974)	(195,974)	(53,409)	142,565
Transfers in	20,000	20,000	84,200	64,200
Transfers out	-	-	-	-
Net Change in Fund Balance	(146,074)	(146,074)	40,991	187,065
Fund Balance - Beginning	146,074	146,074	146,074	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,065</u>	<u>\$ 187,065</u>
VISITOR PROMOTION FUND				
Receipts	\$ 31,680	\$ 31,680	\$ 21,318	\$ (10,362)
Disbursements	(50,000)	(50,000)	(15,644)	34,356
Net Change in Fund Balance	(18,320)	(18,320)	5,674	23,994
Fund Balance - Beginning	18,320	18,320	18,320	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,994</u>	<u>\$ 23,994</u>
VISITOR IMPROVEMENT FUND				
Receipts	\$ 45,295	\$ 45,295	\$ 21,318	\$ (23,977)
Disbursements	(50,000)	(50,000)	-	50,000
Net Change in Fund Balance	(4,705)	(4,705)	21,318	26,023
Fund Balance - Beginning	4,705	4,705	4,705	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,023</u>	<u>\$ 26,023</u>

(Continued)

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REGISTER OF DEEDS PRESERVATION FUND				
Receipts	\$ 36,772	\$ 36,772	\$ 11,617	\$ (25,155)
Disbursements	(55,000)	(55,000)	(4,950)	50,050
Net Change in Fund Balance	(18,228)	(18,228)	6,667	24,895
Fund Balance - Beginning	18,228	18,228	18,228	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,895</u>	<u>\$ 24,895</u>
VETERANS' AID FUND				
Receipts	\$ 4,836	\$ 4,836	\$ 3,185	\$ (1,651)
Disbursements	(5,000)	(5,000)	-	5,000
Net Change in Fund Balance	(164)	(164)	3,185	3,349
Fund Balance - Beginning	164	164	164	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,349</u>	<u>\$ 3,349</u>
AGING SERVICES FUND				
Receipts	\$ 67,579	\$ 67,579	\$ 81,632	\$ 14,053
Disbursements	(105,726)	(105,726)	(86,042)	19,684
Transfers in	24,160	24,160	24,160	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(13,987)	(13,987)	19,750	33,737
Fund Balance - Beginning	18,987	18,987	18,987	-
Fund Balance - Ending	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 38,737</u>	<u>\$ 33,737</u>
DRUG LAW ENFORCEMENT FUND				
Receipts	\$ 115,466	\$ 115,466	\$ 8,716	\$ (106,750)
Disbursements	(200,000)	(200,000)	(28,884)	171,116
Net Change in Fund Balance	(84,534)	(84,534)	(20,168)	64,366
Fund Balance - Beginning	84,534	84,534	84,534	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,366</u>	<u>\$ 64,366</u>
ATTORNEY FEDERAL DRUG LAW ENFORCEMENT FUND				
Receipts	\$ 199,946	\$ 199,946	\$ 191,896	\$ (8,050)
Disbursements	(349,275)	(349,275)	(76,706)	272,569
Net Change in Fund Balance	(149,329)	(149,329)	115,190	264,519
Fund Balance - Beginning	149,329	149,329	149,329	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,519</u>	<u>\$ 264,519</u>

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SHERIFF FEDERAL DRUG LAW ENFORCEMENT FUND				
Receipts	\$ 351,887	\$ 351,887	\$ 646,115	\$ 294,228
Disbursements	(758,200)	(758,200)	(261,374)	496,826
Net Change in Fund Balance	(406,313)	(406,313)	384,741	791,054
Fund Balance - Beginning	406,313	406,313	406,313	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791,054</u>	<u>\$ 791,054</u>
ATTORNEY GRANT FUND				
Receipts	\$ 232,857	\$ 232,857	\$ 104,187	\$ (128,670)
Disbursements	(303,071)	(303,071)	(83,130)	219,941
Transfers in	-	-	8,421	8,421
Transfers out	-	-	-	-
Net Change in Fund Balance	(70,214)	(70,214)	29,478	99,692
Fund Balance - Beginning	70,214	70,214	70,214	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,692</u>	<u>\$ 99,692</u>
EMERGENCY MANAGER GRANT FUND				
Receipts	\$ 379,171	\$ 379,171	\$ 52,283	\$ (326,888)
Disbursements	(500,000)	(500,000)	(27,291)	472,709
Net Change in Fund Balance	(120,829)	(120,829)	24,992	145,821
Fund Balance - Beginning	120,829	120,829	120,829	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,821</u>	<u>\$ 145,821</u>
E911 GRANT FUND				
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>
ROAD GRANT FUND				
Receipts	\$ 2,952,047	\$ 2,952,047	\$ 131,038	\$ (2,821,009)
Disbursements	(3,000,000)	(3,000,000)	(96,718)	2,903,282
Net Change in Fund Balance	(47,953)	(47,953)	34,320	82,273
Fund Balance - Beginning	47,953	47,953	47,953	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,273</u>	<u>\$ 82,273</u>

(Continued)

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
MISCELLANEOUS GRANT FUND				
Receipts	\$ 491,579	\$ 491,579	\$ 57,690	\$ (433,889)
Disbursements	(500,000)	(500,000)	(49,441)	450,559
Transfers in	-	-	-	-
Transfers out	-	-	(8,421)	(8,421)
Net Change in Fund Balance	(8,421)	(8,421)	(172)	8,249
Fund Balance - Beginning	8,421	8,421	8,421	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,249</u>	<u>\$ 8,249</u>
911 WIRELESS SERVICE FUND				
Receipts	\$ 198,129	\$ 198,129	\$ 50,152	\$ (147,977)
Disbursements	(200,000)	(200,000)	(5,132)	194,868
Transfers in	-	-	-	-
Transfers out	-	-	(37,615)	(37,615)
Net Change in Fund Balance	(1,871)	(1,871)	7,405	9,276
Fund Balance - Beginning	1,871	1,871	1,871	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,276</u>	<u>\$ 9,276</u>
911 WIRELESS HOLDING FUND				
Receipts	\$ 78,694	\$ 78,694	\$ -	\$ (78,694)
Disbursements	(200,000)	(200,000)	-	200,000
Transfers in	-	-	37,615	37,615
Transfers out	-	-	-	-
Net Change in Fund Balance	(121,306)	(121,306)	37,615	158,921
Fund Balance - Beginning	121,306	121,306	121,306	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,921</u>	<u>\$ 158,921</u>
E911 FUND				
Receipts	\$ 256,271	\$ 256,271	\$ 263,976	\$ 7,705
Disbursements	(637,355)	(637,355)	(581,356)	55,999
Transfers in	342,705	342,705	342,705	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(38,379)	(38,379)	25,325	63,704
Fund Balance - Beginning	98,379	98,379	98,379	-
Fund Balance - Ending	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 123,704</u>	<u>\$ 63,704</u>

(Continued)

SEWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>RIGHT OF WAY HOLDING FUND</u>				
Receipts	\$ 200,000	\$ 200,000	\$ -	\$ (200,000)
Disbursements	(200,000)	(200,000)	-	200,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

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

For the Year Ended June 30, 2015

	Road Buyback Fund	Special Road Fund	Equipment Sinking Fund	Visitor Promotion Fund	Visitor Improvement Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ 21,318	\$ 21,318
Intergovernmental	211,595	-	-	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	28,692	10,200	-	-
TOTAL RECEIPTS	211,595	28,692	10,200	21,318	21,318
DISBURSEMENTS					
General Government	-	-	53,409	-	-
Public Safety	-	-	-	-	-
Public Works	238,402	45,253	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	15,644	-
TOTAL DISBURSEMENTS	238,402	45,253	53,409	15,644	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(26,807)	(16,561)	(43,209)	5,674	21,318
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	84,200	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	84,200	-	-
Net Change in Fund Balances	(26,807)	(16,561)	40,991	5,674	21,318
FUND BALANCES - BEGINNING	87,365	45,253	146,074	18,320	4,705
FUND BALANCES - ENDING	\$ 60,558	\$ 28,692	\$ 187,065	\$ 23,994	\$ 26,023
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	23,994	26,023
Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Bridge/Road Projects	60,558	-	-	-	-
Committed to:					
Road Maintenance	-	28,692	-	-	-
Aid and Assistance	-	-	-	-	-
County Buildings & Equipment	-	-	187,065	-	-
TOTAL FUND BALANCES	\$ 60,558	\$ 28,692	\$ 187,065	\$ 23,994	\$ 26,023

(Continued)

SEWARD COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	Register of Deeds Preservation Fund	Veterans' Aid Fund	Aging Services Fund	Drug Law Enforcement Fund	Attorney Federal Drug Law Enforcement Fund
RECEIPTS					
Property Taxes	\$ -	\$ 2,845	\$ -	\$ -	\$ -
Intergovernmental	-	340	80,024	-	142,162
Charges for Services	11,617	-	-	-	47,706
Miscellaneous	-	-	1,608	8,716	2,028
TOTAL RECEIPTS	<u>11,617</u>	<u>3,185</u>	<u>81,632</u>	<u>8,716</u>	<u>191,896</u>
DISBURSEMENTS					
General Government	4,950	-	-	-	-
Public Safety	-	-	-	28,884	76,706
Public Works	-	-	-	-	-
Public Assistance	-	-	86,042	-	-
Culture and Recreation	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>4,950</u>	<u>-</u>	<u>86,042</u>	<u>28,884</u>	<u>76,706</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>6,667</u>	<u>3,185</u>	<u>(4,410)</u>	<u>(20,168)</u>	<u>115,190</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	24,160	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>24,160</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	6,667	3,185	19,750	(20,168)	115,190
FUND BALANCES - BEGINNING	<u>18,228</u>	<u>164</u>	<u>18,987</u>	<u>84,534</u>	<u>149,329</u>
FUND BALANCES - ENDING	<u>\$ 24,895</u>	<u>\$ 3,349</u>	<u>\$38,737</u>	<u>\$ 64,366</u>	<u>\$ 264,519</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
Emergency Services	-	-	-	-	-
Drug Education	-	-	-	64,366	-
Law Enforcement	-	-	-	-	264,519
Preservation of Records	24,895	-	-	-	-
Bridge/Road Projects	-	-	-	-	-
Committed to:					
Road Maintenance	-	-	-	-	-
Aid and Assistance	-	3,349	38,737	-	-
County Buildings & Equipment	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 24,895</u>	<u>\$ 3,349</u>	<u>\$38,737</u>	<u>\$ 64,366</u>	<u>\$ 264,519</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, 2015

	Sheriff Federal Drug Law Enforcement Fund	Attorney Grant Fund	Emergency Manager Grant Fund	Road Grant Fund	Miscellaneous Grant Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	641,119	87,187	48,183	131,038	57,690
Charges for Services	-	-	-	-	-
Miscellaneous	4,996	17,000	4,100	-	-
TOTAL RECEIPTS	<u>646,115</u>	<u>104,187</u>	<u>52,283</u>	<u>131,038</u>	<u>57,690</u>
DISBURSEMENTS					
General Government	-	-	-	-	49,441
Public Safety	261,374	83,130	27,291	-	-
Public Works	-	-	-	96,718	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>261,374</u>	<u>83,130</u>	<u>27,291</u>	<u>96,718</u>	<u>49,441</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>384,741</u>	<u>21,057</u>	<u>24,992</u>	<u>34,320</u>	<u>8,249</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	8,421	-	-	-
Transfers out	-	-	-	-	(8,421)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>8,421</u>	<u>-</u>	<u>-</u>	<u>(8,421)</u>
Net Change in Fund Balances	384,741	29,478	24,992	34,320	(172)
FUND BALANCES - BEGINNING	<u>406,313</u>	<u>70,214</u>	<u>120,829</u>	<u>47,953</u>	<u>8,421</u>
FUND BALANCES - ENDING	<u>\$ 791,054</u>	<u>\$99,692</u>	<u>\$ 145,821</u>	<u>\$82,273</u>	<u>\$ 8,249</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
Emergency Services	-	-	145,821	-	-
Drug Education	-	-	-	-	-
Law Enforcement	791,054	99,692	-	-	8,249
Preservation of Records	-	-	-	-	-
Bridge/Road Projects	-	-	-	82,273	-
Committed to:					
Road Maintenance	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
County Buildings & Equipment	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 791,054</u>	<u>\$99,692</u>	<u>\$ 145,821</u>	<u>\$82,273</u>	<u>\$ 8,249</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, 2015

	<u>911 Wireless Service Fund</u>	<u>911 Wireless Holding Fund</u>	<u>E911 Fund</u>	<u>Total Nonmajor Governmental Funds</u>
RECEIPTS				
Property Taxes	\$ 50,152	\$ -	\$ 62,210	\$ 157,843
Intergovernmental	-	-	201,696	1,601,034
Charges for Services	-	-	-	59,323
Miscellaneous	-	-	70	77,410
TOTAL RECEIPTS	<u>50,152</u>	<u>-</u>	<u>263,976</u>	<u>1,895,610</u>
DISBURSEMENTS				
General Government	-	-	-	107,800
Public Safety	5,132	-	581,356	1,063,873
Public Works	-	-	-	380,373
Public Assistance	-	-	-	86,042
Culture and Recreation	-	-	-	15,644
TOTAL DISBURSEMENTS	<u>5,132</u>	<u>-</u>	<u>581,356</u>	<u>1,653,732</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>45,020</u>	<u>-</u>	<u>(317,380)</u>	<u>241,878</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	37,615	342,705	497,101
Transfers out	(37,615)	-	-	(46,036)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(37,615)</u>	<u>37,615</u>	<u>342,705</u>	<u>451,065</u>
Net Change in Fund Balances	7,405	37,615	25,325	692,943
FUND BALANCES - BEGINNING	<u>1,871</u>	<u>121,306</u>	<u>98,379</u>	<u>1,448,245</u>
FUND BALANCES - ENDING	<u>\$ 9,276</u>	<u>\$ 158,921</u>	<u>\$ 123,704</u>	<u>\$ 2,141,188</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	50,017
Emergency Services	9,276	158,921	123,704	437,722
Drug Education	-	-	-	64,366
Law Enforcement	-	-	-	1,163,514
Preservation of Records	-	-	-	24,895
Bridge/Road Projects	-	-	-	142,831
Committed to:				
Road Maintenance	-	-	-	28,692
Aid and Assistance	-	-	-	42,086
County Buildings & Equipment	-	-	-	187,065
TOTAL FUND BALANCES	<u>\$ 9,276</u>	<u>\$ 158,921</u>	<u>\$ 123,704</u>	<u>\$ 2,141,188</u>

(Concluded)

SEWARD COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2015

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	County Assessor	Highway Superintendent
BALANCES JULY 1, 2014	\$ 36,929	\$ 213,244	\$ 14,163	\$ 415	\$ -	\$ 75
RECEIPTS						
Property Taxes	-	-	-	-	-	-
Licenses and Permits	1,605	-	915	-	-	375
Intergovernmental	-	-	11,332	-	-	-
Charges for Services	138,656	37,935	51,078	80,342	-	1,953
Miscellaneous	-	-	-	-	20	4,145
State Fees	134,166	25,618	-	-	-	8
Other Liabilities	1,196	483,808	492,078	10,609	-	-
TOTAL RECEIPTS	<u>275,623</u>	<u>547,361</u>	<u>555,403</u>	<u>90,951</u>	<u>20</u>	<u>6,481</u>
DISBURSEMENTS						
Payments to County Treasurer	141,121	35,941	60,958	80,757	-	6,523
Payments to State Treasurer	133,658	25,985	-	-	-	8
Other Liabilities	1,196	453,981	484,808	10,609	-	-
TOTAL DISBURSEMENTS	<u>275,975</u>	<u>515,907</u>	<u>545,766</u>	<u>91,366</u>	<u>-</u>	<u>6,531</u>
BALANCES JUNE 30, 2015	<u>\$ 36,577</u>	<u>\$ 244,698</u>	<u>\$ 23,800</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 25</u>
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 13,946	\$ 3,889	\$ 4,454	\$ -	\$ -	\$ 25
Petty Cash	7,500	100	-	-	20	-
Due to State Treasurer	15,131	1,474	-	-	-	-
Due to Others	-	239,235	19,346	-	-	-
BALANCES JUNE 30, 2015	<u>\$ 36,577</u>	<u>\$ 244,698</u>	<u>\$ 23,800</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 25</u>

(Continued)

SEWARD COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2015

	Veterans' Service Officer	County Health Insurance	County Planning and Zoning	County Public Transit	County Aging Services	Total
BALANCES JULY 1, 2014	\$ 7,266	\$ 595,192	\$ 4,650	\$ -	\$ -	\$ 871,934
RECEIPTS						
Property Taxes	-	-	-	-	-	-
Licenses and Permits	-	-	9,750	-	-	12,645
Intergovernmental	-	-	-	-	80,787	92,119
Charges for Services	-	-	-	11,701	-	321,665
Miscellaneous	4	1,408,316	-	-	1,608	1,414,093
State Fees	-	-	-	-	-	159,792
Other Liabilities	-	-	-	-	-	987,691
TOTAL RECEIPTS	4	1,408,316	9,750	11,701	82,395	2,988,005
DISBURSEMENTS						
Payments to County Treasurer	-	-	10,800	10,825	81,633	428,558
Payments to State Treasurer	-	-	-	-	-	159,651
Other Liabilities	513	1,198,309	-	-	-	2,149,416
TOTAL DISBURSEMENTS	513	1,198,309	10,800	10,825	81,633	2,737,625
BALANCES JUNE 30, 2015	<u>\$ 6,757</u>	<u>\$ 805,199</u>	<u>\$ 3,600</u>	<u>\$ 876</u>	<u>\$ 762</u>	<u>\$1,122,314</u>
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 6,757	\$ 805,199	\$ 3,600	\$ 876	\$ 762	\$ 839,508
Petty Cash	-	-	-	-	-	7,620
Due to State Treasurer	-	-	-	-	-	16,605
Due to Others	-	-	-	-	-	258,581
BALANCES JUNE 30, 2015	<u>\$ 6,757</u>	<u>\$ 805,199</u>	<u>\$ 3,600</u>	<u>\$ 876</u>	<u>\$ 762</u>	<u>\$1,122,314</u>

(Concluded)

SEWARD COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2015

Item	2010	2011	2012	2013	2014
Tax Certified by Assessor					
Real Estate	\$ 25,368,473	\$ 26,900,926	\$ 27,832,232	\$ 30,133,842	\$ 32,033,274
Personal and Specials	2,139,532	2,220,078	2,927,682	3,008,360	2,686,456
Total	27,508,005	29,121,004	30,759,914	33,142,202	34,719,730
Corrections					
Additions	9,083	9,814	11,373	11,661	8,175
Deductions	(35,616)	(3,582)	(5,183)	(4,920)	(4,502)
Net Additions/ (Deductions)	(26,533)	6,232	6,190	6,741	3,673
Corrected Certified Tax	27,481,472	29,127,236	30,766,104	33,148,943	34,723,403
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2011	16,370,852	-	-	-	-
June 30, 2012	11,093,969	17,540,097	-	-	-
June 30, 2013	9,437	11,561,400	18,742,001	-	-
June 30, 2014	2,993	13,585	12,005,023	20,604,864	-
June 30, 2015	2,324	7,009	12,614	12,525,811	21,654,269
Total Net Collections	27,479,575	29,122,091	30,759,638	33,130,675	21,654,269
Total Uncollected Tax	\$ 1,897	\$ 5,145	\$ 6,466	\$ 18,268	\$ 13,069,134
Percentage Uncollected Tax	0.01%	0.02%	0.02%	0.06%	37.64%

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, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE		
Asset Forfeiture Program	16.Unknown	\$ 15,001
Passed through State Commission on Law Enforcement and Criminal Justice		
Juvenile Justice and Delinquency Prevention	16.540	41,774
Edward Byrne Memorial Justice Assistance	16.738	16,223
Total U.S. Department of Justice		<u>72,998</u>
U.S. DEPARTMENT OF HOMELAND SECURITY		
Passed through Nebraska Military Department Disaster Grants - Public Assistance	97.036	* 142,818
Emergency Management Performance Grants	97.042	48,183
Total U.S. Department of Homeland Security		<u>191,001</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through Nebraska Department of Health and Human Services Child Support Enforcement	93.563	87,812
Nutrition Services Incentive Program	93.053	13,533
Passed through City of Lincoln Special Programs for Aging, Title III, Part C, Nutrition Services	93.045	29,158
Total U.S. Department of Health and Human Services		<u>130,503</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Passed through Nebraska Department of Roads Formula Grants for Rural Areas	20.509	93,520
Total U.S. Department of Transportation		<u>93,520</u>
U.S. DEPARTMENT OF TREASURY		
Asset Forfeiture Program	21.Unknown	* 269,143
Total U.S. Department of Treasury		<u>269,143</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 757,165</u></u>

* Represents Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

SEWARD COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. General

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

2. Summary of Significant Accounting Policies

A. **Reporting Entity**

The County's reporting entity is defined in Note 1.A. to the financial statements. The accompanying Schedule includes the Federal awards programs administered by the County for the fiscal year ended June 30, 2015.

B. **Basis of Presentation**

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

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

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

C. **Basis of Accounting**

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

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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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, 2015, 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 23, 2015. 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 controls 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

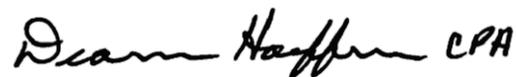
We also noted certain matters that we reported to the management of Seward County in a separate letter dated December 23, 2015.

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 23, 2015



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

Board of Commissioners
Seward County, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Seward County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of Seward County's major Federal programs for the year ended June 30, 2015. Seward County's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Seward County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of Seward County as of and for the year ended June 30, 2015, and have issued our report thereon dated December 23, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

December 23, 2015



Deann Haeffner
Assistant Deputy Auditor
Lincoln, Nebraska

SEWARD COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weaknesses identified?	<u> </u>	Yes <u> X </u>	No
Significant deficiencies identified?	<u> X </u>	Yes <u> </u>	None Reported
Noncompliance material to financial statements noted?	<u> </u>	Yes <u> X </u>	No

Federal Awards

Internal control over major Federal programs:			
Material weaknesses identified?	<u> </u>	Yes <u> X </u>	No
Significant deficiencies identified?	<u> </u>	Yes <u> X </u>	None Reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133:	<u> </u>	Yes <u> X </u>	No
Major programs:	Disaster Grants – Public Assistance CFDA 97.036 Asset Forfeiture Program CFDA 21.Unknown		
Dollar threshold used to distinguish between type A and type B programs:	\$300,000		
Auditee qualified as low-risk auditee:	<u> </u>	Yes <u> X </u>	No

SEWARD COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Concluded)

SECTION II. FINANCIAL STATEMENT FINDINGS

Finding # 2015-1

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

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

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

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

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

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Noted



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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December 23, 2015

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, 2015, and have issued our report thereon dated December 23, 2015. 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. Due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost. This was also noted in prior audits.

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

COUNTY BOARD

Duplicate Payments

During our audit, we noted three claims to different vendors, totaling \$1,090, for which two were paid twice and the other was paid three times during the fiscal year.

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

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

COUNTY SHERIFF

Balancing Procedures

We noted, at June 30, 2015, office records indicated liabilities exceeded assets by \$150, and a detailed list of individual account balances was not maintained. Additionally, we noted a complete list of all receipts issued for the audit period was not available. Failure to complete monthly balancing procedures, including identifying and resolving asset-to-liability balancing variances, increases risk of loss, theft, or misuse of funds, and allows errors to more easily go undetected.

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

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

Unclaimed Property

During our audit, we noted 210 uncashed checks, totaling \$968, which were voided in the Sheriff's bank account records but were never reported to the State Treasurer as unclaimed property. This was a prior year finding. Additionally, we noted two checks, totaling \$901, that were remitted to the County Treasurer rather than to the State Treasurer as unclaimed property.

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

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

County Sheriff's Response: I have requested all administrative staff to review the report and to respond to me in the areas determined to be in need of remediation or changes recommended by your office. I plan to initiate corrective action(s) with my staff along with requesting assistance from other county officials we interact with as well as requesting the adoption of policies or resolutions by officials and/or the County Board of Commissioners to address the deficiencies in our procedures/practices so we can take steps to address the issues noted during the audit.

Per the recommendations from your staff (and the draft audit report), I have requested to speak with the County Commissioner on Tuesday, December 22, 2015 for the purpose of adopting a resolution to establish fees to be set for certain services we provide through our administrative staff in the front lobby of the Sheriff's Office.

I also requested a separate agenda item for discussion/action by the Board on establishing a Petty Cash Account for the Sheriff's Office and dispense with the Sheriff's Office checking account as recommended by your staff as well. I would ask you to note that I have approached the Board of Commissioners in the past and was unsuccessful with a previous request.

I have asked our Detention Center Director to address the issue of unclaimed property in the form of un-cashed inmate reimbursement checks and the tracking of those checks for the required period of time per state statute. We plan to develop a policy that will require the reconciling of these funds and at the expiration of the statutory time period, any unclaimed property (inmate reimbursement funds) be submitted to the State Treasurer for final disposition.

It is my desire and intention to use these noted deficiencies from the annual audit report to ensure proper accounting for all monies/funds that come into our office and/or become our responsibility by state statute.

* * * * *

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

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

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

A handwritten signature in black ink, appearing to read "Deann Haeffner". The signature is fluid and cursive, with a long horizontal stroke at the end.

Deann Haeffner
Assistant Deputy Auditor