SEWARD COUNTY, KANSAS

AUDIT REPORT
For the year ended December 31, 2025

SEWARD COUNTY, KANSAS

FINANCIAL STATEMENTS
For the year ended December 31, 2025

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SEWARD COUNTY, KANSAS

FINANCIAL SECTION

HAY·RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
CHARTERED

INDEPENDENT AUDITOR'S REPORT

To the Seward County Commissioners
Liberal, Kansas 67901

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Seward County, Kansas, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Seward County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Seward County, Kansas, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Southwest Medical Center (a discretely presented component unit), which represents 100% of the assets and revenues of the component unit columns as of December 31, 2025. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Southwest Medical Center (a discretely presented component unit), is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit 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 *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Seward County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Seward County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but it not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Seward County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Seward County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 67 through 71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Seward County's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2026, 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 solely 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 effectiveness of Seward County's 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.

Hay•Rice & Associates, Chartered

Hay•Rice & Associates, Chartered

August 14, 2026

HAY·RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
CHARTERED

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*

To the Seward County Commissioners
Liberal, Kansas 67901

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Seward County, Kansas, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Seward County's basic financial statements and have issued our report thereon dated August 14, 2026.

Report on 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) as a basis for designing 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 Seward County's internal control.

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

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, 2025-003, 2025-004, 2025-005, 2025-006 and 2025-007 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2025-008 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Seward County's financial statements are free from 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 financial statements. 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*.

Seward County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Seward County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Seward County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hay•Rice & Associates, Chartered

Hay•Rice & Associates, Chartered

August 14, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Seward County, we offer readers of Seward County's financial statements this overview and analysis of the financial activities of Seward County for the fiscal year ended December 31, 2025. Please read this report in conjunction with the County's financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

- The assets of Seward County exceeded its liabilities at the close of 2025 by $18,391,755 (net position). Of this amount, $5,122,583 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Seward County's basic financial statements. These financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Seward County's finances, in a manner similar to private-sector business, and can be found on pages 1 – 5 of this report.

The statement of net position presents information on all of Seward County's assets (what the citizens own) and liabilities (what the citizens owe), with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Seward County is improving or deteriorating. Other nonfinancial factors should also be considered, such as changes in the County's property tax base, and the condition of the County's capital assets (highways, roads, bridges and buildings) to assess the overall health of the County.

The statement of activities presents information showing how Seward County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of Seward County that are supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Seward County include general government, public safety, natural resources, educational, health and sanitation, social services, culture and recreation, transportation and debt service. The business-type activity of Seward County is the landfill.

The government-wide financial statements include not only Seward County itself but also a legally separate hospital, combined under one column heading of "Component Units." This entity has a Board appointed by the Seward County Commission. The Commission must also approve bond issuances by the entity. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Complete financial statements may be obtained at the Administrative Office for the Southwest Medical Center at 315 W. 15th in Liberal, Kansas.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Seward County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Seward County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Our analysis of the County's major funds begins on page 6. Kansas State law requires certain funds at a minimum. The Seward County Commission has established other funds to help it control and manage money for particular purposes (Ex. Planning & Zoning Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (Ex. County Sales Tax Funds). The County's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps to determine the amount of financial resources that are currently available in the near future to finance the County's programs.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This presentation should allow the readers to better understand the long-term impact of the government's current financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between the governmental funds and the governmental activities reporting.

Seward County maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is considered its major fund. Data from the other 16 governmental funds are combined into a single, aggregate presentation.

Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report on pages 73 – 76.

The basic governmental fund financial statements can be found on pages 6 – 12 of this report.

Proprietary Funds

Proprietary funds provide the same type of information as business-type activities in the government-wide financial statements, only in more detail. Seward County uses an enterprise fund to account for charging customers for the full cost of the services it provides at the landfill, which is considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 13 – 15 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because those funds resources are not available to support Seward County's programs. The accounting for the fiduciary funds is similar to that used for the proprietary funds.

The basic fiduciary fund financial statements can be found on page 16 – 20 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental fund financial statements. The notes to the financial statements can be found on pages 21 – 66 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Seward County's compliance with its annually appropriated budget for the general fund. This required supplementary information can be found on pages 67 – 71 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. The combined and the individual fund statements and schedules can be found on pages 72 – 88 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously referenced in this analysis, the net position may serve as an indicator of the government's financial position. In Seward County, assets exceeded liabilities by $18,391,755 at the close of 2025.

The largest portion of Seward County's net position, or 42%, reflects its investment in capital assets such as land, highways, roads, bridges, buildings, machinery, and equipment, less any debt used to acquire these assets that is still outstanding. Seward County uses these capital assets to provide

services to citizens. It is important to note that these assets are not available for future spending. Although Seward County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets alone cannot be used to liquidate these liabilities.

	Seward County's Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Current and other assets	$29,656,379	$28,734,082	$12,012,668	$13,296,129	$41,669,047	$42,030,211
Capital assets	13,204,235	19,033,634	3,942,811	4,675,502	17,147,046	23,709,136
Total Assets	$42,860,614	$47,767,716	$15,955,479	$17,971,631	$58,816,093	$65,739,347
Deferred Outflows of Resources	$ 3,124,972	$ 2,742,267	-	-	$ 3,124.972	$ 2,742,267
Long-term liabilities	$19,345,577	$24,579,022	$ 7,946,171	$ 8,177,738	$27,291,748	$32,756,760
Other liabilities	1,398,386	1,637,580	407,398	900,678	1,805,784	2,538,258
Total Liabilities	$20,743,963	$26,216,602	$ 8,353,569	$ 9,078,416	$29,097,532	$35,295,018
Deferred Inflows of Resources	$13,950,240	$14,794,841	-	-	$13,950,240	$14,794,841
Net Position:						
Net investment in capital assets	$11,168,008	$11,220,433	$ (3,969,157)	$ (3,448,680)	$ 7,198,851	$ 7,771,753
Restricted	263,438	230,790	4,884,879	5,266,629	5,148,317	5,497,419
Unrestricted	(140,063)	(1,952,683)	6,686,188	7,075,266	6,546,125	5,122,583
Total Net Position	$11,291,383	$ 9,498,540	$ 7,601,910	$ 8,893,215	$18,893,293	$18,391,755

Governmental activities decreased Seward County's net position by $1,792,843 and business-type activities increased Seward County's net position by $1,291,305 as a result of the key elements, as follows:

	Seward County's Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Revenues						
Program Revenues:						
Charges for services	$ 1,993,196	$ 1,980,051	$ 8,963,484	$ 9,284,425	$10,956,680	$11,264,476
Operating grants and contributions	864,406	861,228	-	-	864,406	861,228
General Revenues:						
Property taxes	8,701,135	12,092,487	-	-	8,701,135	12,092,487
Other taxes	5,176,398	5,314,754	-	-	5,176,398	5,314,754
Other	1,876,827	2,686,738	119,143	133,750	1,995,970	2,820,488
Total Revenues	$18,611,962	$22,935,258	$ 9,082,627	$ 9,418,175	$27,694,589	$32,353,433
Expenses						
General Government	$13,390,914	$11,494,879	$ -	$ -	$13,390,914	$11,494,879
Public Safety	5,251,352	5,910,203	-	-	5,251,352	5,910,203
Transportation	2,260,970	2,689,867	-	-	2,260,970	2,689,867
Natural Resources	268,929	237,128	-	-	268,929	237,128
Health and Sanitation	2,871,441	2,725,542	-	-	2,871,441	2,725,542
Social Services	330,052	242,000	-	-	330,052	242,000
Culture and Recreation	1,543,209	1,372,041	-	-	1,543,209	1,372,041

Seward County's Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Expenses (Continued)						
Landfill	-	-	8,104,388	8,096,341	$ 8,104,388	$ 8,096,341
Interest expense	67,667	56,441	36,742	30,529	104,409	86,970
Total Expenses	$25,984,534	$24,728,101	$ 8,141,130	$ 8,126,870	$34,125,664	$32,854,971
Increase (Decrease) in Net Position	$ (7,372,572)	$ (1,792,843)	$ 941,497	$ 1,291,305	$ (6,431,075)	$ (501,538)
Net Position, January 1	18,663,955	11,291,383	6,660,413	7,601,910	25,324,368	18,893,293
Net Position, December 31	$11,291,383	$ 9,498,540	$ 7,601,910	$ 8,893,215	$18,893,293	$18,391,755

The Statement of Activities format is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance, as expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. This format highlights the relative financial burden of each of the functions on the County's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, Seward County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of Seward County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Seward County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources for spending at the end of the fiscal year.

As of the end of the current fiscal year, Seward County's governmental funds reported combined ending fund balances of $13,846,837, or decrease of $1,185,719 from the preceding year.

Approximately $13,587,497 is available for spending at the government's discretion.

Proprietary Funds

Seward County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary fund is $7,075,267.

GENERAL FUND BUDGETARY HIGHLIGHTS

During 2025, the County Commission did not amend the general fund budget. The general fund revenue was over the total budgeted amount by $1,535,528 and the general fund expenditures were under the budgeted amount by $2,238,579, which gives an overall favorable amount of $3,774,107.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year ended December 31, 2025, the County had $114,163,928 invested in capital assets including equipment, buildings, roads and landfill. (See Table below.)

	Seward County's Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Land	$ 591,693	$ 591,693	$ 428,551	$ 428,551	$ 1,020,244	$ 1,020,244
Buildings	15,536,251	15,536,251	571,780	571,780	16,108,031	16,108,031
Improvements	-	-	4,887,101	4,887,101	4,887,101	4,887,101
Lease assets	3,947,251	3,947,251	1,301,512	1,301,512	5,248,763	5,248,763
Equipment	19,462,911	19,533,348	10,538,885	11,163,057	30,001,796	30,696,405
Highways and roads	49,242,694	56,203,384	-	-	49,242,694	56,203,384
Construction in progress	-	-	-	-	-	-
Subtotal - Undepreciated cost	$ 88,780,800	$ 95,811,927	$ 17,727,829	$ 18,352,001	$106,508,629	$114,163,928
Accumulated depreciation and amortization	(75,576,565)	(76,778,293)	(13,785,018)	(13,676,499)	(89,361,583)	(90,454,792)
Total	$ 13,204,235	$ 19,033,634	$ 3,942,811	$ 4,675,502	$ 17,147,046	$ 23,709,136

Additional information on Seward County's capital assets can be found in Note 2C on pages 43 – 47 of this report.

Long-Term Debt

At the end of 2025, Seward County had contracts, general obligation bonds, and finance leases payable of $15,937,383. Additional long-term debt information can be found in Note 2C on pages 48 – 55 of this report.

	Seward County's Long-Term Debt					
	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Contracts	$ -	$ -	$7,253,215	$7,626,309	$ 7,253,215	$ 7,626,309
Finance leases & temporary notes	2,036,227	1,715,453	658,753	497,873	2,694,980	2,213,326
General obligation bonds	-	6,097,748	-	-	-	6,097,748
Contingent liability	3,504,906	4,000,000	-	-	3,504,906	4,000,000
Net pension obligation	13,304,094	12,709,752	-	-	13,304,094	12,709,752
Total	$18,845,227	$24,522,953	$7,911,968	$8,124,182	$26,757,195	$32,647,135

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Seward County lowered its 2026 budgeted mill levy for 2025 property taxes by 2.203 mills and increased property taxes by $28.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional information, contact the County Administrator's office, Seward County, 515 North Washington, Liberal, Kansas 67901.

SEWARD COUNTY, KANSAS

BASIC FINANCIAL STATEMENTS

December 31, 2025

SEWARD COUNTY, KANSAS

STATEMENT OF NET POSITION
December 31, 2025

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets				
Cash, including time deposits	$ 14,573,760	$ 5,592,803	$ 20,166,563	$ 3,010,564
Taxes receivable	13,929,532	-	13,929,532	-
Accounts receivable (net)	155,887	2,184,697	2,340,584	14,459,062
Inventory	26,273	-	26,273	1,631,061
Assets limited as to use	-	-	-	471,871
Estimated third-party settlements	-	-	-	5,579,916
Other receivables	-	-	-	152
Prepaid expenses	-	-	-	1,836,010
Total current assets	$ 28,685,452	$ 7,777,500	$ 36,462,952	$ 26,988,636
Noncurrent Assets				
Restricted Assets:				
Cash, including time deposits	$ 48,630	$ 5,518,629	$ 5,567,259	$ -
Internally designated	-	-	-	23,678,694
Under indenture agreements-held by trustee	-	-	-	1,503,714
By contributors and grantors for capital acquisitions	-	-	-	827,092
Less – Amounts required to meet current obligations	-	-	-	(471,871)
Total restricted assets	$ 48,630	$ 5,518,629	$ 5,567,259	$ 25,537,629
Capital Assets:				
Land	$ 591,693	$ 428,551	$ 1,020,244	$ 104,046
Buildings	15,536,251	571,780	16,108,031	32,834,743
Improvements other than buildings	-	4,887,101	4,887,101	2,300,577
Machinery, equipment, furniture and fixtures	19,533,348	11,163,057	30,696,405	25,131,796
Highways	56,203,384	-	56,203,384	-
Construction in progress	-	-	-	6,868
Lease assets being amortized	3,947,251	1,301,512	5,248,763	102,798
Less – Accumulated depreciation	(73,865,487)	(9,964,593)	(83,830,080)	(41,962,072)
Accumulated amortization	(2,912,806)	(3,711,906)	(6,624,712)	(37,692)
Total noncurrent assets	$ 19,033,634	$ 4,675,502	$ 23,709,136	$ 18,481,064
Total Assets	$ 47,767,716	$ 17,971,631	$ 65,739,347	$ 71,007,329
DEFERRED OUTFLOWS OF RESOURCES				
Pension	$ 2,742,267	-	$ 2,742,267	$ 9,552,187
Other postemployment benefits (OPEB)	-	-	-	577,129
Advance refunding	-	-	-	463,668
Total deferred outflows of resources	$ 2,742,267	-	$ 2,742,267	$ 10,592,984
Total Assets and Deferred Outflows of Resources	$ 50,509,983	$ 17,971,631	$ 68,481,614	$ 81,600,313

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

SEWARD COUNTY, KANSAS

Statement 1

STATEMENT OF NET POSITION
December 31, 2025

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
LIABILITIES				
Current Liabilities				
Accounts payable	$ 512,013	$ 561,389	$ 1,073,402	$ 7,553,948
Accrued interest payable	-	-	-	137,192
Other accrued liabilities	-	-	-	329,267
Customer prepayments	-	99,743	99,743	-
Accrued wages and benefits	445,700	80,807	526,507	1,777,231
Accrued compensated absences	-	-	-	1,738,764
Estimated third-party payor settlements	-	-	-	2,781,651
Finance lease obligations – Current	329,867	158,739	488,606	-
Current portion of lease liabilities	-	-	-	19,990
Current maturities of long-term debt	350,000	-	350,000	11,181,352
Total current liabilities	$ 1,637,580	$ 900,678	$ 2,538,258	$25,519,395
Noncurrent Liabilities				
Contracts payable	$ -	$ 7,626,309	$ 7,626,309	$ -
General obligation bonds	5,747,748	-	5,747,748	-
Accrued compensated absences	735,936	212,295	948,231	187,000
Lease liabilities, less current maturities	-	-	-	50,155
Other post employment benefits (OPEB) liability	-	-	-	368,293
Contingent liability	4,000,000	-	4,000,000	-
Net pension liability	12,709,752	-	12,709,752	25,208,933
Other noncurrent liabilities	-	-	-	297,703
Lease payable	1,385,586	339,134	1,724,720	-
Total noncurrent liabilities	$24,579,022	$ 8,177,738	$32,756,760	$26,112,084
Total Liabilities	$26,216,602	$ 9,078,416	$35,295,018	$51,631,479
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	$13,929,532	-	$13,929,532	$ -
Advance refunding	-	-	-	66,441
Other post employment benefits (OPEB)	-	-	-	412,352
Pension related	865,309	-	865,309	4,450,053
Total Deferred Inflows of Resources	$14,794,841	-	$14,794,841	$ 4,928,846
NET POSITION				
Net investment in capital assets	$11,220,433	$ (3,448,680)	$ 7,771,753	$ 7,626,796
Restricted for:				
Debt service	-	-	-	1,503,714
Expendable for Capital acquisitions	-	-	-	827,092
Other purposes	230,790	5,266,629	5,497,419	-
Unrestricted	(1,952,683)	7,075,266	5,122,583	15,082,386
Total Net Position	$ 9,498,540	$ 8,893,215	$18,391,755	$25,039,988

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

SEWARD COUNTY, KANSAS

Statement 2

STATEMENT OF ACTIVITIES
For the year ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services & Other	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total	Component Units
Primary Government:								
Governmental Activities:								
General Government:								
County Administration	$ 172,528	$ -	$ -	-	$ (172,528)	-	$ (172,528)	-
County Commissioners	110,581	-	-	-	(110,581)	-	(110,581)	-
County Counselor	251,283	-	-	-	(251,283)	-	(251,283)	-
County Clerk	173,420	3,678	-	-	(169,742)	-	(169,742)	-
County Treasurer	296,366	197,028	-	-	(99,338)	-	(99,338)	-
County Attorney	765,430	-	-	-	(765,430)	-	(765,430)	-
Planning Board	158,323	31,268	-	-	(127,055)	-	(127,055)	-
Register of Deeds	137,241	2,064	-	-	(135,177)	-	(135,177)	-
Clerk of District Court	374,119	37,652	-	-	(336,467)	-	(336,467)	-
Courthouse General	3,195,221	270,000	6,000	-	(2,919,221)	-	(2,919,221)	-
Election	41,522	380	-	-	(41,142)	-	(41,142)	-
Employees' Benefits	4,785,871	-	-	-	(4,785,871)	-	(4,785,871)	-
County Appraiser	327,190	1,425	-	-	(325,765)	-	(325,765)	-
Human Resources	99,819	-	-	-	(99,819)	-	(99,819)	-
Information Technology	198,662	-	-	-	(198,662)	-	(198,662)	-
GIS	99,600	-	-	-	(99,600)	-	(99,600)	-
360 Improvements	202,265	-	-	-	(202,265)	-	(202,265)	
Reserve for claims	141,076	-	-	-	(141,076)	-	(141,076)	-
Total general government	$11,530,517	$ 543,495	$ 6,000	-	$ (10,981,022)	-	$ (10,981,022)	-
Public Safety:								
Sheriff	$ 1,764,824	$ 58,492	$ -	-	$ (1,706,332)	-	$ (1,706,332)	-
Civil Defense	192,433	-	58,815	-	(133,618)	-	(133,618)	-
Emergency Preparedness	379,327	-	-	-	(379,327)	-	(379,327)	-
Jail	1,735,190	326,433	-	-	(1,408,757)	-	(1,408,757)	-
Communications	495,161	127,985	-	-	(367,176)	-	(367,176)	-
Rural Fire	1,104,139	-	-	-	(1,104,139)	-	(1,104,139)	-
Juvenile Detention	245,309	-	-	-	(245,309)	-	(245,309)	-
Total public safety	$ 5,916,383	$ 512,910	$ 58,815	-	$ (5,344,658)	-	$ (5,344,658)	-
Natural Resources:								
Soil Conservation	$ 38,000	$ -	-	-	$ (38,000)	-	$ (38,000)	-
Noxious Weed	199,128	74,194	-	-	(124,934)	-	(124,934)	-
Total natural resources	$ 237,128	$ 74,194	-	-	$ (162,934)	-	$ (162,934)	-

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

Statement 2
(Continued)

STATEMENT OF ACTIVITIES
For the year ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services & Other	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total	Component Units
Primary Government (Continued):								
Governmental Activities (Continued):								
Health and Sanitation:								
Coroner	$ 77,476	$ -	$ -	-	$ (77,476)	-	$ (77,476)	-
Emergency Medical Service	834,866	489,695	-	-	(345,171)	-	(345,171)	-
Health	1,541,926	58,016	796,413	-	(687,497)	-	(687,497)	-
Mental Health	84,500	-	-	-	(84,500)	-	(84,500)	-
Special Alcoholic Treatment	6,000	-	-	-	(6,000)	-	(6,000)	-
Developmental Disabled	120,000	-	-	-	(120,000)	-	(120,000)	-
Cemetery	68,748	11,457	-	-	(57,291)	-	(57,291)	-
Total health and sanitation	$ 2,733,516	$ 559,168	$ 796,413	-	$ (1,377,935)	-	$ (1,377,935)	-
Social Services:								
Adolescent support	$ 225,000	-	-	-	$ (225,000)	-	$ (225,000)	-
Veterans/Other	17,000	-	-	-	(17,000)	-	(17,000)	-
Total social services	$ 242,000	-	-	-	$ (242,000)	-	$ (242,000)	-
Culture and Recreation:								
Historical Museum	$ 75,000	$ -	-	-	$ (75,000)	-	$ (75,000)	-
Council on Aging	266,613	-	-	-	(266,613)	-	(266,613)	-
Economic Development	242,275	156,859	-	-	(85,416)	-	(85,416)	-
Fair	272,868	-	-	-	(272,868)	-	(272,868)	-
Special Parks and Recreation	6,000	-	-	-	(6,000)	-	(6,000)	-
Activity Center	509,285	133,425	-	-	(375,860)	-	(375,860)	-
Total culture and recreation	$ 1,372,041	$ 290,284	-	-	$ (1,081,757)	-	$ (1,081,757)	-
Transportation:								
Maintenance	$ 2,695,509	-	-	-	$ (2,695,509)	-	$ (2,695,509)	-
Other:								
Employee Committee	$ 1,007	-	-	-	$ (1,007)	-	$ (1,007)	-
Total governmental activities	$24,728,101	$ 1,980,051	$ 861,228	-	$ (21,886,822)	$ -	$ (21,886,822)	-
Business-Type Activities:								
Landfill	8,126,870	9,284,425	-	-	-	1,157,555	1,157,555	-
Total Primary Government	$32,854,971	$11,264,476	$ 861,228	-	$ (21,886,822)	$1,157,555	$ (20,729,267)	-

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

SEWARD COUNTY, KANSAS

Statement 2
(Continued)

STATEMENT OF ACTIVITIES
For the year ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services & Other	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total	Component Units
Component Units:								
Southwest Medical Center	$84,311,848	$77,110,504	$ 57,026	-	-	-	-	$ (7,144,318)
General Revenues:								
Ad valorem property tax					$11,835,876	$ -	$11,835,876	-
Delinquent tax					256,611	-	256,611	-
Interest on delinquent taxes					328,375	-	328,375	-
Motor vehicle tax					1,011,978	-	1,011,978	-
Private club liquor tax					28,155	-	28,155	-
Local sales tax					2,649,674	-	2,649,674	-
Gasoline tax					681,008	-	681,008	-
Health initiatives					764,496	-	764,496	-
State drug tax					172,707	-	172,707	-
Severance tax					6,736	-	6,736	-
Diversion fees					110,830	-	110,830	-
Special City/County highway					901,961	-	901,961	-
Opioid Settlement					33,138	-	33,138	
Royalty and lease income					12,682	-	12,682	-
Miscellaneous					62,225	-	62,225	-
Interest					1,163,038	133,750	1,296,788	-
Gain or (loss) on disposal of assets					74,489	-	74,489	-
Total general revenues and transfers					$20,093,979	$ 133,750	$20,227,729	-
Change in Net Position					$ (1,792,843)	$1,291,305	$ (501,538)	$ (7,144,318)
Net Position, Beginning					11,291,383	7,601,910	18,893,293	32,184,306
Net Position, Ending					$ 9,498,540	$8,893,215	$18,391,755	$ 25,039,988

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

SEWARD COUNTY, KANSAS

Statement 3

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

ASSETS	General Fund	Other Governmental Funds	Total Governmental Funds
Cash, including time deposits	$ 6,277,117	$ 8,296,643	$14,573,760
Cash, restricted	48,630	-	48,630
Accounts receivable	98,571	57,316	155,887
Taxes receivable	12,383,644	1,545,888	13,929,532
Inventory	26,273	-	26,273
Total Assets	$18,834,235	$ 9,899,847	$28,734,082
LIABILITIES			
Accounts payable	$ 317,737	$ 194,276	$ 512,013
Accrued wages and benefits	333,069	112,631	445,700
Total liabilities	$ 650,806	$ 306,907	$ 957,713
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	$12,383,644	$ 1,545,888	$13,929,532
FUND BALANCES			
Nonspendable:			
Inventory	$ 26,273	$ -	$ 26,273
Accounts receivable	98,571	85,866	184,437
Restricted for restricted assets	48,630	-	48,630
Assigned	-	7,961,186	7,961,186
Unassigned	5,626,311	-	5,626,311
Total fund balances	$ 5,799,785	$ 8,047,052	$13,846,837
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$18,834,235	$ 9,899,847	$28,734,082

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2025

Total Governmental Fund Balances	$ 13,846,837
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and deferred outflows of resources used in governmental activities are not financial resources and therefore are not reported in the funds:	
Capital assets net of accumulated depreciation of $76,778,293	19,033,634
Deferred outflows of resources	2,742,267
Long-term liabilities and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds:	
General obligation bonds payable	(6,097,748)
Accrued compensated absences	(735,936)
Contingent liability	(4,000,000)
Finance leases payable	(1,715,453)
Net pension liability	(12,709,752)
Deferred inflows of resources	(865,309)
Net Position of Governmental Activities	$ 9,498,540

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

SEWARD COUNTY, KANSAS

Statement 4

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the year ended December 31, 2025

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$11,706,338	$ 2,920,110	$14,626,448
Intergovernmental	3,169,936	2,436,723	5,606,659
Licenses, permits, and fees	663,536	-	663,536
Charges for services	918,978	186,001	1,104,979
Interest income	1,163,038	-	1,163,038
Bonds proceeds	-	6,097,748	6,097,748
Royalty and lease income	133,507	22,223	155,730
Miscellaneous	70,571	62,520	133,091
Total Revenues	$17,825,904	$11,725,325	$29,551,229
Expenditures			
Current Operations:			
General Government:			
County Administration	$ 172,388	$ -	$ 172,388
County Commissioners	110,581	-	110,581
County Counselor	251,283	-	251,283
County Clerk	172,319	-	172,319
County Treasurer	296,366	-	296,366
County Attorney	739,878	24,987	764,865
Planning Board	154,581	-	154,581
Register of Deeds	135,546	-	135,546
Clerk of District Court	372,267	-	372,267
Employees' Benefits	4,627,347	-	4,627,347
Courthouse General	1,605,919	1,522,627	3,128,546
Information Technology	198,662	-	198,662
GIS	99,600	-	99,600
Election	41,522	-	41,522
County Appraiser	327,190	-	327,190
Human Resources	99,819	-	99,819
360 Improvements	202,265	-	202,265
Reserve for claims	141,076	-	141,076
Total general government	$ 9,748,609	$ 1,547,614	$11,296,223
Public Safety:			
Sheriff	$ 1,732,448	$ -	$ 1,732,448

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

SEWARD COUNTY, KANSAS

Statement 4
(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the year ended December 31, 2025

Expenditures (Continued)	General Fund	Other Governmental Funds	Total Governmental Funds
Current Operations (Continued):			
Public Safety (Continued):			
Civil Defense	2,738	182,474	185,212
Emergency Preparedness	140,107	239,220	379,327
Jail	1,553,597	-	1,553,597
Communications	396,554	-	396,554
Juvenile Detention	245,309	-	245,309
Rural Fire	-	1,069,187	1,069,187
Total public safety	$ 4,070,753	$ 1,490,881	$ 5,561,634
Natural Resources:			
Soil Conservation	$ 38,000	-	$ 38,000
Noxious Weed	195,098	-	195,098
Total natural resources	$ 233,098	-	$ 233,098
Health and Sanitation:			
Coroner	$ 77,476	$ -	$ 77,476
Mental Health	84,500	-	84,500
Developmental Disabled	120,000	-	120,000
Cemetery	60,917	-	60,917
Emergency Medical Service	891,057	-	891,057
Health	-	1,580,925	1,580,925
Special Alcoholic Treatment	-	6,000	6,000
Total health and sanitation	$ 1,233,950	$ 1,586,925	$ 2,820,875
Social Services:			
Adolescent support	$ 225,000	-	$ 225,000
Veterans/Other	17,000	-	17,000
Total social services	$ 242,000	-	$ 242,000
Culture and Recreation:			
Historical Museum	$ 75,000	$ -	$ 75,000
Activity Center	433,660	-	433,660
Fair	50,000	222,868	272,868
Economic Development	242,275	-	242,275
Council on Aging	266,613	-	266,613
Special Parks and Recreation	-	6,000	6,000
Total culture and recreation	$ 1,067,548	$ 228,868	$ 1,296,416

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

Statement 4
(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the year ended December 31, 2025

	General Fund	Other Governmental Funds	Total Governmental Funds
Expenditures (Continued)			
Current Operations (Continued):			
Transportation:			
Maintenance	-	$ 9,275,666	$ 9,275,666
Other:			
Employee Committee	$ 1,007	-	$ 1,007
Total Expenditures	$16,596,965	$14,129,954	$30,726,919
Transfers:			
Equipment	$ 718,344	$ (718,344)	-
Net Change in Fund Balances	$ 510,595	$ (1,686,285)	$ (1,175,690)
Fund Balances, January 1	5,299,219	9,733,337	15,032,556
Other Changes:			
Increase or (decrease) in reserves	(10,029)	-	(10,029)
Fund Balances, December 31	$ 5,799,785	$ 8,047,052	$13,846,837

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

SEWARD COUNTY, KANSAS

Statement 4
(Continued)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2025

Net Change in Fund Balances – Total Governmental Funds	$ (1,175,690)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:	
Capital asset purchases capitalized	7,190,603
Capital asset disposals net of accumulated depreciation	-
Depreciation expense	(1,361,204)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund:	
Current taxes receivable	13,929,532
Prior taxes receivable	(13,545,379)
Current accounts receivable	155,887
Prior accounts receivable	(179,016)
Current restricted assets	48,630
Prior restricted assets	(42,699)
Current deferred revenue	(13,929,532)
Prior deferred revenue	13,545,379
Current deferred outflows of resources	2,742,267
Prior deferred outlaws of resources	(3,124,972)
Issuance of debt is revenue in the governmental funds, but the receipt increases long-term liabilities in the statement of net position:	
General obligation bond proceeds	(6,097,748)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:	
Finance lease principal payments	320,773

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

SEWARD COUNTY, KANSAS

Statement 4
(Continued)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2025

Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds:	
Current compensated absences	(735,936)
Prior compensated absences	820,292
Current contingent liability	(4,000,000)
Prior contingent liability	3,504,906
Current net pension liability	(12,709,752)
Prior net pension liability	13,304,094
Current deferred inflows of resources	(865,309)
Prior deferred inflows of resources	404,861
Some assets, such as prepaid insurance and inventory, are reported as reserves to fund balances in the governmental funds statement so these amounts are included in the expense accounts on the governmental funds:	
Current inventory	26,273
Prior inventory	(19,103)
Change in Net Position on Governmental Activities	$ (1,792,843)

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

SEWARD COUNTY, KANSAS

Statement 5

STATEMENTS OF NET POSITION – PROPRIETARY FUNDS
December 31, 2025 and 2024

	Business-Type Activities Landfill	
ASSETS	Current	Prior
Current Assets		
Cash, including time deposits	$ 5,592,803	$ 5,278,767
Accounts receivable (net)	2,184,697	1,849,022
Total current assets	$ 7,777,500	$ 7,127,789
Noncurrent Assets		
Restricted Assets:		
Cash, including time deposits	$ 5,518,629	$ 4,884,879
Capital Assets:		
Land	428,551	428,551
Buildings	571,780	571,780
Landfill pit	4,887,101	4,887,101
Lease assets being amortized	1,301,512	1,301,512
Machinery, equipment, furniture and fixtures	11,163,057	10,538,885
Less – Accumulated depreciation	(9,964,593)	(10,189,479)
Lease amortization	(301,473)	(230,701)
Accumulated amortization	(3,410,433)	(3,364,838)
Total noncurrent assets	$ 10,194,131	$ 8,827,690
Total Assets	$ 17,971,631	$ 15,955,479
LIABILITIES		
Current Liabilities		
Payable from Current Assets:		
Accounts payable	$ 642,196	$ 150,547
Customer prepayments	99,743	95,822
Current portion of long-term debt	158,739	161,029
Total current liabilities	$ 900,678	$ 407,398
Noncurrent Liabilities		
Lease payable	$ 497,873	$ 658,753
Accrued compensated absences	212,295	195,232
Landfill closure payable	7,626,309	7,253,215
Less – Current portion	(158,739)	(161,029)
Total noncurrent liabilities	$ 8,177,738	$ 7,946,171
Total Liabilities	$ 9,078,416	$ 8,353,569
NET POSITION		
Net investment in capital assets	$ (3,448,680)	$ (3,969,157)
Restricted for:		
Other purposes	5,266,629	4,884,879
Unrestricted	7,075,266	6,686,188
Total Net Position	$ 8,893,215	$ 7,601,910

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

SEWARD COUNTY, KANSAS

Statement 6

STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUNDS
For the years ended December 31, 2025 and 2024

	Business-Type Activities Landfill	
	Current	Prior
Operating Revenues		
Charges for services	$ 8,876,358	$ 8,963,484
Operating Expenses		
Cost of Services:		
Salaries and wages	$ 2,184,803	$ 2,058,669
Fringe benefits	1,144,427	1,026,276
Professional fees	109,734	88,436
Maintenance	259,363	507,231
Fuel	767,403	775,222
Rents	327	352
Tonnage fees	96,675	103,034
Repairs	1,748,357	1,743,710
Waste tire removal	24,909	23,612
Total cost of services	$ 6,335,998	$ 6,326,542
Other:		
Administrative expense	$ 589,549	$ 578,560
Insurance	150,871	128,446
Depreciation and amortization	647,099	574,470
Total other	$ 1,387,519	$ 1,281,476
Total operating expenses	$ 7,723,517	$ 7,608,018
Net Operating Income	$ 1,152,841	$ 1,355,466
Non-Operating Revenues (Expenses)		
Insurance settlements	$ 408,067	$ -
Landfill closure and postclosure	(373,094)	(496,370)
Interest income	133,750	119,143
Interest and fiscal charges	(30,259)	(36,742)
Total non-operating revenues (expenses)	$ 138,464	$ (413,969)
Change in Net Position	$ 1,291,305	$ 941,497
Net Position, Beginning of Year	7,601,910	6,660,413
Net Position, End of Year	$ 8,893,215	$ 7,601,910

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

SEWARD COUNTY, KANSAS

Statement 7

STATEMENTS OF CASH FLOWS – PROPRIETARY FUNDS
For the years ended December 31, 2025 and 2024

	Business-Type Activities Landfill	
	Current	Prior
Cash Flows from Operating Activities		
Receipts from customers	$ 8,640,425	$ 8,507,176
Disbursements to suppliers	(4,070,658)	(5,025,121)
Disbursements to employees	(2,184,803)	(2,058,669)
Interest income	133,750	119,143
Interest expense	(30,259)	(36,742)
Net cash provided by operating activities	$ 2,488,455	$ 1,505,787
Cash Flows from Capital and Related Financing Activities		
Purchase of property and equipment	$ (1,379,789)	$ (1,317,695)
Financing of equipment	-	599,944
Principal payments on finance lease obligations	(160,880)	(285,901)
Net cash used in financing activities	$ (1,540,669)	$ (1,003,652)
Net Increase (Decrease) in Cash and Cash Equivalents	$ 947,786	$ 502,135
Cash and Cash Equivalents at Beginning of Year	10,163,646	9,661,511
Cash and Cash Equivalents at End of Year	$11,111,432	$10,163,646
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	$ 1,291,305	$ 941,497
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation expense	$ 601,504	$ 546,684
Amortization expense	45,595	27,786
Changes in Assets and Liabilities:		
Decrease (increase) in accounts receivable	(335,675)	(456,308)
(Decrease) increase in accounts payable	491,649	(82,750)
(Decrease) increase in customer prepayments	3,920	35,580
(Decrease) increase in accrued compensated absences	17,063	(3,071)
(Decrease) increase in closure and postclosure	373,094	496,369
Total adjustments	$ 1,197,150	$ 564,290
Net Cash Provided by Operating Activities	$ 2,488,455	$ 1,505,787

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

SEWARD COUNTY, KANSAS

Statement 8

STATEMENT OF NET POSITION – FIDUCIARY FUNDS
December 31, 2025

	Assets Cash and Time Deposits	Liabilities	Net Position
Private-Purpose Trust Funds			
Register of Deeds – Tech Fund	$ 115,537	$ 639	$114,898
Technology Surplus	115,462	-	115,462
City of Liberal Intake	13,713	-	13,713
Sheriff Grants	15,611	-	15,611
Clerk Tech Fund	27,164	-	27,164
Treasurer Tech Fund	28,298	-	28,298
LLEBG2002-51 Grant	7,642	-	7,642
JCAPS – 26th Judicial District	134,976	18,868	116,108
JCAPS – Program Fees	101,159	-	101,159
Reinvestment Grant	50,000	-	50,000
Treasurer's Special Auto	2,963	1,844	1,119
DOJ Seized/Forfeiture	48,357	-	48,357
Emergency Medical Service:			
Training	43,413	-	43,413
Bequests	3,745	-	3,745
Prosecutor Training	28,140	-	28,140
Fire Protection:			
Bequest	8,764	-	8,764
Law Library	11,697	-	11,697
Sub-total	$ 756,641	$ 21,351	$735,290
Agency Funds			
Sheriff	$ 544,453	$ 544,453	-
Register of Deeds	435	435	-
Clerk of District Court	3,200	3,200	-
County Attorney	19,530	19,530	-
Cimarron Basin	262,578	262,578	-
CBCC Reimbursement	260,966	260,966	-

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

SEWARD COUNTY, KANSAS

Statement 8
(Continued)

STATEMENT OF NET POSITION – FIDUCIARY FUNDS
December 31, 2025

	Assets Cash and Time Deposits	Liabilities	Net Position
Agency Funds (Continued)			
Escape Holding	219	219	-
Patriot Escrow	13,123	13,123	-
Long and Short	(1,055)	(1,055)	-
Special Stray	4,262	4,262	-
Pilot	4,000	4,000	-
Recreational Vehicles	4,077	4,077	-
Sales and Compensating Tax	98,780	98,780	-
Current Tax	19,904,615	19,904,615	-
Vehicle Property Tax	668,731	668,731	-
Delinquent Personal	13,294	13,294	-
Delinquent Real Estate	220,203	220,203	-
Commercial Vehicle Fees	5,702	5,702	-
Rent Vehicles	23,322	23,322	-
Bankruptcy	659	659	-
USD 507 Capital Outlay	4	4	-
Planning and Zoning	300	300	-
Seward Township Cemetery	(30)	(30)	-
Sub-total	$22,051,368	$22,051,368	-
Total Fiduciary Funds	$22,808,009	$22,072,719	$735,290

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

SEWARD COUNTY, KANSAS

Statement 9

STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
PRIVATE–PURPOSE TRUST FUNDS
For the year ended December 31, 2025

	Register of Deeds Tech Fund	Technology Surplus	City of Liberal Intake	Sheriff Grants	Clerk Tech Fund	Treasurer Tech Fund
ADDITIONS						
Federal and state grants	$ -	-	-	-	$ -	$ -
Private grants	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	18,950	-	-	-	4,737	4,738
Interest	-	-	-	-	-	-
Total additions	$ 18,950	-	-	-	$ 4,737	$ 4,738
DEDUCTIONS						
Personal services	$ -	$ -	-	$ -	-	-
Contractual services	-	-	-	-	-	-
Commodities	5,765	3,799	-	1,532	-	-
Total deductions	$ 5,765	$ 3,799	-	$ 1,532	-	-
Change in Net Position	$ 13,185	$ (3,799)	$ -	$ (1,532)	$ 4,737	$ 4,738
Net Position – Beginning of Year	101,713	119,261	13,713	17,143	22,427	23,560
Net Position – End of Year	$114,898	$115,462	$ 13,713	$ 15,611	$ 27,164	$ 28,298

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

SEWARD COUNTY, KANSAS

Statement 9
(Continued)

STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
PRIVATE–PURPOSE TRUST FUNDS
For the year ended December 31, 2025

	LLEGB 2002-51 Grant	Juvenile Justice Grant	JCAPS Program Fees	DOJ Seized/ Forfeiture	Treasurer's Special Auto	Emergency Medical Service Training
ADDITIONS						
Federal and state grants	-	$617,614	$ -	$ -	$ -	$ -
Private grants	-	-	-	-	-	4,000
Intergovernmental	-	-	-	-	-	125
Charges for services	-	17,822	7,486	-	142,892	-
Interest	-	-	-	1,437	-	-
Total additions	-	$635,436	$ 7,486	$ 1,437	$142,892	$ 4,125
DEDUCTIONS						
Personal services	-	$500,305	$ -	$ -	$125,349	$ -
Contractual services	-	46,375	3,454	-	9,125	5,110
Commodities	-	39,070	1,738	6,000	7,299	-
Total deductions	-	$585,750	$ 5,192	$ 6,000	$141,773	$ 5,110
Change in Net Position	$ -	$ 49,686	$ 2,294	$ (4,563)	$ 1,119	$ (985)
Net Position – Beginning of Year	7,642	66,422	98,865	52,920	-	44,398
Net Position – End of Year	$ 7,642	$116,108	$101,159	$ 48,357	$ 1,119	$ 43,413

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

SEWARD COUNTY, KANSAS

Statement 9
(Continued)

STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
PRIVATE–PURPOSE TRUST FUNDS
For the year ended December 31, 2025

	Emergency Medical Service Bequests	Prosecutor Training	Reinvestment Grant	Fire Protection Bequests	Law Library	Total
ADDITIONS						
Federal and state grants	$ -	$ -	-	$ -	$ -	$ 617,614
Private grants	100,000	-	-	28,850	-	132,850
Intergovernmental	-	-	-	-	-	125
Charges for services	-	3,248	-	-	31,584	231,457
Interest	-	-	-	-	-	1,437
Total additions	$ 100,000	$ 3,248	-	$ 28,850	$ 31,584	$ 983,483
DEDUCTIONS						
Personal services	$ -	$ -	-	$ -	$ -	$ 625,654
Contractual services	-	2,841	-	-	48,282	115,187
Commodities	299,159	-	-	21,086	-	385,448
Total deductions	$ 299,159	$ 2,841	-	$ 21,086	$ 48,282	$1,126,289
Change in Net Position	$ (199,159)	$ 407	$ -	$ 7,764	$ (16,698)	$ (142,806)
Net Position – Beginning of Year	202,904	27,733	50,000	1,000	28,395	878,096
Net Position – End of Year	$ 3,745	$ 28,140	$ 50,000	$ 8,764	$ 11,697	$ 735,290

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

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2025

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Seward County, Kansas is a municipal corporation governed by an elected five-member commission. As required by generally accepted accounting principles, these financial statements present the primary government and its component unit, an entity for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. There were no blended component units for this reporting entity. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the primary government. This presented component unit has a December 31 year end. Records of County boards are not subject to examination by certified public accountants in accordance with the provisions of state statute and such boards elected not to have an annual audit of their records for audit year 2025.

Discretely Presented Component Unit

The component unit section of the financial statements includes the financial data of a discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the County. The governing body of this component unit is appointed by the County Commission.

Southwest Medical Center – Southwest Medical Center (the Medical Center) is owned by Seward County, Kansas (the County), and governed by a seven-member Board of Trustees appointed by the Board of County Commissioners. The Medical Center is a 101-bed, not-for-profit general hospital located in Liberal, Kansas. The Medical Center can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the County. The Medical Center is a component unit of the County.

Complete financial statements for the component unit may be obtained at the entity's administrative office:

Southwest Medical Center
315 W. 15th
Liberal, Kansas 67901

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Statements

The accounting and reporting policies of the County relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the County has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the County are described below.

The County's basic financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues 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 revenues are reported instead as general revenues.

Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

Statement 3 provides a reconciliation between the total governmental fund balance and the net position of governmental activities as reported in the government-wide statement of net position.

The reconciling element is due to the governmental funds report capital outlays as expenditures in the year of purchase. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. Also, long-term liabilities such as accrued compensated absences, finance leases payable, and net pension liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

Reconciliation of Government-Wide and Fund Financial Statements (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances.

Statement 4 includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities. One element in the reconciliation is the reporting on the purchase of capital assets. The governmental funds report purchases of the capital assets as a current period expenditure. The statement of activities recognizes the cost of those capital assets allocated over their estimated useful lives and reported as depreciation expense. These reconciling items are shown in the current year of $122,059 and total depreciation expense of $1,361,204.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each on which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

2. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

The funds of the financial reporting entity are described below:

Governmental Funds:

General Fund

The General Fund is the primary operating fund of the County and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally or administratively restricted to expenditures for certain purposes.

Capital Projects Fund

The Capital Projects Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items (other than those financed by enterprise funds). All Capital Projects Funds were completed in previous years.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt and the financing of special assessments that are general obligations of the County (other than debt service payments made by enterprise funds).

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

Proprietary Fund:

Enterprise Fund

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Fiduciary Funds (Not included in government-wide statements):

Trust Funds

Funds that are held subject to trust agreements.

Agency Funds

Agency funds account for assets held by the County in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The government reports the following major governmental funds:

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

The government reports the Landfill Fund as a major proprietary fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the County's proprietary fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents

For the purpose of the Statement of Net Position, "cash, including time deposits" includes all demand and savings accounts and certificates of deposits of the County. For the purposes of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of three months or less.

Kansas statutes authorize the public entities, with certain restrictions, to deposit or invest in open accounts, time deposits, certificates of deposit, repurchase agreements, U. S. Treasury Bills and Notes, and the State Treasurer's investment pool. Kansas statutes also require that collateral be pledged for bank deposits with a fair market value equal to 100 percent of the uninsured amounts and must be assigned for the benefit of the public entity.

All cash accounts are recorded at cost, plus accrued interest, if applicable. All funds for the primary government were fully collateralized at year end by federal depository insurance and/or collateral held by the entity or its agent in the entity's name.

Restricted Assets

Certain resources are set aside for their repayment and are classified as restricted assets on balance sheet because they are maintained in separate accounts and their use is limited to:

AFLAC accounts
Diversions – County Attorney
Landfill

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the County's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the County's policy is to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Property Taxes

Taxes are assessed on a calendar year basis, are levied and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. Collection of current year property taxes by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year. This procedure is in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the County and therefore are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2026.

Only amounts of delinquent tax collected by the County Treasurer are included in receivables and offset by deferred revenue. Records of delinquent tax are such that it is impracticable to ascertain the amounts that represent receivables. Revenue would not be affected since budgetary procedures require reporting on a cash basis.

Activity Between Funds

Activity between funds that are outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”, if applicable. At year end there were no outstanding balances.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Other Receivables – Governmental Funds

Receivables of the general and special revenue funds are not available as resources that can be used to finance the current year operations of the County and, consequently, are offset by reserves in the fund statements for control purposes.

With the exception of delinquent taxes, accounts receivable, which were considered doubtful as to collectability, have been charged off. Therefore, a provision for uncollectible accounts has not been recognized for statement presentation.

Landfill Receivable

The County records landfill revenue billed to its customers on a monthly basis. It is not practicable to estimate unbilled service receivables at year end and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Inventories and Prepaid Items

General Fund inventories of noxious weed chemicals are held for the purpose of resale and are carried at cost using the first-in, first-out method. Inventories are expensed when purchased for fund financials and expensed when used for government-wide financials.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

Capital Assets

Capital assets, which include property, buildings and improvements, equipment and infrastructure assets, such as roads, bridges and similar items, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	10 to 40 years
Infrastructure assets	39 to 50 years
Machinery and equipment	2 to 10 years

Compensated Absences – County Employees

Policy as adopted:

Paid time off (PTO) has been provided to add flexibility to Seward County employees in taking time off away from their employment, but at the same time maintaining effective staffing at all levels of Seward County Government. The Seward County Board of Commissioners find that it is in the best interest of the Seward County employees to be responsible for determining how their time away from work will best suit their individual needs and preferences and that employees should be given flexibility in their paid time away from work. PTO shall be used concurrently to an employee utilizing leave of absence status. This policy shall apply to all full-time employees.

The following accrual chart is based on per pay period:

Length of Service	Accrual
1 year or less	.31 days
2-5 years	.88 days
6-9 years	1.00 days
10-14 years	1.27 days
15 years and over	1.46 days

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Compensated Absences – County Employees (Continued)

The maximum accumulation of PTO by an employee shall be 512 hours or 64 days. Employees who have accrued in excess of 512 hours or 64 days of PTO may exchange PTO in excess of 512 hours for wage based compensation at a rate of 2 hours of PTO for 1 hour of wage based compensation or may place hours in excess of 512 in extended sick leave up to 1,040 hours. Exempt employees may exchange PTO at a ratio of 2 weeks of PTO for 1 week of base compensation or place days in excess of 64 in extended sick leave. Time placed in extended sick leave shall be lost upon termination or retirement. Extended sick leave may only be used for events qualifying for Family and Medical leave and/or following a bona fide illness absence in excess of three consecutive days.

Under this policy, employees who retire from Seward County under the plans offered by Seward County are eligible for a PTO buy out up to 512 hours. This benefit will be available to all full-time employees who are eligible for KPERS or other applicable County sponsored retirement program and have at least five years of full-time service to the County. Amounts have been calculated and have been accrued in the appropriate funds. Amounts that have been accrued for the year ended December 31, 2025 are:

Fund	Amount
General	$558,556
Road and Bridge	56,869
Health	61,222
Landfill	212,295
Rural Fire	59,289

Deferred Revenue

Receivables from taxes and grants from federal and state agencies are reported as deferred revenue for all governmental fund types.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Government-Wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three components:

Net Investment in Capital Assets – Consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted Net Position – Consists of net position that is restricted by the County's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted – All other net position is reported in this category.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the County Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by County Commission ordinance or resolution.

Assigned – Amounts that are designated by County officials for a particular purpose.

Unassigned – All amounts not included in other spendable classifications.

Revenues and Expenditures

Revenues

Substantially all governmental fund revenues are accrued. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB 33. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, are reported as advances by the provider and deferred revenue by the recipient.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Revenues (Continued)

Collection of current year property taxes by the County Treasurer is not completed, apportioned, nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with the governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the County and, therefore, are not susceptible to accrual.

Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased. Principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year end, except for the portion related to encumbered amounts. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitment will be honored during the subsequent year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Requirements, Accounting and Reporting

Requirements for all funds:

A. Annual budgets are adopted for most County funds. Such budgets are based on expected expenditures by program within a fund and estimated resources by source for all funds. Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

If the municipality is holding a revenue neutral rate hearing, the public hearing shall be no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st, but may not be adopted prior to the revenue neutral rate hearing. Seward County did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budget Requirements, Accounting and Reporting (Continued)

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Encumbrance accounting is employed by governmental funds. Encumbrances outstanding at year end are reported as reservation of fund balances and do not constitute GAAP expenditures or liabilities. Accordingly, all budget statements reflect the amount of encumbrances included as non-GAAP expenditures. Revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for Capital Projects Funds, Trust Funds and the following Special Revenue Funds:

EMS Equipment Fund
Rural Fire Equipment Fund
Special Highway Improvement Fund
Road Machinery Fund
Noxious Weed Equipment Fund
American Rescue Plan Fund
Opioid Settlement Fund
Trail Fund

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budget Requirements, Accounting and Reporting (Continued)

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by using internal spending limits established by the governing body.

The reconciliation after Statement 4 also reconciles the budgetary information to the GAAP information.

B. Deficit Fund Equity at Year End

There was no deficit fund equity at year end.

C. Detail Notes on All Funds

Cash and Cash Equivalents

	Cash & Time Accounts
County Treasurer:	
Bank of Beaver City	$44,987,259
Cash on hand	2,154,270
Other Accounts:	
AFLAC account:	
Bank of Beaver City	43,467
Emergency Medical Service:	
Cash on hand	250
Clerk of District Court:	
Equity Bank	200
Cash on hand	3,000
Law Library:	
Community Bank	11,697
Landfill:	
Bank of Beaver City	765,438
Cash on hand	1,000
Health Department:	
Equity Bank	7,347
Cash on hand	225

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Cash and Cash Equivalents (Continued)

	Cash & Time Accounts
County Attorney:	
Sunflower Bank	19,530
County Clerk:	
Cash on hand	100
County Appraiser:	
Cash on hand	60
Register of Deeds:	
Bank of Beaver City	435
Road and Bridge:	
Cash on hand	200
Sheriff:	
Cash on hand	100
Community Bank	544,453
Planning and Zoning:	
Bank of Beaver City	300
Witness Fee Fund:	
Equity Bank	2,500
Total	$48,541,831
Analysis of Total Cash and Time Deposits of Primary Government:	
Unrestricted cash for operations	$42,974,572
Restricted Cash:	
Landfill closure and postclosure care	5,518,629
AFLAC account	43,467
Diversion – County Attorney	5,163
Total	$48,541,831
Reconciliation:	
Cash Balances – Statement 1:	
Current Assets	$20,166,563
Restricted Assets	5,567,259
Cash Balances – Statement 8	22,808,009
Total	$48,541,831

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by Seward County. The statute requires banks eligible to hold Seward County's funds have a main or branch bank in the county in which Seward County is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. Seward County has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits Seward County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Seward County has no investment policy that would further limit its investment choices.

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that in the event of a bank failure, Seward County's deposits may not be returned or Seward County will not be able to recover collateral securities in the possession of an outside party. Seward County's policy requires deposits to be 100 percent secured by collateral valued at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service, as determined by a rating of C minus or above by independent rating agencies. Collateral agreements must be approved prior to deposit of funds as provided by law. The Seward County Commission approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of an evaluation committee and/or the County Treasurer. Custodial credit risk for deposits is not formally addressed by bond indentures or pension trust policy. Indentures require that restricted deposits be maintained by the trustee bank specified in the indenture. Pension trust investment policy restricts uninvested cash to minimal balances generally covered by the FDIC.

Deposits of Seward County's reporting entity are insured or collateralized with securities held by Seward County, its agent, or by the pledging financial institutions' trust department or agent in the name of Seward County or applicable public trust.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Deposits and Investments (Continued)

At December 31, 2025, Seward County's carrying amount of deposits, including certificates of deposit, was $46,377,060. The bank balance was $46,622,883. Of the bank balance, $37,495,829 was covered by FDIC insurance and the remaining $9,127,054 was collateralized with securities held by the pledging financial institution's agent in Seward County's name.

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, Seward County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Receivables as of Year End for Government's Individual Major Funds and Nonmajor Funds

	Primary Government		
	Governmental	Business-Type	
Receivables	Activities	Activities	Total
Taxes:			
Ad valorem tax	$12,581,506	-	$12,581,506
Motor vehicle tax	1,032,037	-	1,032,037
Delinquent tax	144,000	-	144,000
Special County mineral taxes	10,849	-	10,849
Sales tax	161,140	-	161,140
Total taxes	$13,929,532	$ -	$13,929,532
Accounts	155,887	2,184,697	2,340,584
Net receivables	$14,085,419	$2,184,697	$16,270,116

Provision for Uncollectibles

Business-type receivables are primarily from other governments and are considered fully collectible.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Provision for Uncollectibles (Continued)

Accounts receivable for governmental activities consist of the following:

Emergency Medical Service	$ 519,653
Health Department	57,316
Other receivables	24,028
Allowance for doubtful accounts	(445,110)
Net accounts receivable	$ 155,887

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Funds	Amounts
General	$12,383,644
County Building	139,792
Rural Fire	1,044,720
Road and Bridge	361,376
Total	$13,929,532

Interfund Transfers

The detail of interfund transfers made for the year 2025 are as follows:

From	To	Regulatory Authority	Amount
General Fund	Equipment Reserve – County Technology Fund	KSA 19-119	$548,344
General Fund	County Equipment Reserve Fund	KSA 19-119	170,000
Road and Bridge Fund	Road Machinery Fund	KSA 68-141g	750,000

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Inventories:

Governmental Funds – Disbursements for inventory type items are considered as expenditures at the time of purchase. Balance sheet presentation of stated inventory is offset in the equity section of the balance sheet as reserve for inventory. The only stated inventory is included in the General Fund in the amount of $26,273 for noxious weed treatment.

Prepaid Expense

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. There were no prepaid expenses reported as of year end.

Capital Assets:

Enterprise Activities – Landfill

Capital assets and related depreciation have been recorded for the Landfill Fund. Recorded property, plant and equipment owned by the Landfill Fund are stated at cost or estimated historical cost if original cost is not available. Gifts or contributions are stated at fair market value at the date received. Depreciation has been provided over the estimated useful lives using the straight-line method.

Gain or loss is recognized when assets are retired from service or are otherwise disposed.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Capital Assets (Continued):

Enterprise Activities – Landfill (Continued)

A summary of property, plant and equipment is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	$ 428,551	$ -	$ -	$ 428,551
Landfill pit	4,887,101	-	-	4,887,101
Buildings and improvements	571,780	-	-	571,780
Lease assets being amortized	1,301,512	-	-	1,301,512
Machinery and equipment	10,538,885	1,379,790	755,618	11,163,057
Total	$17,727,829	$1,379,790	$ 755,618	$18,352,001
Less – Accumulated depreciation for:				
Buildings and improvements	$ 422,837	$ 10,404	$ -	$ 433,241
Landfill pit	3,364,838	45,595	-	3,410,433
Lease assets being amortized	230,701	70,772	-	301,473
Machinery and equipment	9,766,642	520,328	755,618	9,531,352
Total	$13,785,018	$ 647,099	$ 755,618	$13,676,499
Net Capital Assets	$ 3,942,811	$ 732,691	-	$ 4,675,502

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Capital Assets (Continued):

Governmental Activities

Capital assets and related depreciation have been recorded for all governmental activities. Public domain (infrastructure) capital assets consisting of roads and bridges are also capitalized and depreciated.

A summary of property, plant and equipment is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
General Government Control:					
County Commissioners	$ 25,397	$ -	$ -	-	$ 25,397
County Administrator	41,918	-	-	-	41,918
County Counselor	2,986	-	-	-	2,986
Staff Agencies:					
County Clerk	294,277	-	-	-	294,277
County Appraiser	101,139	-	-	-	101,139
County Treasurer	45,342	-	12,624	-	32,718
County Attorney	86,296	-	3,433	-	82,863
District Court	313,242	-	-	-	313,242
Register of Deeds	84,749	-	998	-	83,751
Courthouse General	10,911,419	19,666	-	-	10,931,085
Total Government	$11,906,765	$ 19,666	$ 17,055	-	$11,909,376
Public Safety:					
Sheriff	$ 1,660,957	$ 104,500	$ 36,035	-	$ 1,729,422
Civil Defense	257,365	-	-	-	257,365
Fire Protection	3,271,396	-	-	-	3,271,396
Emergency Medical Service	1,741,170	100,000	6,215	-	1,834,955
911	1,326,623	-	40,449	-	1,286,174
Jail Facility	7,078,513	5,747	50,327	-	7,033,933
Total Public Safety	$15,336,024	$ 210,247	$133,026	-	$15,413,245

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Capital Assets (Continued):

Governmental Activities (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Other:					
Health – Mental Health	$ 585,955	$ -	$ -	-	$ 585,955
Highways	55,762,904	6,960,690	2,000	-	62,721,594
Natural Resources – Noxious Weed	134,905	-	-	-	134,905
Exhibit Hall	1,966,950	-	-	-	1,966,950
Health	1,206,158	-	6,395	-	1,199,763
Planning and Zoning	27,116	-	-	-	27,116
Restlawn Cemetery	57,790	-	-	-	57,790
Activity Center	1,365,561	-	1,000	-	1,364,561
Fair Grounds	430,672	-	-	-	430,672
Total Other	$61,538,011	$6,960,690	$ 9,395	-	$68,489,306
Total	$88,780,800	$7,190,603	$ 159,476	-	$95,811,927
Less – Accumulated depreciation for:					
General Government Control:					
County Commissioners	$ 25,397	$ -	$ -	-	$ 25,397
County Administrator	41,427	140	-	-	41,567
County Counselor	2,986	-	-	-	2,986
Staff Agencies:					
County Clerk	292,339	1,101	-	-	293,440
County Appraiser	101,139	-	-	-	101,139
County Treasurer	45,342	-	12,624	-	32,718
County Attorney	84,882	565	3,433	-	82,014
District Court	310,464	1,852	-	-	312,316
Register of Deeds	80,460	1,695	998	-	81,157
Courthouse General	5,147,346	251,961	-	-	5,399,307
Total Government	$ 6,131,782	$ 257,314	$ 17,055	-	$ 6,372,041

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Capital Assets (Continued):

Governmental Activities (Continued)

Less - Accumulated depreciation for (Cont.):	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Public Safety:					
Sheriff	$ 1,291,791	$ 136,876	$ 36,035	-	$ 1,392,632
Civil Defense	231,279	7,221	-	-	238,500
Fire Protection	2,593,361	76,138	-	-	2,669,499
Emergency Medical Service	1,667,018	43,809	6,215	-	1,704,612
911	1,117,781	98,607	40,449	-	1,175,939
Jail Facility	4,483,638	187,340	50,327	-	4,620,651
Total Public Safety	$11,384,868	$ 549,991	$ 133,026	-	$11,801,833
Other:					
Health – Mental Health	$ 585,955	$ -	$ -	-	$ 585,955
Highways	53,987,107	436,998	2,000	-	54,422,105
Natural Resources – Noxious Weed	107,820	11,200	-	-	119,020
Exhibit Hall	1,613,912	50,435	-	-	1,664,347
Health	224,437	18,503	6,395	-	236,545
Planning and Zoning	15,074	3,742	-	-	18,816
Restlawn Cemetery	30,011	7,831	-	-	37,842
Activity Center	1,064,928	25,190	1,000	-	1,089,118
Fair Grounds	430,671	-	-	-	430,671
Total Other	$58,059,915	$ 553,899	$ 9,395	-	$58,604,419
Total	$75,576,565	$1,361,204	$ 159,476	-	$76,778,293
Net Capital Assets	$13,204,235	$5,829,399	-	-	$19,033,634

The above amounts include $3,947,251 of lease assets being amortized with an accumulated amortization of $2,912,806. The lease assets consist of equipment.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Discretely Presented Component Unit

Activity of Southwest Medical Center is presented in Statements 1 and 2.

Operating and Finance Leases

There are no minimum future rent payments.

Short-Term Debt

The following is a summary of short-term debt:

Beginning balance	-	
Increases	-	
Decreases	-	
Ending balance		-

Long-Term Debt

Long-term debt of the discretely presented component unit consists of the following:

	2025	2024
2.0% to 4.0% General Obligation Hospital Refunding Bonds, Series 2016; issued on March 30, 2016, in the original amount of $9,480,000, due serially through August 1, 2038	$ 8,705,000	$ 8,795,000
2.0% to 3.0% General Obligation Hospital Refunding Bonds, Series 2021; issued on March 30, 2021, in the original amount of $4,650,000, due serially through August 1, 2039	2,190,000	2,715,000
Net unamortized premium (discount)	286,352	320,989
	$10,608,648	$11,830,989
Less – Current portion	10,608,648	11,380,989
	-	-

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Long-Term Debt (Continued)

On March 30, 2016, the County issued $9,480,000 in General Obligation Hospital Refunding Bonds, Series 2016 (the 2016 bonds) on behalf of the Medical Center. The proceeds of the 2016 bonds were used to (1) pay the costs related to issuance of the 2016 bonds and (2) advance refund $8,335,000 of the 2010-A bonds maturing during the years from 2026 through 2038 by making an irrevocable deposit with a trustee. The trustee used that deposit to purchase direct obligations of the United States of America that will mature and pay interest in amounts and at times that will provide for payment of interest on the refunded 2010-A bonds through August 1, 2020 and to redeem and pay the $8,335,000 of refunded 2010-A bonds on that date at a redemption price of 100 percent.

As a result of the refunding transaction, a deferred refunding loss of $1,171,337 was recognized for the difference between the book value of the refunded debt and the amount required to extinguish the debt. This deferred loss is reported as a deferred outflow of resources on the statement of net position and is being amortized to interest expense over the life of the 2016 bonds.

On March 31, 2021, the County issued $4,650,000 in General Obligation Hospital Refunding Bonds, Series 2021, (the 2021 bonds) on behalf of the Medical Center. The proceeds of the 2021 bonds along with existing debt reserve funds were used to (1) pay the costs related to issuance of the 2021 bonds, and (2) refund $5,250,000 of the 2010-A bonds maturing during the years from 2021 through 2040. The refunding transaction decreased the total amount of future debt service requirements by $1,940,076. This resulted in an economic gain of $1,480,020. As a result of the refunding transaction, a deferred refunding gain of $109,005 was recognized for the difference between the book value of the refunded debt and the amount required to extinguish the debt. This deferred gain is reported as a deferred inflow of resources on the statement of net position and is being amortized to interest expense over the life of the 2021 bonds.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Long-Term Debt (Continued)

The indenture agreements for the bonds require the Medical Center to transfer to a trustee, on a monthly basis, specified amounts which, when combined with interest earned on the respective funds held by the trustee, will provide sufficient funds to pay the bond principal and interest on the appropriate due dates. Such amounts were maintained and are included with assets limited as to use in the financial statements. The indenture agreements also include certain restrictive covenants relating to the acquisition and disposition of property, incurrence of additional indebtedness, and level of fees and rates charged. At December 31, 2025, the Medical Center was not in compliance with the rate covenants requiring that the debt service coverage ratio be no less than 1.15. As a result, the full amount outstanding as of December 31, 2025, is presented as current liabilities.

Scheduled annual debt service requirements on long-term debt are as follows:

	Principal	Interest	Total
2025	$10,895,000	$ 332,150	$11,227,150

The following is a summary of changes in bonds payable:

	Bonds
Outstanding at January 1, 2024	$12,110,000
Principal payments	(600,000)
Outstanding at January 1, 2025	$11,510,000
Principal payments	(615,000)
Outstanding at December 31, 2025	$10,895,000

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Long-Term Debt (Continued)

Total interest costs are summarized as follows:

	2025	2024
Total interest incurred	$425,521	$366,344
Amortization of bond premium	(34,637)	(39,810)
Amortization of deferred outflows on advance refunding	62,026	62,714
Interest expense	$452,910	$389,248

Governmental Activities

Long-term debt of governmental activities consists of the following:

4.0% to 5.0% General Obligation Bonds, Series 2025, issued on February 3, 2025, in the original amount of $5,660,000, due serially through August 1, 2035	$5,660,000
Net unamortized premium	437,748
	$6,097,748
Less – Current portion	(350,000)
	$5,747,748

On February 3, 2025, the County issued $5,660,000 in General Obligation Bonds, Series 2025. The proceeds of the bonds were issued to (1) pay the costs related to the issuance of the bonds, and (2) pay the costs of road improvements throughout the County. The bonds bear interest at rates of 4-5%, and become due at various amounts on August 1 of every year from 2026-2035.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Long-Term Debt (Continued)

Governmental Activities (Continued)

Detail of scheduled payments by year for bonds including interest of $1,679,184:

Year	Principal	Interest	Total
2026	$ 350,000	$ 385,034	$ 735,034
2027	485,000	251,650	736,650
2028	505,000	227,400	732,400
2029	530,000	202,150	732,150
2030	560,000	175,650	735,650
2031-2035	3,230,000	437,300	3,667,300
Total	$5,660,000	$1,679,184	$7,339,184

On May 22, 2017, a lease purchase in the amount of $2,500,000, with an interest rate of 2.53% was acquired. $1,546,924 has been amortized.

On November 6, 2017, a lease purchase in the amount of $512,251, with an interest rate of 3.90% was acquired. $534,531 has been amortized.

On July 19, 2018, a lease purchase in the amount of $385,000, with an interest rate of 3.90% was acquired. $346,829 has been amortized.

On August 27, 2018, a lease purchase in the amount of $550,000, with an interest rate of 3.30% was acquired. $484,522 has been amortized.

Balance of principal remaining at December 31, 2025:

Fund	Amount	Interest Rate
General – Building Improvements	$1,282,794	2.53%
Rural Fire – Fire Protection	116,998	3.90%
County Building – Building	130,667	3.90%
Health – Building	184,995	3.30%
	$1,715,454	

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Governmental Activities (Continued)

Detail of scheduled payments by year for leases including interest of $160,800:

Year	Principal	Interest	Total
2026	$ 329,867	$ 47,347	$ 377,214
2027	337,802	37,102	374,904
2028	287,419	27,657	315,076
2029	183,028	19,237	202,265
2030	187,658	14,607	202,265
2031-2032	389,680	14,850	404,530
Total	$1,715,454	$160,800	$1,876,254

The following is a summary of changes in long-term debt of governmental activities:

	Balance at Beginning of Year	Increase	Decrease	Balance at End of Year	Due Within One Year
Bonds	$ -	$5,660,000	$ -	$5,660,000	$350,000
Finance leases	2,036,227	-	320,773	1,715,454	329,867
Compensated absences	820,292	735,936	820,292	735,936	-
	$2,856,519	$6,395,936	$1,141,065	$8,111,390	$679,867

Business-Type Activities

Landfill Debt

On April 1, 2020, a lease purchase in the amount of $235,000, with an interest rate of 4.47% was acquired. $235,000 has been amortized.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Business-Type Activities (Continued)

Landfill Debt (Continued)

On April 7, 2023, a lease purchase in the amount of $195,103, with an interest rate of 5.25% was acquired. $101,452 has been amortized.

On March 28, 2024, a lease purchase in the amount of $599,944, with an interest rate of 4.95% was acquired. $195,722 has been amortized.

Balance of principal remaining at December 31, 2025:

Fund	Amount	Interest Rate
Landfill – Equipment	$ 93,651	5.25%
Landfill – Equipment	404,222	4.95%
Total	$497,873	

Detail of scheduled payments by year including interest of $43,016:

Year	Principal	Interest	Total
2026	$158,739	$ 22,412	$181,151
2027	166,985	14,166	181,151
2028	140,948	6,021	146,969
2029	31,201	417	31,618
Total	$497,873	$ 43,016	$540,889

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Business-Type Activities (Continued)

Landfill Debt (Continued)

The following is a summary of changes in long-term debt:

	Balance at Beginning of Year	Increase	Decrease	Balance at End of Year	Due Within One Year
Finance leases	$ 658,752	$ -	$ 160,879	$ 497,873	$158,739
Compensated absences	195,232	212,295	195,232	212,295	-
Landfill closure and postclosure care costs	7,253,215	7,626,309	7,253,215	7,626,309	-
	$8,107,199	$7,838,604	$7,609,326	$8,336,477	$158,739

Closure and Postclosure Care Cost

Primary government is included in this classification of an original closure and postclosure cost of $9,244,661. State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $7,626,309 reported as landfill closure and postclosure care liability at December 31, 2025 represents the cumulative amount reported to date. The County will recognize the remaining postclosure costs of $1,618,352 over the next 6 years. These amounts are based on what it would cost to perform all closure and postclosure care in 2025. Actual cost may be higher due to inflation, changes in technology or changes in regulations. The percentage of landfill capacity used to date is 82 percent. The estimated remaining landfill life is 6 years.

As of December 31, 2025, there was $5,518,629 set aside to finance closure and postclosure costs. A tipping fee set aside was approved.

Note 3: OTHER INFORMATION

A. Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description

Seward County participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website at www.kspers.gov or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% for KPERS and 24.67% for KP&F for the fiscal year ended December 31, 2025. Contributions to the pension plan from Seward County were $1,012,710 for KPERS and $561,676 for KP&F for the year ended December 31, 2025.

Note 3: OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Net Pension Liability

At December 31, 2025, Seward County's proportionate share of the collective net pension liability reported by KPERS was $7,801,309 and $4,908,413 for KP&F. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. Seward County's proportion of the net pension liability was based on the ratio of Seward County's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kspers.gov or can be obtained as described above.

Benefits

Benefits are established by statute and may only be changed by the Kansas Legislature. Members (except Police and Firemen) with ten or more years of credited service may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points". (Police and Firemen's normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Note 3: OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Benefits (Continued)

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50 percent of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Employer and Nonemployer Allocations

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State
- School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, the System maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The County is included in the Local and Police and Firemen groups. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

Note 3: OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Employer and Nonemployer Allocations (Continued)

The allocation percentages for the County's share of the collective pension amounts as of December 31, 2025 are based on the ratio of each employer's contributions to total employer and nonemployer contributions of the group for the year ended June 30, 2025. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. As of December 31, 2025, the County's proportion for the Local employees group was 0.389 percent which was a decrease of 0.017 from its share at December 31, 2024. As of December 31, 2025, the County's proportion for the Police and Firemen group was 0.303 percent which was an increase of .009 from its share at December 31, 2024.

Actuarial Assumptions

The total pension liability was determined by actuarial valuations as of December 31, 2024, which were then rolled forward to June 30, 2025, using the following actuarial assumptions:

Actuarial Assumptions	2024
Price inflation	2.75%
Salary increases, including price inflation	3.50%-15.50%
Investment rate of return, compounded annually, net of investment expense and including price inflation	7.00%

Mortality rates were based on the PUB-2010 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2021.

Note 3: OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of June 30, 2025 are summarized in the following table:

Asset Class	Long-term Target Allocation	Long-term Expected Real Rate of Return
Non-US Equities	43.00%	8.20%
Core fixed income	13.00	2.20
Yield driven	12.00	5.30
Real estate	15.00	5.70
Infrastructure	3.00	6.80
Alternatives	11.00	12.00
Short-term investments	3.00	0.30
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local, Police and Firemen, and Judges employers are contributing at the full actuarial contribution rate. However, the State and School employers do not necessarily do so.

Note 3: OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Discount Rate (Continued)

Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The statutory cap for the year ended June 30, 2025 was 1.2 percent. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made within the same range as have been made during the past few years.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability of the pension plan as of June 30, 2025, calculated using the discount rate of 7.00 percent, as well as what the pension plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's Share of Net Pension Liability:			
Local Group	$11,512,281	$ 7,801,309	$4,684,590
Police and Firemen Group	6,752,901	4,908,443	3,363,070
	$18,265,182	$12,709,752	$8,047,660

Pension Expense

For the year ended December 31, 2025, the County recognized pension expense of $164,455 includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the period.

Note 3: OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

A summary of the collective deferred outflows of resources and deferred inflows of resources at December 31, 2025 are included in the table below. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive plan members at the beginning of the measurement period. Investment gains and losses are recognized over a fixed five-year period. Deferrals on the differences between expected and actual earnings on investments are netted as either a deferred outflow or inflow of resources.

	Local	Police & Firemen	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$1,005,273	$ 577,430	$1,582,703
Changes in proportion	-	107,243	107,243
Changes of assumptions	192,844	120,092	312,936
Net difference between projected and actual earnings on pension plan investments	-	-	-
Employer contributions subsequent to the measurement date	459,077	280,308	739,385
Total Deferred Outflows of Resources	$1,657,194	$1,085,073	$2,742,267
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ 267,923	$ 127,511	$ 395,434
Changes in proportion	293,473	176,402	469,875
Total Deferred Inflows of Resources	$ 561,396	$ 303,913	$ 865,309

Note 3: OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

The following table provides the deferred outflows (inflows) of resources as of December 31, 2025 that will be recognized in pension expense in future years:

Year Ended December 31	Local	Police & Firemen	Total
2026	$1,174,604	$651,064	$1,825,668
2027	79,407	76,112	155,519
2028	(54,886)	15,836	(39,050)
2029	(103,327)	38,148	(65,179)
	$1,095,798	$781,160	$1,876,958

B. Salary Reduction Plan

Seward County has adopted a 457 elective salary reduction plan with Empower Retirement for employees' retirement. The plan transactions for the year ended December 31, 2025 are as follows:

Beginning balance	$1,044,679
Contributions	94,931
Withdrawals	(239,980)
Change in value	160,493
Ending balance	$1,060,123

C. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Note 3: OTHER INFORMATION (Continued)

D. Federal Assistance

Seward County participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives for audits of these programs for or including the year ending December 31, 2025.

It is possible that the County's compliance with applicable grant agreements may be established at some future date. The amount of expenditures which may be disallowed by the grantor agencies cannot be determined at this date, although the County expects such amounts, if any, to be immaterial.

E. Environmental Issues

Environmental issues pertaining to Seward County are subject to state and federal requirements. The amount of expenditures required, if any, is not presently ascertainable.

F. Contingencies – Self-Insured Health Insurance

Seward County has entered into an agreement with Blue Cross/Blue Shield of Kansas in which the County self insures claims to an individual stop loss of $75,000. There is no aggregate stop loss on the contract.

G. Contingent Liability

Seward County, Kansas is a party to various claims.

Arkalon Ethanol, LLC has appealed its 2018-2024 property tax valuations on an ethanol plant located in Seward County to the Board of Tax Appeals (BOTA). It received an adjustment from BOTA. Arkalon Ethanol appealed the judgment to District Court. A trial took place in Spring 2025 with no decision rendered as of September 24, 2025. Losses to the County are possibly between $1,500,000 and $7,900,000 combined for tax years 2018-2024, with the most likely amount within the range of $4,000,000, the amount of the BOTA decision for 2018-2020 projected to all years with interest. That has been accrued as a contingent liability.

Note 3: OTHER INFORMATION (Continued)

G. Contingent Liability (Continued)

Other appeals of property tax valuation are small enough amounts that any loss would be substantially less than the above amounts.

H. Interfund Eliminations

There were no interfund eliminations made.

I. Compliance and Propriety Matters – Seward County

1. Contrary to the provisions of K.S.A. 10-1117 and 79-2934, the required budget and encumbrance records were not properly maintained by the County Clerk.
2. Contrary to the provisions of K.S.A. 19-312, the County Clerk did not maintain an account of charges and credits on the current year tax roll abstract showing the treasurer's accountability.
3. Contrary to the provisions of K.S.A. 32-984, the County Clerk did not remit daily to the County Treasurer game license fees.
4. Contrary to the provisions of K.S.A. 79-2801, the County did not complete a tax foreclosure sale.
5. Contrary to the provisions of K.S.A. 19-547, the County Treasurer did not cause a statement to be published with respect to unpaid delinquent personal property taxes.

The above noncompliance matters have been discussed with various County officials.

J. Conduit Debt Obligations

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Note 3: OTHER INFORMATION (Continued)

J. Conduit Debt Obligations (Continued)

As of December 31, 2025, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of $2,500,000.

K. Leases

The County leases certain equipment, the terms of which expire in various years through 2029. Payments are based on each specific agreement and the periodic base rents range from $2,673 to $9,419 per month. The agreements do not contain variable lease payments. The lease liabilities and future payments are included in the long-term debt portion of Note 2.

L. Subsequent Events

Seward County's management has evaluated events and transactions through August 14, 2026, the date which the financial statements were available to be issued.

SEWARD COUNTY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2025

SEWARD COUNTY, KANSAS

Schedule 1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the year ended December 31, 2025

	Original & Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Taxes:			
Ad valorem property tax	$10,652,305	$10,439,720	$ (212,585)
Delinquent tax	150,000	201,321	51,321
Motor vehicle tax	705,733	730,186	24,453
Mineral tax	20,000	6,736	(13,264)
Interest on delinquent taxes	130,000	328,375	198,375
Total taxes	$11,658,038	$11,706,338	$ 48,300
Intergovernmental:			
Private club liquor tax	$ 16,338	$ 17,385	$ 1,047
Economic Development – City of Liberal	200,000	156,859	(43,141)
Local sales tax	1,800,000	1,999,674	199,674
Health initiatives	750,000	764,496	14,496
Drug tax	-	172,707	172,707
Civil Defense	30,000	58,815	28,815
Total intergovernmental	$ 2,796,338	$ 3,169,936	$ 373,598
Charges for Sales and Services:			
Sale of cemetery lots and fees	$ 15,000	$ 11,457	$ (3,543)
Chemical sales	50,000	74,194	24,194
Emergency Medical Service	350,000	506,894	156,894
Jail Board	75,000	326,433	251,433
Total charges for sales and services	$ 490,000	$ 918,978	$ 428,978
Licenses, Permits, and Fees:			
Fees	$ 125,000	$ 216,482	$ 91,482
Mortgage registration fees	-	2,064	2,064
Officers' fees	175,000	174,990	(10)
Tonnage fees	270,000	270,000	-
Total licenses, permits, and fees	$ 570,000	$ 663,536	$ 93,536
Use of Money and Property:			
Interest on time deposits	$ 750,000	$ 1,163,038	$ 413,038
Rentals and royalties	1,000	133,507	132,507
Total use of money and property	$ 751,000	$ 1,296,545	$ 545,545

SEWARD COUNTY, KANSAS

Schedule 1
(Continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the year ended December 31, 2025

	Original & Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues (Continued)			
Other:			
Miscellaneous	$ 25,000	$ 70,571	$ 45,571
Total Revenues	$16,290,376	$17,825,904	$ 1,535,528
Expenditures			
General Government:			
County Administration	$ 169,702	$ 172,388	$ (2,686)
County Commissioners	130,250	110,581	19,669
County Counselor	128,400	251,283	(122,883)
County Clerk	174,225	172,319	1,906
County Treasurer	250,142	296,366	(46,224)
County Attorney	784,981	739,878	45,103
Planning Board	174,273	154,581	19,692
Register of Deeds	131,719	135,546	(3,827)
Clerk of District Court	460,901	372,267	88,634
Courthouse General	1,443,719	1,605,919	(162,200)
Information Technology	195,502	198,662	(3,160)
GIS	97,043	99,600	(2,557)
Election	62,420	41,522	20,898
County Appraiser	377,821	327,190	50,631
Human Resources	106,815	99,819	6,996
360 Improvements	202,265	202,265	-
Reserve for claim	850,000	141,076	708,924
Total general government	$ 5,740,178	$ 5,121,262	$ 618,916
Public Safety:			
Sheriff	$ 1,583,731	$ 1,732,448	$ (148,717)
Emergency Preparedness	180,570	140,107	40,463
Jail	1,924,637	1,553,597	371,040
Communications	396,554	396,554	-
Civil Defense	-	2,738	(2,738)
Juvenile Detention	245,117	245,309	(192)
Total public safety	$ 4,330,609	$ 4,070,753	$ 259,856

SEWARD COUNTY, KANSAS

Schedule 1
(Continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the year ended December 31, 2025

	Original & Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Expenditures (Continue2d)			
Natural Resources:			
Noxious Weed	$ 201,005	$ 195,098	$ 5,907
Soil Conservation	38,000	38,000	-
Total natural resources	$ 239,005	$ 233,098	$ 5,907
Employees' Benefits:			
Health insurance	$ 3,415,772	$ 2,036,634	$ 1,379,138
Employer costs	2,259,229	2,590,713	(331,484)
Total employees' benefits	$ 5,675,001	$ 4,627,347	$ 1,047,654
Health and Sanitation:			
Emergency Medical Service	$ 914,361	$ 891,057	$ 23,304
Coroner	75,000	77,476	(2,476)
Mental Health	84,500	84,500	-
Developmental Disabled	120,000	120,000	-
Cemetery	78,787	60,917	17,870
Total health and sanitation	$ 1,272,648	$ 1,233,950	$ 38,698
Social Services:			
Adolescent support	$ 304,500	$ 225,000	$ 79,500
Veterans/Other	17,000	17,000	-
Total social services	$ 321,500	$ 242,000	$ 79,500
Culture and Recreation:			
Council on Aging	$ 266,613	$ 266,613	$ -
Historical Museum	75,000	75,000	-
Fair	50,000	50,000	-
Activity Center	504,990	433,660	71,330
Economic Development	350,000	242,275	107,725
Total culture and recreation	$ 1,246,603	$ 1,067,548	$ 179,055

SEWARD COUNTY, KANSAS

Schedule 1
(Continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the year ended December 31, 2025

	Original & Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Expenditures (Continued)			
Other:			
Employee Committee	$ 10,000	$ 1,007	$ 8,993
Transfers:			
Capital Equipment	$ 170,000	$ 170,000	-
County Technology	548,344	548,344	-
Total transfers	$ 718,344	$ 718,344	-
Total Expenditures	$19,553,888	$17,315,309	$ 2,238,579
Net Change in Fund Balances	$ (3,263,512)	$ 510,595	$ 3,774,107
Fund Balances, January 1	3,263,512	5,298,705	2,035,193
Other Changes:			
Increase or (Decrease) in Reserves:			
Other receivables	-	(17,199)	(17,199)
Restricted assets	-	513	513
Inventory	-	7,171	7,171
Fund Balances, December 31	-	$ 5,799,785	$ 5,799,785

SEWARD COUNTY, KANSAS

OTHER SUPPLEMENTARY INFORMATION
December 31, 2025

SEWARD COUNTY, KANSAS

Schedule 2

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2025

	Rural Fire	County Building	Health Special Services	County Attorney Diversion	Capital Equipment Reserve	Road & Bridge	Special Park & Recreation	Special Alcoholic Treatment	911 Telephone System	Rural Fire Equipment
ASSETS										
Cash, including time deposits	$ 138,999	$479,885	$137,638	$258,546	$305,822	$ 760,017	$ 5,742	$ 5,742	$334,380	$ 9,415
Accounts receivable	-	-	57,316	-	-	-	-	-	-	-
Taxes receivable	1,044,720	139,792	-	-	-	361,376	-	-	-	-
Total Assets	$1,183,719	$619,677	$194,954	$258,546	$305,822	$1,121,393	$ 5,742	$ 5,742	$334,380	$ 9,415
LIABILITIES										
Accounts payable	$ 14,365	$ 12,313	$ 28,250	$ 58	$ 9,711	$ 70,645	-	-	-	-
Accrued wages and benefits	22,008	-	42,720	-	-	47,903	-	-	-	-
Total liabilities	$ 36,373	$ 12,313	$ 70,970	$ 58	$ 9,711	$ 118,548	-	-	-	-
DEFERRED INFLOWS OF RESOURCES										
Deferred revenue	$1,044,720	$139,792	-	-	-	$ 361,376	-	-	-	-
FUND BALANCES										
Nonspendable – Receivables	$ -	$ -	$ 85,866	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Assigned	102,626	467,572	38,118	258,488	296,111	641,469	5,742	5,742	334,380	9,415
Total fund balances	$ 102,626	$467,572	$123,984	$258,488	$296,111	$ 641,469	$ 5,742	$ 5,742	$334,380	$ 9,415
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$1,183,719	$619,677	$194,954	$258,546	$305,822	$1,121,393	$ 5,742	$ 5,742	$334,380	$ 9,415

SEWARD COUNTY, KANSAS

Schedule 2
(Continued)

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2025

	Special Highway Improvement	Noxious Weed Equipment	Road Machinery	Equipment Reserve County Technology	EMS Equipment	American Rescue Plan	Opioid Settlement	Trail Fund	Total Nonmajor Special Revenue
ASSETS									
Cash, including time deposits	$4,426,554	$ 9,935	$713,748	$181,250	$ 550	$460,770	$ 62,650	$ 5,000	$ 8,296,643
Accounts receivable	-	-	-	-	-	-	-	-	57,316
Taxes receivable	-	-	-	-	-	-	-	-	1,545,888
Total Assets	$4,426,554	$ 9,935	$713,748	$181,250	$ 550	$460,770	$ 62,650	$ 5,000	$ 9,899,847
LIABILITIES									
Accounts payable	$ 4,202	-	-	$ 17,437	-	$ 37,295	-	-	$ 194,276
Accrued wages and benefits	-	-	-	-	-	-	-	-	112,631
Total liabilities	$ 4,202	-	-	$ 17,437	-	$ 37,295	-	-	$ 306,907
DEFERRED INFLOWS OF RESOURCES									
Deferred revenue	-	-	-	-	-	-	-	-	$ 1,545,888
FUND BALANCES									
Nonspendable – Receivables	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 85,866
Assigned	4,422,352	9,935	713,748	163,813	550	423,475	62,650	5,000	7,961,186
Total fund balances	$4,422,352	$ 9,935	$713,748	$163,813	$ 550	$423,475	$ 62,650	$ 5,000	$ 8,047,052
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$4,426,554	$ 9,935	$713,748	$181,250	$ 550	$460,770	$ 62,650	$ 5,000	$ 9,899,847

SEWARD COUNTY, KANSAS

Schedule 3

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
For the year ended December 31, 2025

	Rural Fire	County Building	Health Special Services	County Attorney Diversion	Capital Equipment Reserve	Road & Bridge	Special Park & Recreation	Special Alcoholic Treatment	911 Telephone System	Rural Fire Equipment
Revenues										
Taxes	$1,038,257	$284,964	$ 19	$ -	-	$1,586,100	$ 5,385	$ 5,385	$ -	-
Intergovernmental	-	-	1,446,413	55,211	-	-	-	-	-	-
Charges for services	-	-	58,016	-	-	-	-	-	127,985	-
Bond proceeds	-	-	-	-	-	-	-	-	-	-
Other	-	13,600	-	-	-	-	-	-	-	-
Total Revenues	$1,038,257	$298,564	$1,504,448	$ 55,211	-	$1,586,100	$ 5,385	$ 5,385	$127,985	-
Expenditures										
General government	$ -	$269,617	$ -	$ 24,987	$ 229,735	$ -	$ -	$ -	$ -	$ -
Public safety	1,033,273	-	-	-	-	-	-	-	152,251	35,914
Health and sanitation	-	-	1,580,925	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	6,000	6,000	-	-
Transportation	-	-	-	-	-	1,882,381	-	-	-	-
Total Expenditures	$1,033,273	$269,617	$1,580,925	$ 24,987	$ 229,735	$1,882,381	$ 6,000	$ 6,000	$152,251	$ 35,914
Revenues over (under) Expenditures	$ 4,984	$ 28,947	$ (76,477)	$ 30,224	$ (229,735)	$ (296,281)	$ (615)	$ (615)	$ (24,266)	$ (35,914)
Fund Balances, January 1	97,642	438,625	200,461	228,264	355,846	1,687,750	6,357	6,357	358,646	45,329
Operating transfers	-	-	-	-	170,000	(750,000)	-	-	-	-
Other Changes:										
Increase or (decrease) in reserves	-	-	-	-	-	-	-	-	-	-
Fund Balances, December 31	$ 102,626	$467,572	$ 123,984	$258,488	$ 296,111	$ 641,469	$ 5,742	$ 5,742	$334,380	$ 9,415

SEWARD COUNTY, KANSAS

Schedule 3
(Continued)

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
For the year ended December 31, 2025

	Special Highway Improvement	Noxious Weed Equipment	Road Machinery	Equipment Reserve County Technology	EMS Equipment	American Rescue Plan	Opioid Settlement	Trail Fund	Total Nonmajor Special Revenue
ASSETS									
Revenues									
Taxes	$ -	-	$ -	$ -	-	-	$ -	$ -	$ 2,920,110
Intergovernmental	901,961	-	-	-	-	-	33,138	-	2,436,723
Charges for services	-	-	-	-	-	-	-	-	186,001
Bond proceeds	6,097,748	-	-	-	-	-	-	-	6,097,748
Other	-	-	62,520	3,623	-	-	-	5,000	84,743
Total Revenues	$6,999,709	-	$ 62,520	$ 3,623	-	-	$ 33,138	$ 5,000	$11,725,325
Expenditures									
General government	$ -	-	$ -	$ 473,747	-	$ 549,528	$ -	-	$ 1,547,614
Public safety	-	-	-	-	-	182,474	86,969	-	1,490,881
Health and sanitation	-	-	-	-	-	-	-	-	1,580,925
Culture and recreation	-	-	-	-	-	222,868	-	-	234,868
Transportation	6,484,947	-	905,172	-	-	3,166	-	-	9,275,666
Total Expenditures	$6,484,947	-	$ 905,172	$ 473,747	-	$ 958,036	$ 86,969	-	$14,129,954
Revenues over (under) Expenditures	$ 514,762	$ -	$ (842,652)	$ (470,124)	$ -	$ (958,036)	$ (53,831)	$ 5,000	$ (2,404,629)
Fund Balances, January 1	3,907,590	9,935	806,400	85,593	550	1,381,511	116,481	-	9,733,337
Operating transfers	-	-	750,000	548,344	-	-	-	-	718,344
Other Changes:									
Increase or (decrease) in reserves	-	-	-	-	-	-	-	-	-
Fund Balances, December 31	$4,422,352	$ 9,935	$ 713,748	$ 163,813	$ 550	$ 423,475	$ 62,650	$ 5,000	$ 8,047,052

SEWARD COUNTY, KANSAS

Schedule 4-1

RURAL FIRE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavor.)
Revenues			
Taxes:			
Ad valorem property tax	$1,006,696	$ 995,273	$ (11,423)
Delinquent tax	-	7,593	7,593
Motor vehicle tax	40,478	35,391	(5,087)
Total Revenues	$1,047,174	$1,038,257	$ (8,917)
Expenditures			
Public Safety – Fire Protection:			
Personal services	$ 364,571	$ 428,660	$ (64,089)
Contractual services	564,953	538,526	26,427
Commodities	52,650	66,087	(13,437)
Capital outlay	65,000	-	65,000
Total Expenditures	$1,047,174	$1,033,273	$ 13,901
Revenues over (under) Expenditures	-	$ 4,984	$ 4,984
Fund Balances, January 1	-	97,642	97,642
Fund Balances, December 31	-	$ 102,626	$102,626

SEWARD COUNTY, KANSAS

Schedule 4-2

COUNTY BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavor.)
Revenues			
Taxes:			
Ad valorem property tax	$ 266,613	$256,830	$ (9,783)
Delinquent tax	4,000	5,656	1,656
Motor vehicle tax	21,753	22,478	725
Other:			
Rent	12,600	12,600	-
Donation	-	1,000	1,000
Total Revenues	$ 304,966	$298,564	$ (6,402)
Expenditures			
General Government:			
Contractual services	828,220	269,617	558,603
Revenues over (under) Expenditures	$ (523,254)	$ 28,947	$552,201
Fund Balances, January 1	523,254	438,625	(84,629)
Fund Balances, December 31	-	$467,572	$467,572

SEWARD COUNTY, KANSAS

Schedule 4-3

HEALTH – SPECIAL SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavor.)
Revenues			
Taxes:			
Delinquent	$ -	$ 19	$ 19
Intergovernmental:			
Sales tax	650,000	650,000	-
Federal and state grants	839,076	796,413	(42,663)
Charges for sales and services	80,000	86,566	6,566
Total Revenues	$1,569,076	$1,532,998	$ (36,078)
Expenditures			
Health:			
Personal services	$1,113,100	$1,103,286	$ 9,814
Contractual services	280,000	474,883	(194,883)
Commodities	185,000	2,756	182,244
Capital outlay	75,976	-	75,976
Total Expenditures	$1,654,076	$1,580,925	$ 73,151
Revenues over (under) Expenditures	$ (85,000)	$ (47,927)	$ 37,073
Fund Balances, January 1	165,781	200,461	34,680
Fund Balances, December 31	$ 80,781	$ 152,534	$ 71,753

SEWARD COUNTY, KANSAS

Schedule 4-4

COUNTY ATTORNEY DIVERSION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavor.)
Revenues			
Intergovernmental:			
Diversion fees	$ 50,000	$ 55,211	$ 5,211
Expenditures			
General Government:			
Capital outlay	264,104	24,987	239,117
Revenues over (under) Expenditures	$ (214,104)	$ 30,224	$244,328
Fund Balances, January 1	214,104	228,264	14,160
Fund Balances, December 31	-	$258,488	$258,488

SEWARD COUNTY, KANSAS

Schedule 4-5

CAPITAL EQUIPMENT RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavor.)
Revenues			
Other:			
Transfers – General Fund	$ 170,000	$170,000	$ -
Expenditures			
General Government:			
Capital outlay	691,887	229,735	462,152
Revenues over (under) Expenditures	$ (521,887)	$ (59,735)	$ 462,152
Fund Balances, January 1	521,887	355,846	(166,041)
Fund Balances, December 31	-	$296,111	$ 296,111

SEWARD COUNTY, KANSAS

Schedule 4-6

ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavor.)
Revenues			
Taxes:			
Ad valorem property tax	$ 655,902	$ 639,147	$ (16,755)
Delinquent tax	20,000	42,022	22,022
Motor vehicle tax	217,826	223,923	6,097
State of Kansas – Gas tax	700,000	681,008	(18,992)
Total Revenues	$ 1,593,728	$ 1,586,100	$ (7,628)
Expenditures			
Transportation:			
Personal services	$ 930,539	$ 974,110	$ (43,571)
Contractual services	146,647	161,093	(14,446)
Commodities	1,235,200	747,178	488,022
Transfers:			
Special Highway and Equipment Fund	750,000	750,000	-
Total Expenditures	$ 3,062,386	$ 2,632,381	$430,005
Revenues over (under) Expenditures	$ (1,468,658)	$ (1,046,281)	$422,377
Fund Balances, January 1	1,468,658	1,687,750	219,092
Fund Balances, December 31	-	$ 641,469	$641,469

SEWARD COUNTY, KANSAS

Schedule 4-7

SPECIAL PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavor.)
Revenues			
State of Kansas	$ 5,500	$ 5,385	$ (115)
Expenditures			
Public Safety:			
Contractual services	6,000	6,000	-
Revenues over (under) Expenditures	$ (500)	$ (615)	$ (115)
Fund Balances, January 1	5,317	6,357	1,040
Fund Balances, December 31	$ 4,817	$ 5,742	$ 925

SEWARD COUNTY, KANSAS

Schedule 4-8

SPECIAL ALCOHOLIC TREATMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavor.)
Revenues			
State of Kansas	$ 5,000	$ 5,385	$ 385
Expenditures			
Public Safety:			
Contractual services	6,000	6,000	-
Revenues over (under) Expenditures	$ (1,000)	$ (615)	$ 385
Fund Balances, January 1	4,817	6,357	1,540
Fund Balances, December 31	$ 3,817	$ 5,742	$ 1,925

SEWARD COUNTY, KANSAS

Schedule 4-9

911 TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavor.)
Revenues			
Charges for Services:			
911 tax	$ 150,000	$127,985	$ (22,015)
Expenditures			
Public Safety:			
Capital outlay	506,550	152,251	354,299
Revenues over (under) Expenditures	$ (356,550)	$ (24,266)	$332,284
Fund Balances, January 1	356,550	358,646	2,096
Fund Balances, December 31	-	$334,380	$334,380

SEWARD COUNTY, KANSAS

Schedule 4-10

EQUIPMENT RESERVE COUNTY TECHNOLOGY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavor.)
Revenues	$ -	$ 3,623	$ (3,623)
Expenditures			
General Government:			
Capital outlay	606,137	534,727	71,410
Revenues over (under) Expenditures	$ (606,137)	$ (531,104)	$ 75,033
Other Financing Sources (Uses):			
Operating transfers (out)	548,344	548,344	-
Fund Balances, January 1	57,793	85,593	27,800
Fund Balances, December 31	-	$ 102,833	$102,833

Schedule 5

SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET DEFINED PENSION PLAN LIABILITY
December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
County's proportion of the net pension liability	0.6920%	0.6996%	0.7124%	0.7259%	0.7559%	0.7369%	0.6802%	0.6850%	0.7011%	0.7210%
County's proportionate share of the net pension liability	$12,709,752	$13,304,094	$13,413,486	$12,697,401	$8,251,409	$11,259,113	$8,435,036	$8,301,484	$8,641,927	$9,328,965
County's covered-employee payroll	11,732,507	11,569,253	11,475,597	10,204,053	9,886,539	9,475,977	9,011,727	8,536,071	8,602,822	8,801,494
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	108.33%	115.00%	116.89%	124.43%	83.46%	118.82%	93.60%	97.25%	100.45%	105.99%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	72.75%	70.70%	69.75%	79.19%	69.25%	69.88%	73.18%	71.71%	68.84%

Schedule 6

SCHEDULE OF COUNTY'S CONTRIBUTIONS TO DEFINED PENSION PLAN
December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 1,574,386	$ 1,483,882	$ 1,366,380	$ 1,218,485	$ 1,135,329	$ 1,044,704	$ 956,826	$ 890,601	$ 881,818	$ 974,382
Contributions in relation to the contractually required contribution	(1,574,386)	(1,483,882)	(1,366,380)	(1,218,485)	(1,135,329)	(1,044,704)	(956,826)	(890,601)	(881,818)	(974,382)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
County's covered-employee payroll	$11,732,507	$11,569,253	$11,475,597	$10,204,053	$ 9,886,539	$ 9,475,977	$9,011,727	$8,536,071	$8,602,822	$8,801,494
Contributions as a percentage of covered-employee payroll	13.42%	12.83%	11.91%	11.94%	11.48%	11.02%	10.62%	10.43%	10.25%	11.07%

HAY·RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
CHARTERED

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Seward County Commissioners
Liberal, Kansas 67901

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Seward County, Kansas' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Seward County's major federal programs for the year ended December 31, 2025. 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.

In our opinion, Seward County, Kansas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with the *Kansas Municipal Audit and Accounting Guide*; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Seward County, Kansas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Seward County's compliance with the compliance requirements referred to above.

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Member of Private Practice Section

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Seward County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Seward County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Seward County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Seward County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Seward County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Seward County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, 2025-003, 2025-004, 2025-005, 2025-006 and 2025-007 to be material weaknesses. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-008 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Seward County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Seward County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of 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.

Hay•Rice & Associates, Chartered

Hay•Rice & Associates, Chartered

August 14, 2026

SEWARD COUNTY, KANSAS

Schedule 7

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2025

Federal Grantor/Pass-Through Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
US Department of the Treasury:				
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	$ 958,036
U.S. Department of Justice:				
Public Safety Partnership and Community Policing Grants	16.710	N/A	-	2,048
US Department of Agriculture passed through Kansas Department of Health and Environment:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	WIC 2025	-	440,031
US Department of Health and Human Services passed through Kansas Department of Health and Environment:				
Public Health Emergency Preparedness	93.069	PHEP 2025	-	17,444
Maternal and Child Health Services	93.994	MCH 2025	-	56,494
Public Health Infrastructure Grant	93.967	PHIG 2025	-	63,795
Family Planning Services	93.217	FP 2025	-	27,094
Immunization Action Plan	93.268	TAP 2025	-	6,702
US Department of Homeland Security passed through Kansas Adjutant General:				
Emergency Management Performance Grant	97.042	2025	-	58,815
Total Expenditures of Federal Awards			-	$1,630,459

See accompanying notes to schedule of expenditures of federal awards.

SEWARD COUNTY, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2025

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule 7) includes the federal award activity of Seward County, Kansas under programs of the federal government for the year ended December 31, 2025. 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, Kansas, it is not intended to and does not present the financial position, changes in net position, or cash flows of Seward County, Kansas.

Note B: Summary of Significant Accounting Policies

Expenditures reported on the accompanying Schedule of Expenditures of Federal Awards are reported on the accrual 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.

Note C: Indirect Cost Rate

Seward County, Kansas has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

SEWARD COUNTY, KANSAS

Schedule 8

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2025

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Seward County, Kansas as prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

2. Seven material weaknesses and one significant deficiency were disclosed during the audit of the financial statements that would be required to be reported in the 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*.

3. No instances of noncompliance material to the financial statements of Seward County, Kansas, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies in internal control over major federal award programs disclosed during the audit is reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses are reported.

5. The auditor's report on compliance for the major federal award programs for Seward County, Kansas expresses an unmodified opinion on all major federal programs.

6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.

7. The programs tested as major programs were:
   Covid-19 Coronavirus State and Local Fiscal Recovery Funds Listing #21.027

8. The threshold for determining type A and B programs was $1,000,000.

9. Seward County, Kansas did not qualify as a low-risk auditee.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2025

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Material Weaknesses

2025-001. Bank Reconciliations

Condition: A proper bank reconciliation for December 2025 was not completed on the main checking account until July 2026.

Criteria: Internal controls should be in place to ensure that all bank reconciliations are completed in a timely manner.

Cause: Deficiencies in the County's internal control processes prevented bank reconciliations from being completed.

Effect: Because of the failure to complete bank reconciliations in a timely manner, cash balances may be misstated.

Recommendation: Procedures should be implemented to ensure proper bank reconciliations are completed in a timely manner.

Views of Responsible Officials and Planned Corrective Action: The County agrees with the recommendation. The County Treasurer has implemented procedures to ensure that Blue Cross Blue Shield expenditures are recorded in the accounting records more timely, which will in turn make a timely bank reconciliation more likely. These procedures were implemented in August 2026.

2025-002. Tax Roll Reconciliation

Condition: A proper tax roll reconciliation was not completed.

Criteria: Internal controls should be in place to ensure that a tax roll reconciliation is completed at the end of the property tax year.

Cause: Deficiencies in the County's internal control processes prevented a tax roll reconciliation from being completed at the end of the property tax year.

Effect: Because of the failure to complete a tax roll reconciliation, incorrect distributions may be made, and/or incorrect amounts of delinquent taxes may be identified.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2025

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

Material Weaknesses (Continued)

2025-002. Tax Roll Reconciliation (Continued)

Recommendation: Procedures should be implemented to ensure a proper tax roll reconciliation is done in a timely manner.

Views of Responsible Officials and Planned Corrective Action: The County agrees with the recommendation. The County Treasurer has implemented procedures to ensure that a proper tax roll reconciliation is completed promptly upon the completion of the tax year. These procedures were implemented in August 2026.

2025-003. Improper Posting of Payroll Deductions

Condition: Payroll deductions related to Blue Cross Blue Shield withholdings were incorrectly being posted to accounts payable and not a proper expense account.

Criteria: Internal controls should be in place to ensure that payroll deductions and withholdings are posted to proper accounts.

Cause: Deficiencies in the County's internal control processes prevented payroll deductions and withholdings from being posted to proper accounts.

Effect: Because of the failure to ensure proper accounting for payroll deductions and withholdings, accounts payable in the general fund may be misstated.

Recommendation: Procedures should be implemented to ensure proper accounting for payroll deductions and withholdings.

Views of Responsible Officials and Planned Corrective Action: The County agrees with the recommendation. Procedures were implemented to correct posting errors in the County's accounting records. These procedures were implemented in January 2026.

2025-004. Delayed Payments from Landfill and Health Department

Condition: The landfill and health department were often delayed in getting daily receipts paid in to the County Treasurer.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2025

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

Material Weaknesses (Continued)

2025-004. Delayed Payments from Landfill and Health Department (Continued)

Criteria: Internal controls should be in place to ensure that daily receipts from the landfill and health department are paid in to the County Treasurer in a timely manner.

Cause: Deficiencies in the County's internal control processes prevented daily receipts from the landfill and health department being paid in to the County Treasurer in a timely manner.

Effect: Because of the failure to deposit daily receipts with the County Treasurer, cash and other receipts are being held at the landfill and health department, possibly understating revenues for those departments, as well as possibly introducing unneeded security risks.

Recommendation: Procedures should be implemented to ensure that daily receipts from the landfill and health department are paid to the County Treasurer in a timely manner.

Views of Responsible Officials and Planned Corrective Action: The County agrees with the recommendation. Procedures were implemented to correct communication issues regarding when to remit receipts to the County Treasurer and to correct issues with a new software program at the landfill. These procedures were implemented in January 2026.

2025-005. Landfill Accounts Receivable

Condition: Invoices were not always timely sent to customers by the landfill in the second half of 2025.

Criteria: Internal controls should be in place to ensure that invoices are sent to customers on a timely basis.

Cause: Deficiencies in the County's internal control processes prevented invoices from being sent to customers on a timely basis.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2025

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

Material Weaknesses (Continued)

2025-005. Landfill Accounts Receivable (Continued)

Effect: Because of the failure to timely send invoices to customers, the accounts receivable balance at the landfill was possibly misstated.

Recommendation: Procedures should be implemented to ensure that invoices are sent to customers on a timely basis.

Views of Responsible Officials and Planned Corrective Action: The County agrees with the recommendation. Procedures were implemented to correct issues with a new software program. These procedures were implemented in March 2026.

2025-006. Landfill Voided and Deleted Cash Tickets/Account Adjustments

Condition: Voided and deleted cash tickets and account adjustments at the landfill could not be verified against any reports.

Criteria: Internal controls should be in place to ensure that voided and deleted cash tickets and account adjustments are accounted for properly.

Cause: Deficiencies in the County's internal control processes and accounting system prevented being able to verify voided and deleted cash tickets and account adjustments against any report.

Effect: Because of the inability to verify voided and deleted cash tickets and account adjustments against any report, fraudulent cash tickets or account adjustments could be introduced, or cash tickets could be removed from the accounting process.

Recommendation: Procedures should be implemented to ensure that voided and deleted cash tickets and account adjustments are verified against reports in the accounting system.

Views of Responsible Officials and Planned Corrective Action: The County agrees with the recommendation. Procedures were implemented to correct limitations with a new software program. These procedures were implemented in August 2026.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2025

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

Material Weaknesses (Continued)

2025-007. Health Department Accounts Receivable

Condition: The health department is unable to provide a correct accounts receivable aging report.

Criteria: Internal controls should be in place to ensure that an accounts receivable aging report from the health department is available.

Cause: Deficiencies in the County's accounting system prevented an accounts receivable aging report from being available from the health department.

Effect: Because of the failure to provide a correct accounts receivable aging report, accounts receivable at the health department could be misstated.

Recommendation: Procedures should be implemented to ensure that a correct accounts receivable aging report is available from the health department.

Views of Responsible Officials and Planned Corrective Action: The County agrees with the recommendation. Procedures are being implemented to correct limitations with a new software program. These procedures are expected to be implemented in September 2026.

Significant Deficiencies

2025-008. Encumbrance Records

Condition: Contrary to the provisions of K.S.A. 10-117 and K.S.A. 79-2934, encumbrance and unencumbered cash records were not maintained.

Criteria: Internal controls should be in place to provide reasonable assurance that proper encumbrance and unencumbered cash records are maintained.

Cause: Deficiencies in the County's accounting program prevent the County from maintaining proper encumbrance records.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2025

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

Significant Deficiencies (Continued)

2025-008. Encumbrance Records (Continued)

Effect: Because of the failure to maintain proper encumbrance and unencumbered cash records, funds may have a negative unencumbered cash balance and not be detected.

Recommendation: Procedures should be implemented to maintain proper encumbrance and unencumbered cash records.

Views of Responsible Officials and Planned Corrective Action: The County agrees with the recommendation, but will continue to use a manual ledger to track encumbrances.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

SEWARD COUNTY, KANSAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended December 31, 2025

Finding 2024-001. Encumbrance Records

Condition: Contrary to the provisions of K.S.A. 10-117 and K.S.A. 79-2934, encumbrance and unencumbered cash records were not maintained.

Recommendation: Procedures should be implemented to maintain proper encumbrance and unencumbered cash records.

Current Status: The County continues to use a manual ledger to track encumbrances. This is a repeat finding in 2025.