

BOARD OF COUNTY COMMISSIONERS
SARPY COUNTY, NEBRASKA
RESOLUTION ACCEPTING THE SARPY COUNTY FINANCIAL AUDIT REPORT

WHEREAS, pursuant to Neb. Rev. Stat. §23-104(6)(Reissue 1997), the County has the power to do all acts in relation to the concerns of the County necessary to the exercise of its corporate powers; and,

WHEREAS, pursuant to Neb. Rev. Stat. §23-103(Reissue 1997), the powers of the County as a body are exercised by the County Board; and,

WHEREAS, a County financial audit required pursuant to Neb. Rev. Stat. §23-1608, et. Seq. Has been performed by the firm of Orizon CPA's, LLC.

NOW, THEREFORE, BE IT RESOLVED, By the Board of Commissioners of Sarpy County, Nebraska, that the attached financial audit report of Sarpy County is hereby accepted and the Sarpy County Clerk is hereby directed to file such report.

DATED this 9th day of March, 2010.

MOVED by Rich Jansen, seconded by Pat Thomas, that the above Resolution be adopted. Carried.

YEAS:

NAYS:

ABSENT:

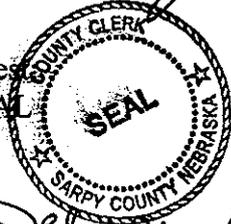
[Signature]
Rich Jansen
Tom Jones
Tom Richard
Patrick J. Thomas

none

none

ABSTAIN:
none

Attest
SEAL



County Clerk

Approved as to form:

Deputy County Attorney

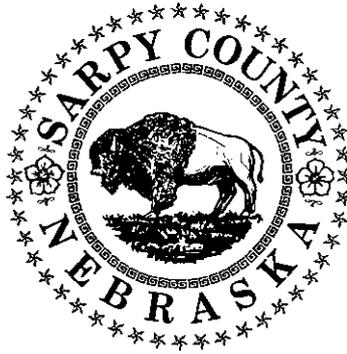
Sarpy County Board of Commissioners

1210 GOLDEN GATE DRIVE
PAPILLION, NE 68046-2895
593-4155
www.sarpy.com

ADMINISTRATOR
Mark Wayne

DEPUTY ADMINISTRATOR
Scott Bovick

FISCAL ADMIN./PURCHASING AGT.
Brian Hanson



COMMISSIONERS

Rusty Hike

District 1

Joni Jones

District 2

Tom Richards

District 3

Pat Thomas

District 4

Rich Jansen

District 5

MEMO

To: Sarpy County Board

From: Brian Hanson

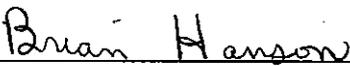
Re: Acceptance of Financial Audit Report

At the March 9, 2010 Board meeting, the County Board will be asked to accept the attached Financial Audit Report for Sarpy County. A few highlights are as follows:

1. The Independent Auditor's Report on page 1 gives us a "clean opinion" stating, "In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2009 . . ."
2. Management's Discussion and Analysis (MD&A) on pages 3-11 provides a summary of the County's financial statements and activity. I feel that the MD&A shows that Sarpy County is in solid financial condition.
3. The Report on Internal Control on page 56 indicates that no deficiencies in internal control over financial reporting that would be considered to be material weaknesses were identified.
4. The Schedule of Findings and Questioned Costs on page 60 indicate there were no Financial Statement Findings and no Federal Award Findings or Questioned Costs..
5. The Management Letter (included as a separate document) does indicate a number of areas where various County departments can improve accounting procedures (see last four pages of document).

6. Jodi Rinne from Orizon CPA's LLC will be in attendance to answer questions.

March 5, 2010



Brian E. Hanson

BEH/dp

cc: Mark Wayne
Deb Houghaling
Scott Bovick

February 25, 2010

Board of Commissioners
Sarpy County, Nebraska
Papillion, Nebraska

We have audited the basic financial statements of Sarpy County as of and for the year ended June 30, 2009, and have issued our report thereon dated January 22, 2010. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As communicated in our engagement letter dated June 1, 2009, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America (and when applicable, *Government Auditing Standards*). Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Sarpy County solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding control deficiencies and other matters, if any, noted during our audit in our "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with *Government Auditing Standards*".

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Sarpy County is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2009. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are current compensated absences, landfill closure and post closure costs, and other postemployment benefit liability.

Management's estimate of the current compensated absences is based on the percentage of compensated absences used during the last fiscal year. We evaluated the key factors and assumptions used to develop the other postemployment benefits liability and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Sarpy County's financial statements relate to deposits and investments, employees' retirement system, commitments and contingencies, landfill closure and post closure care costs, and public entity risk pool.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all identified misstatements. The two attached schedules (Schedule 1 and 2) summarize the misstatements that we identified as a result of our audit procedures and were brought to the attention of, and corrected by, management. The purpose of each schedule are as follows:

1. To appropriately report the County's governmental fund financial statements presented on the modified accrual basis of accounting and the County's proprietary fund financial statements on the full accrual basis of accounting (see Schedule 1); and
2. To appropriately report the County's governmental activities financial statements on the full accrual basis of accounting (see Schedule 2).

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Sarpy County's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management and elected officials. A copy of these letters are maintained by us.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with Sarpy County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting Sarpy County, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the entity's auditors.

Other Matters

We also noted other matters that we believe warrant the attention of the County. These items are detailed in Schedule 3, attached.

This report is intended solely for the information and use of the Board of Commissioners, and management of Sarpy County, Nebraska and is not intended to be and should not be used by anyone other than these specified parties.

Orizon CPAs LLC
ORIZON CPAs LLC

**SCHEDULE 1
MODIFIED ACCRUAL ADJUSTING JOURNAL ENTRIES
FOR THE PERIOD JULY 1, 2008 TO JUNE 30, 2009**

GENERAL FUND

To record interest earned and in the bank account but not recorded on the books.

00100-11000	Cash	370,792.00	
00100-44000	Local revenue		370,792.00
03401-11000	Cash	23,806.00	
03401-44000	Local revenue		23,806.00

To correct a NIRMA invoice that inappropriately included in 6/30/08 accounts payable.

00100-52000	Operating Expenses	425,498.00	
99999-99999	Prior period adjustment		425,498.00

SPECIAL REVENUE FUNDS

To add unrecorded liability for an invoice that should have been included in 6-30-09 accounts payable.

00200-53000	Supplies/Materials	82,684.00	
00200-21000	Accounts Payable		82,684.00

To add unrecorded liability for special roads project that should have been included in 6/30/09 accounts payable.

00200-55000	Capital Outlays	34,596.00	
00200-21000	Accounts Payable		34,596.00

Entry to reclass proceeds received from a bond issuance.

00200-44000	Local revenue	6,011,213.00	
00200-47000	Proceeds from Bond Issuance		6,003,763.00
00200-52000	Operating Expenses		7,450.00

To correct a NIRMA invoice that inappropriately included in 6/30/08 accounts payable.

00200-52000	Operating Expenses	228,819.00	
00980-52000	Operating Expenses	31,326.00	
05400-52000	Operating Expenses	3,624.00	
99999-99999G	Prior period adjustment - General Government		31,326.00
99999-99999PH	Prior period adjustment - Public Health		3,624.00
99999-99999R	Prior period adjustment - Roads		228,819.00

PROPRIETARY FUNDS

To record accounts payable at end of fiscal year for warrants paid in 2010 fiscal year attributable to 2009 fiscal year.

05200-52000	Operating Expenses	424,394.00	
05200-53000	Supplies/Materials	13,819.00	
05200-55000	Capital Outlays	77,243.00	
05200-21000	Accounts Payable		515,456.00

To correct disposal, loss, and addition for proprietary machinery and equipment

05200-16300	Machinery and equipment	42,711.00	
05200-52000	Operating Expenses	17,570.00	
05200-71000	Gain/Loss on Disposal of Fixed Asset	18.00	
05200-16300	Machinery and equipment		17,588.00
05200-52000	Operating Expenses		42,711.00

To correct an invoice inadvertently paid twice.

05200-21000	Accounts Payable	23,068.00	
05200-52000	Operating Expenses		23,068.00

To correct a NIRMA invoice that inappropriately included in 6/30/08 accounts payable.

05200-52000	Operating Expenses	108,010.00	
99999-99999	Prior period adjustment		108,010.00

To record liability related to EPA penalty.

05200-52000	Operating Expenses	40,000.00	
05200-24000	Other liability		40,000.00

FIDUCIARY FUND

To record interest earned and in the bank accounts but not recorded on the books.

99999-11000	Cash and Investments	51,296.00	
99999-21000	Due to other governmental entities		51,296.00

SCHEDULE 2
FULL ACCRUAL ADJUSTING JOURNAL ENTRIES
FOR THE PERIOD JULY 1, 2008 TO JUNE 30, 2009

GOVERNMENTAL ACTIVITIES

To remove building completed during the year from construction in progress and appropriately expense items that were originally capitalized in construction in progress during the prior and current year that should have been expensed.

03307-55000	Capital Outlays	24,842.00	
03307-55000	Capital Outlays	154,659.00	
05901-16200	Buildings	6,743,103.00	
99999-99999G	Prior period adjustment - General Government	53,380.00	
99999-99999G	Prior period adjustment - General Government	214,631.00	
03307-16050	Construction in progress		208,039.00
03307-16050	Construction in progress		239,473.00
03307-16050	Construction in progress		6,743,103.00

To record depreciation for the capitalized administration building.

00980-55000	Capital Outlays	123,624.00	
00200-16900	Accumulated Depreciation		123,624.00

To record OPEB paid in current year.

00200-22100	Accrued Other Post Employment Benefits - Current	170,975.00	
00200-22200	Accrued Other Post Employment Benefits - Long-term	75,859.00	
00200-51000	Personal Services		18,021.00
00941-51000	Personal Services		5,732.00
00980-51000	Personal Services		223,081.00

To record current and long-term portion of OPEB for year ended 6/30/09.

00200-51000	Personal Services	12,597.00	
00941-51000	Personal Services	103,577.00	
00980-51000	Personal Services	53,505.00	
01500-51000	Personal Services	640.00	
05400-51000	Personal Services	656.00	
00200-22100	Accrued Other Post Employment Benefits - Current		95,116.00
00200-22200	Accrued Other Post Employment Benefits - Long-term		75,859.00

To record interest payable on outstanding bonds.

00200-56500	Interest	3,758.00	
00941-56500	Interest	1,514.00	
05901-56500	Interest	15,680.00	
99999-99999G	Prior period adjustment - General Government	22,462.00	
99999-99999PS	Prior period adjustment - Public Safety	9,086.00	
00200-21100	Interest payable		20,952.00
00941-56500	Interest		9,086.00
05901-56500	Interest		22,462.00

SCHEDULE 3 RECOMMENDATIONS

AUDITOR'S ROLE

Each department head and board member should be informed of the auditor's role. The auditor's role includes not only stating an opinion on the financial statements but considering internal control over financial reporting. This allows the auditor to provide recommendations for the County to improve their internal controls and efficiency. The more accurate the information is provided to the auditor, the more effective and relevant the recommendations. Each department should be encouraged to keep an electronic file with questions and/or situations that occur through the year that may be of interest to the auditor. Additionally, department heads and the Board of Commissioners should be informed that the auditor is available by phone or e-mail throughout the year as questions or situations arise.

Each year the auditor attempts to look at various items, gaining a better understanding through information provided with perhaps some variance as associated with the associates and experience levels in order to provide effective and relevant recommendations. So, although there may be different recommendations each year it may not be due to different circumstances occurring but perhaps more refining of the recommendations based on the new knowledge, understanding, and outlook of the auditors. Therefore, we have included some new recommendations and then will list the recommendations from the prior year that were perhaps not fully addressed during fiscal year ending June 30, 2009.

NEW RECOMMENDATIONS

SUSPENSION AND DEBARMENT CERTIFICATION

The Roads department receives federal funding for roads projects passed through the State of Nebraska Department of Roads. One of the requirements to receiving these funds is that the County affirms that contractors they pay with these federal funds are not on the Excluded Party List System, prior to payments being made to the contractors by either 1) printing off the excluded party list located at www.epls.gov or 2) obtaining a suspension and debarment certification completed by the contractor. Orizon recommends that the Roads department have documented support that such an affirmation has been done prior to payments being made.

INSURED OR COLLATERALIZED DEPOSITS IN BANK

FDIC (Federal Deposit Insurance Corporation) government accounts coverage extends to the official custodian (or department, such as the County Clerk or Clerk of the District Court) of the funds belonging to the government account rather than the government itself, per insured institution. All time and savings deposits owned by the official custodian, in each insured institution, are insured up to \$250,000 while demand deposits owned by the official custodian, in each insured institution, are separately insured up to \$250,000, based on the bank balance of the account. If an official custodian has more than these amounts at one insured institution, they should require that the institution collateralize the additional credit risk with securities pledged to the County Department. At June 30, 2009 the Clerk of the District Court and the County Clerk had amounts not fully insured or collateralized. Orizon CPAs LLC recommends each department ensure amounts are fully insured or collateralized with securities.

CASH BALANCING PROCEDURES

When a department counts the cash they have received during the day the most effective method of balancing the cash is to have each individual responsible count the cash in the drawer without knowledge of the ending balance expected (blind count). At June 30, 2009 the County Clerk's office was counting the cash with knowledge of the ending balance. Since then they have changed procedures to utilize a blind count.

RISK ASSESSMENT

The County does not currently document the performance of an annual risk assessment. We recommend that a risk assessment be performed and documented at least annually.

Theoretically, you should have one person handling the cash (with supervision), someone different inputting the information into the system, and a third person reviewing the information.

PERSONNEL MANUAL

During the audit it was noted that the Sarpy County Policies and Procedures Manual (Personnel Manual), revised July 20, 2004 includes many pertinent sections relating to not just employment contracts, County employment process, classification and compensation, and benefits but also includes the expected employee conduct and general policies, and discipline procedures. Because a number of the county employees are tenured we recommend an annual review of the personnel manual with all employees and request employees sign a statement of their understanding to affirm that employees continue to think about and engage in proper conduct.

TRANSFERS AND LOANS

The County currently records transfers to other funds and loans to other funds as transfers. We recommend the County record loans to other funds on the balance sheet.

PRIOR YEAR RECOMMENDATIONS

ACCOUNTING POLICIES AND PROCEDURES MANUAL

Each department should have an accounting policies and procedures manual describing their procedures. This manual should contain accounting policies and step by step instructions regarding how their work is accomplished in the department. Most of the departments currently are on the job training, meaning a new individual is shown by someone in the department how things are done. A policy and procedure manual would assist with training and with consistency in the handling and recording of transactions.

Landfill has a great policy and procedures manual that details their operations. The landfill should include a revision date as information is updated or when the policy is written.

Sheriff's office, County Attorney, Election Commissioner, Fiscal Administrator, Register of Deeds, County Clerk, Clerk of the District Court, Building Inspector, Diversion, and Treasurer's department should each create a policy and procedures manual detailing the department's operations. As policies and procedures are updated, they should be dated to show that they are reviewed on a regular basis. Some of these offices already have a manual started and the Roads department has completed their manual.

MANDATORY VACATION

Mandatory vacation with a rotation of duties (meaning when an individual is gone, another employee performs that individual's job) provides many benefits including, possible improvement of processes from replacement, fraud discovery, and cross training to allow for flexibility of individuals.

We recommend all departments have mandatory vacations if at all possible. If your department is too small, perhaps another larger department could step in to assist with rotating duties. This allows for cross-training, which is beneficial when an employee is sick or requires an extended period of leave. Additionally, the mandatory vacation should be included in the department's policies and procedures manual.

RECEIPTS

Each department should be tracking receipts (revenues) for their department that are expected to be received in the Treasurer's office and then follow-up if not receipted in a reasonable amount of time. For example, if the Roads Department bills a city for its portion of a joint project, then the Roads Department should be tracking what they are expecting to receive and if the funds are not received in a reasonable amount of time, they should follow-up with the City.

Each applicable department should develop a Treasurer's Department receipts procedure to ensure that all monies to be collected are collected timely and procedures to follow-up when monies are not collected timely.

GRANTS

Any department applying for a grant should be supplying the fiscal administrator with a copy of the grant application. Then, if a department is notified that a grant has been awarded, the department should be supplying a copy of the notification to the fiscal administrator and appropriate personnel in the Treasurer's office for all monies that are to be received. The department should track what is expected to be received and if it is not received in a reasonable amount of time, they should follow-up with the grantor.

This is for all departments that receive grants (specifically Sheriff and Roads departments).

SEGREGATION OF DUTIES

Improvements in separation of duties could be made to ensure that those in a department responsible for maintaining accounting records and initiating transactions also do not have access to cash and cash items.

Due to the limited number of people working in the Planning and Building Inspector's office and the Election Commissioner's office, many critical duties are combined and given to available employees. Different employees should perform the separate duties of preparing accounts receivable, processing cash receipts, maintaining books of original entry, and the review of this information.

In the Sheriff's office, a good way to accomplish more segregation of duties would be to have one person collecting payments, another person keeping the records, and a third person doing the bank reconciliation. Because the Sheriff's office has many departments within it, one department could do another department's bank reconciliation, like the County Clerk's office does with their accounts.

The County Attorney's office could also use some additional segregation of duties, as it appears one or more individuals have access to many areas. No one individual should have access to the cash, the records and the reconciliations.

Theoretically, you should have one person handling the cash (with supervision), someone different inputting the information into the system, and a third person reviewing the information.

RECONCILIATIONS

All bank accounts should be reconciled and differences investigated in a timely manner. Any outstanding items that have been determined outstanding to specific individuals should be turned over to the State Treasurer as unclaimed monies. This would be easiest to do if all checks have "Do not cash after 90 days" on the check itself (or some other number of days the department or Board of Commissioners determines is adequate).

The County Clerk's office has a warrant account and impressed payroll account with old outstanding items.

The Sheriff's office often has unclaimed money. They have now put "Do not cash after 90 days" on the check and can send unclaimed monies to the State Treasurer after 90 days. This allows the checking account to be more accurate and to keep outstanding items from becoming stagnant. The County Attorney's office has also started using this process.

FILING FORMS

A uniform method for filing paperwork should be developed within the department and included in the policy and procedures manual. For example, we noted that there were difficulties locating information which should have been included in employees' personnel files (i.e., I-9's). The payroll department needs a policy that details all the information that needs to be retained in the employee's files.

SARPY COUNTY, NEBRASKA

JUNE 30, 2009

SARPY COUNTY, NEBRASKA

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-11
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements</i>	
Statement of Net Assets	12
Statement of Activities	13
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Statement of Net Assets – Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Fund	17
Statement of Cash Flows – Proprietary Funds	18
Statement of Net Assets – Fiduciary Fund	19
Notes to Financial Statements	20-35
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – General Fund	36-37
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – Special Revenue Fund	38-39
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – Special Road Fund	40
Note to Required Supplementary Information	41
Other Postemployment Benefits Schedule	42
OTHER SUPPLEMENTARY INFORMATION:	
Tax Certification, Correction, and Collection	43
Statements of Accountability	
County Clerk	44
Register of Deeds	45
Clerk of the District Court	46
County Sheriff	47
County Attorney	48
County Surveyor	49
County Election Commissioner	50
County Building Inspector	51
County Landfill	52
County Alcohol Diversion	53
Schedule of Expenditures of Federal Awards	54
Note to the Schedule of Expenditures of Federal Awards	55

SARPY COUNTY, NEBRASKA
TABLE OF CONTENTS, CONTINUED

	<u>Page</u>
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 <i>GOVERNMENT AUDITING STANDARDS</i>	56-57
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	58-59
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	60
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	61

January 22, 2010

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Sarpy County, Nebraska

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sarpy County, Nebraska (the "County") as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2010, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 - 11, the budgetary comparison schedules on pages 36 - 41, and the other postemployment benefit schedule on page 42 are not required parts of the basic financial statements but are supplementary information required by generally accepted accounting principles in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was performed for the purpose of forming an opinion on the financial statements of Sarpy County, Nebraska taken as a whole. The supplemental financial information presented on pages 43 - 53, is presented for purposes of additional analysis and is not a required part of the basic financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Orizon CPAs LLC
ORIZON CPAs LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Sarpy County, Nebraska, we offer readers of Sarpy County, Nebraska's financial statements this narrative overview and analysis of the financial activities of Sarpy County, Nebraska for the fiscal year ended June 30, 2009. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes to the financial statements.

This discussion focuses on the County as the primary government and does not include any separate component units because there are no such entities meeting the requirements for inclusion in the financial statements as set forth by the Governmental Accounting Standards Board.

Financial Highlights

As of June 30, 2009, the County's total assets exceeded its total liabilities by \$150,029,972.

Total net assets are comprised of the following:

- Capital assets, net of related debt, of \$110,147,817. This represents the property and equipment, net of accumulated depreciation, and reduced for outstanding debt and amortized bond issue costs related to the purchase or construction of the County's capital assets.
- Restricted net assets of \$4,418,659.
- Unrestricted net assets of \$35,463,496.

The County's total revenues exceeded its total expenses by \$8,299,810.

The County's governmental activities reported a net increase in net assets of \$7,994,610 and a total ending net asset balance of \$145,718,992.

The County's proprietary funds reported a net increase in net assets of \$305,200 and a total ending net asset balance of \$4,310,980.

For the year ending June 30, 2009, the General Fund reported expenditures in excess of revenues of \$957,482 and had an ending fund balance of \$20,003,961.

The County's total debt increased by \$3,450,739 during the current fiscal year to a total debt balance of \$18,420,896 as of June 30, 2009.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Sarpy County, Nebraska's basic financial statements. The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The County also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Sarpy County, Nebraska's finances, in a manner similar to a private sector business. The County's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the County's overall status. Financial reporting at this level uses a full accrual basis of accounting and the elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the County-wide statement of position presenting information that includes the County's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County as a whole is improving or deteriorating.

Evaluation of the overall economic health of the County would extend to other financial factors such as diversification of the taxpayer base or the condition of County infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the County's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Both government-wide financial statements distinguish governmental activities of the County that are principally supported by taxes and intergovernmental revenues from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities include general government, public safety, public health, social services, special roads and debt service interest. Business-type activities include landfill functions.

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. Sarpy County, Nebraska, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Sarpy County, Nebraska can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the County's governmental funds. These statements report short-term fiscal accountability focusing on near-term spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

Because the focus of 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. By doing so, readers may better understand the long-term impact of the government's near-term financing 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 this comparison between *governmental funds* and *governmental activities*.

Sarpy County, Nebraska maintains nearly sixty 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, and special roads fund, each of which are considered to be major funds. All other special revenue funds are combined and are shown as non-major funds.

Budgetary comparison schedules are included in the basic financial statements for the general fund and special revenue funds. These statements and schedules demonstrate compliance with the County's adopted and final revised budget.

Proprietary funds are reported in the fund financial statements and generally report services for which the County charges customers a fee. There are two kinds of proprietary funds. There are enterprise funds and internal services funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the County organization such as the landfill function. Internal service funds provide services and charge fees to customers within the County organization.

The County's landfill functions are accounted for and reported as an enterprise fund. The County currently has no internal service funds.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also includes certain other supplementary information. This section includes the tax reconciliation and statements of accountability for individual offices. Supplementary information follows the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Sarpy County, Nebraska, assets exceeded liabilities by \$150,029,972, as of June 30, 2009.

A significant portion of Sarpy County, Nebraska's net assets (73.4 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Sarpy County, Nebraska's investment in its 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 themselves cannot be used to liquidate these liabilities.

The following table provides a summary of the County's net assets:

	Government Activities	Business-type Activities	Total
Current and other assets	\$ 46,197,841	\$ 9,715,262	\$ 55,913,103
Capital assets	<u>127,216,171</u>	<u>1,143,807</u>	<u>128,359,978</u>
Total assets	<u>173,414,012</u>	<u>10,859,069</u>	<u>184,273,081</u>
Current liabilities	7,189,023	559,654	7,748,677
Long-term liabilities	<u>20,505,997</u>	<u>5,988,435</u>	<u>26,494,432</u>
Total Liabilities	<u>27,695,020</u>	<u>6,548,089</u>	<u>34,243,109</u>
Net assets			
Invested in capital assets, Net of related debt	109,004,010	1,143,807	110,147,817
Restricted	3,093,835	1,324,824	4,418,659
Unrestricted	<u>33,621,147</u>	<u>1,842,349</u>	<u>35,463,496</u>
Total net assets	<u>\$145,718,992</u>	<u>\$ 4,310,980</u>	<u>\$150,029,972</u>

This reflects an increase in net assets of \$8,299,810 or 5.9% for the County from the previous year restated net asset balance of \$141,730,162; an indication that the County's overall financial position improved during the fiscal year 2009. The largest factors contributing to this increase were the net addition (after depreciation) of \$7,996,605 for Infrastructure and \$4,934,028 for Construction in Progress.

The governmental activities had an increase in net assets of \$7,994,610 and the business-type activities had an increase of \$305,200 for a total increase in net assets for the County of \$8,299,810. A summary of the government-wide operations is presented below:

	<u>2009</u>	<u>2008</u>	Increase (Decrease)
General revenues and transfers	\$42,534,769	\$41,538,057	\$ 996,712
Charges for services	15,546,858	15,251,434	295,424
Operating grants and contributions	10,217,869	10,330,900	(113,031)
Capital grants and contributions	<u>1,459,803</u>	<u>1,092,269</u>	<u>367,534</u>
Total revenues	69,759,299	68,212,660	1,546,639
Expenses	<u>(61,459,489)</u>	<u>(60,139,668)</u>	<u>(1,319,821)</u>
Changes in net assets	<u>\$ 8,299,810</u>	<u>\$ 8,072,992</u>	<u>\$ 226,818</u>

The total revenues increased by \$1,546,639 due to an increase relating to general revenues increase of \$996,712, a capital grants and contributions increase of \$367,534 and a charges for services increase of \$295,424. The general revenue increase was largely due to governmental activity revenues and is described below. The increase in capital grants and contributions was mainly due to an increase in federal funding for County Road projects and the increase in charges for services is mainly due to an increase in fees for holding State Ward juveniles.

GOVERNMENTAL ACTIVITY REVENUES

General revenues from governmental activities totaled \$42,530,546 in 2009, an increase of \$934,583 or 2.2% from 2008. The amount of general revenues by source and increase or decrease from the prior year are summarized below:

	<u>2009</u>	<u>2008</u>	Increase (Decrease)
Property taxes	\$40,543,076	\$38,193,660	\$2,349,416
Investment income	1,585,033	2,674,451	(1,089,418)
Miscellaneous	402,437	427,852	(25,415)
Operating transfers	<u>0</u>	<u>300,000</u>	<u>(300,000)</u>
Total general revenues	<u>\$42,530,546</u>	<u>\$41,595,963</u>	<u>\$ 934,583</u>

The County relies heavily on property taxes to support its governmental operations. Tax revenue provided approximately 61% of the County's total governmental revenues.

GOVERNMENTAL ACTIVITY EXPENDITURES

Expenditures of governmental activities totaled \$58,493,516 for 2009, an increase of \$2,313,585 from 2008 expenditures of \$56,179,931. As shown below, there are a variety of factors affecting the increase in governmental activity expenditures. The increase in Public Safety costs was due to general salary and operational cost increases plus an increase in juvenile boarding costs. The increase in Special Roads costs was caused by the refund of \$6.9 million on a federal road project offset by a decrease in the amount spent on other road projects. These expenditures, by function, are summarized below:

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>
General government	\$20,863,877	\$21,535,250	\$ (671,373)
Public health	333,022	497,107	(164,085)
Public safety	24,610,650	22,966,235	1,644,415
Public health and social services	987,130	1,212,096	(224,966)
Special roads	11,191,664	9,593,938	1,597,726
Debt service interest	<u>507,173</u>	<u>375,305</u>	<u>131,868</u>
	<u>\$58,493,516</u>	<u>\$56,179,931</u>	<u>\$2,313,585</u>

BUSINESS-TYPE ACTIVITIES

Business-type activities are shown comparing costs to revenues generated by related services. The landfill functions are designated to be self-supporting with user charges and other revenues designed to recover costs. For the year ending June 30, 2009 revenues exceeded expenditures by \$305,200. A summary of this activity is presented below.

	<u>2009</u>	<u>2008</u>
Operating revenues	\$ 3,266,950	\$ 3,228,876
Operating expenses	<u>(2,965,973)</u>	<u>(3,959,737)</u>
Operating income (loss)	300,977	(730,861)
Non-operating revenues	4,241	242,094
Non-operating expenses	<u>(18)</u>	<u>(300,000)</u>
Increase (decrease) in net assets	<u>\$ 305,200</u>	<u>\$ (788,767)</u>

Financial Analysis of the County's Funds

Governmental funds

As previously discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending cash balances and investments of \$30,490,986 as of June 30, 2009, which represents 41.5% of the current total expenses. The Governmental Fund information is summarized below:

	<u>Total Governmental Funds</u>	
	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and investments	\$ 30,490,986	\$ 33,080,046
Accounts receivable	122,319	124,964
Taxes receivable	14,035,974	13,082,275
Due from		315,000
Prepaid expenses	466,943	69,114
Inventory	<u>422,191</u>	<u>440,446</u>
Total assets	<u>\$ 45,538,413</u>	<u>\$ 47,111,845</u>
LIABILITIES		
Accounts payable	\$ 2,804,643	\$ 3,886,855
Due to		315,000
Wages and benefits payable	931,601	810,828
Deferred revenue	1,012,089	867,056
Compensated absences	<u>187,901</u>	<u>200,777</u>
Total liabilities	<u>4,936,234</u>	<u>6,080,516</u>
FUND BALANCES		
Reserved		
Prepaid expenses	466,943	69,114
Inventory	422,191	440,446
Compensated absences	187,901	200,777
Debt services	3,093,835	2,829,090
Unreserved	<u>36,431,309</u>	<u>37,491,902</u>
Total fund balances	<u>40,602,179</u>	<u>41,031,329</u>
Total liabilities and fund balances	<u>\$ 45,538,413</u>	<u>\$ 47,111,845</u>

The General Fund is the County's primary operating fund and largest source of day-to-day service delivery. The General Fund had a Net Fund Balance decrease of \$957,482 based on the modified accrual basis of accounting.

Proprietary funds

The proprietary fund statements share the same focus as the government-wide statement, reporting both short-term and long-term information about financial status. We have summarized the operating results of these funds above.

General Fund Budgetary Highlights

The General Fund budgeted revenues for the 2009 fiscal year were \$42,867,916 while actual revenues were \$44,522,056 for a favorable variance of \$1,654,140. The General Fund budgeted expenses were \$39,671,878 while actual expenses were \$37,480,844 for a favorable variance of \$2,191,034. These amounts are exclusive of transfers.

Assessed Valuation and Property Taxes

Assessed valuation of \$10,716,831,121 represented an 7.5% increase over the preceding year's valuation of \$9,969,144,239. Property taxes are assessed on actual valuation. The tax rates are applied to each \$100 of actual valuation. The breakdown of tax rates for 2009 fiscal year and the preceding two years are as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
General fund	.2501	.2531	.2590
All other funds	<u>.0498</u>	<u>.0468</u>	<u>.0409</u>
Total	<u>.2999</u>	<u>.2999</u>	<u>.2999</u>
Total Valuation	\$10,716,831,121	\$9,969,144,239	\$9,053,019,006
% Valuation Increase over preceding year	7.5%	10.1%	11.7%

Capital Assets

As of June 30, 2009, the County had \$128,359,978 invested in capital assets, including roads, bridges, buildings, machinery, equipment, etc. This is an increase of \$12,834,872 from the previous year restated amount. The net book value of these assets are summarized below.

Land	\$ 4,599,251
Construction in progress	3,696,366
Infrastructure	94,065,574
Buildings	22,077,739
Land improvements	44,558
Machinery and equipment	<u>3,876,490</u>
Net capital assets	<u>\$128,359,978</u>

The increase in capital assets during the year is due primarily to significant additions to the County's road system and new building projects in excess of the current year depreciation and asset disposals. The annual depreciation for the County for 2009 was \$4,570,917.

Debt Administration

At the end of the fiscal year, the County had total bonded debt and notes payable outstanding of \$18,420,896. During the current year, the County issued one new bond in the amount of \$6,075,000 and made principal payments on outstanding bonds totaling \$2,345,000. The County's total future debt service requirements for bonded debt and notes payable are presented below.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2010	\$ 3,147,968	\$ 491,380	\$ 3,639,348
2011	2,602,502	421,342	3,023,844
2012	2,462,279	361,177	2,823,456
2013	2,513,873	299,995	2,813,868
2014	2,590,524	233,435	2,823,959
2015 through 2019	<u>5,103,750</u>	<u>408,549</u>	<u>5,512,299</u>
	<u>\$18,420,896</u>	<u>\$2,215,878</u>	<u>\$20,636,774</u>

Economic Environment

Sarpy County encompasses approximately 249 square miles, or 159,360 acres in area, and is located on the eastern border of Nebraska. Papillion, the county seat of Sarpy County, is located ten miles from Omaha, Nebraska, and 45 miles from Lincoln, Nebraska. The current population of Sarpy County is estimated at 150,467.

Sarpy County, unlike most of Nebraska, does not have an agriculturally oriented economy. Offutt Air Force Base is located in the County, making the U.S. military the County's largest employer. Offutt is the headquarters for the Strategic Command ("STRATCOM")

According to the Nebraska Department of Labor, the average monthly civilian labor force in Sarpy County in 2008 was 78,581. According to Offutt Air Force Base, there are 9,049 military and civilian personnel employed on the base in Bellevue.

In 2007, the per capita personal income of Sarpy County residents was \$36,356, which was 99.9 percent of the Nebraska average per capita income of \$36,372. The lower per capita income is explained by Sarpy County's 28.7% population under age 18.

In 2008, the median income of households in Sarpy County was \$65,789. Ninety percent of the households received earnings and 18 percent received retirement income other than Social Security. Eighteen percent of the households received Social Security. The average income from Social Security was \$16,077. These income sources are not mutually exclusive; that is, some households received income from more than one source.

Net taxable sales (excluding motor vehicles) within Sarpy County increased from \$1,002,214,274 in 2007 to \$1,047,406,948 in 2008, representing a 4.5 percent growth rate over the prior year.

The five largest employers located Sarpy County and the nature of their business are as follows:

<u>Company</u>	<u>Industry</u>
Offutt Air Force Base	Military
PayPal, Inc.	Service
Papillion-La Vista Schools	Education
Werner Enterprises	Trucking
Bellevue Public Schools	Education

Sarpy County's population figures from 2003 through 2008 are as follows:

<u>Year</u>	<u>Population</u>
July, 2003 (estimate)	132,476
July, 2004 (estimate)	135,973
July, 2005 (estimate)	139,371
July, 2006 (estimate)	142,637
July, 2007 (estimate)	146,756
July, 2008 (estimate)	150,467

Information for the number of building permits for single-family dwellings issued for Sarpy County (outside city zoning jurisdictions) from 2004 through 2009 are as follows:

<u>Year</u>	<u>Permits</u>	<u>Value</u>
2004	696	\$71,447,719
2005	685	\$72,518,595
2006	689	\$75,054,119
2007	400	\$48,871,958
2008	359	\$58,579,543
2009	216	\$43,714,130

Information for the number of building permits for commercial/industrial buildings issued for Sarpy County from 2004 through 2009 are as follows:

<u>Year</u>	<u>Permits</u>	<u>Value</u>
2004	10	\$ 6,265,000
2005	29	\$20,637,828
2006	25	\$15,496,200
2007	20	\$18,089,880
2008	12	\$13,027,139
2009	7	\$ 3,016,475

2008-2009 Budget

The County adopted a total budget for the year ending June 30, 2009 of \$110,788,869. This is an increase of \$9,919,877 over the previous year budget of \$100,868,992. The property tax request for the 2008-09 fiscal year is \$32,139,779 on assessed valuation of \$10,716,831,121 which results in a tax levy of \$0.2999 per \$100 of valuation. This is the same rate as the previous year levy of \$0.2999.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Sarpy County Fiscal Administrator, 1210 Golden Gate Drive, Suite 1129, Papillion, Nebraska 68046.

SARPY COUNTY, NEBRASKA

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 30,490,986	\$ 2,192,091	\$ 32,683,077
Accounts receivable	573,012	323,165	896,177
Taxes receivable	14,035,974		14,035,974
Prepaid expense	466,943	17,879	484,822
Inventory	422,191		422,191
Restricted cash		7,182,127	7,182,127
Capital assets			
Land	3,923,234	676,017	4,599,251
Construction in progress	3,696,366		3,696,366
Depreciable assets	185,857,157	3,496,753	189,353,910
Less accumulated depreciation	(66,260,586)	(3,028,963)	(69,289,549)
Bond issue costs	336,645		336,645
Less accumulated amortization	(127,910)		(127,910)
Total assets	173,414,012	10,859,069	184,273,081
LIABILITIES			
Accounts payable	2,804,643	492,388	3,297,031
Wages and benefits payable	931,601	22,164	953,765
Interest payable	21,794		21,794
Other liability		40,000	40,000
Compensated absences			
Current	187,901	2,897	190,798
Non-current	5,233,069	128,927	5,361,996
Accrued other post employment benefits			
Current	95,116	2,205	97,321
Non-current		2,205	2,205
Accrued landfill closure and post closure costs		5,857,303	5,857,303
Bonds payable			
Current	2,740,000		2,740,000
Non-current	14,690,000		14,690,000
Notes payable			
Current	407,968		407,968
Non-current	582,928		582,928
Total liabilities	27,695,020	6,548,089	34,243,109
NET ASSETS			
Invested in capital assets, net of related debt	109,004,010	1,143,807	110,147,817
Restricted for:			
Debt service	3,093,835		3,093,835
Post closure costs		1,324,824	1,324,824
Unrestricted	33,621,147	1,842,349	35,463,496
Total net assets	\$ 145,718,992	\$ 4,310,980	\$ 150,029,972

The accompanying notes are an integral part of the financial statements.

SARPY COUNTY, NEBRASKA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009**

	General Fund	Special Roads	Non-major Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 11,687,965	\$ 4,165,945	\$ 14,637,076	\$ 30,490,986
Accounts receivable	27,699		94,620	122,319
Taxes receivable	11,709,444		2,326,530	14,035,974
Due from			354,100	354,100
Prepaid expenses	336,917	55,305	74,721	466,943
Inventory		399,242	22,949	422,191
Total assets	\$ 23,762,025	\$ 4,620,492	\$ 17,509,996	\$ 45,892,513
LIABILITIES				
Accounts payable	\$ 2,069,392	\$ 569,676	\$ 165,575	\$ 2,804,643
Due to			354,100	354,100
Wages and benefits payable	691,199	62,785	177,617	931,601
Deferred revenue	847,605		164,484	1,012,089
Compensated absences	149,868	13,221	24,812	187,901
Total liabilities	3,758,064	645,682	886,588	5,290,334
FUND BALANCES				
Reserved				
Prepaid expenses	336,917	55,305	74,721	466,943
Inventory		399,242	22,949	422,191
Debt services	207,160	1,341,675	1,545,000	3,093,835
Unreserved	19,459,884	2,178,588	14,980,738	36,619,210
Total fund balances	20,003,961	3,974,810	16,623,408	40,602,179
Total liabilities and fund balances	\$ 23,762,025	\$ 4,620,492	\$ 17,509,996	\$ 45,892,513
RECONCILIATION				
Total fund balances - Governmental Funds				\$ 40,602,179
Amounts reported for governmental activities in the statement of net assets are different because:				
Deferred revenues represents funds not available in the current period and therefore are not recognized as revenue in the governmental funds.				1,012,089
Other accounts receivable are not available to pay for current-period expenditures and therefore are not reported in the governmental funds.				450,693
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				127,216,171
Some liabilities, including bonds payable, notes payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. Other related amounts include capitalized bond issue costs of \$208,735, interest payable of \$21,794, and post employment benefit accruals of \$95,116.				(23,562,140)
Net assets of Governmental Activities				\$ 145,718,992

The accompanying notes are an integral part of the financial statements.

SARPY COUNTY, NEBRASKA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Special Roads	Non-major Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 26,271,900		\$ 5,237,996	\$ 31,509,896
Intergovernmental				
Federal	242,268	\$ 1,683,670	1,408,980	3,334,918
State	2,873,378	6,734,945	547,142	10,155,465
Local	15,560,901	697,072	5,084,819	21,342,792
Total revenues	<u>44,948,447</u>	<u>9,115,687</u>	<u>12,278,937</u>	<u>66,343,071</u>
EXPENDITURES				
Current				
Personal services	28,359,056	2,858,413	7,363,312	38,580,781
Operating expenses	5,954,146	667,456	2,484,746	9,106,348
Supplies and materials	1,085,715	1,929,614	294,005	3,309,334
Equipment and office rentals	187,765	23,080	41,259	252,104
Capital outlay	1,410,074	11,494,023	6,006,218	18,910,315
Debt service				
Debt service principal	200,502	221,425	2,389,736	2,811,663
Debt service interest	8,406	39,298	447,002	494,706
Total expenditures	<u>37,205,664</u>	<u>17,233,309</u>	<u>19,026,278</u>	<u>73,465,251</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7,742,783</u>	<u>(8,117,622)</u>	<u>(6,747,341)</u>	<u>(7,122,180)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from new bond offering		6,003,763		6,003,763
Operating transfers in		5,630,009	3,464,345	9,094,354
Operating transfers out	(8,700,265)		(394,089)	(9,094,354)
Net other financing sources (uses)	<u>(8,700,265)</u>	<u>11,633,772</u>	<u>3,070,256</u>	<u>6,003,763</u>
NET CHANGE IN FUND BALANCES	<u>(957,482)</u>	<u>3,516,150</u>	<u>(3,677,085)</u>	<u>(1,118,417)</u>
FUND BALANCES, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	20,535,945	229,841	20,265,543	41,031,329
PRIOR PERIOD ADJUSTMENT	<u>425,498</u>	<u>228,819</u>	<u>34,950</u>	<u>689,267</u>
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>20,961,443</u>	<u>458,660</u>	<u>20,300,493</u>	<u>41,720,596</u>
FUND BALANCES, END OF YEAR	<u>\$ 20,003,961</u>	<u>\$ 3,974,810</u>	<u>\$ 16,623,408</u>	<u>\$ 40,602,179</u>
RECONCILIATION				
Total net change in fund balances for the governmental funds.				\$ (1,118,417)
Amounts reported in the governmental activities in the government-wide statement of activities are different because:				
Deferred revenues represent funds not available in the current period and therefore are not recognized as revenues in the governmental funds.				145,033
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense.				12,896,596
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 the governmental funds.				(477,863)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net assets.				(3,450,739)
Changes in net assets of governmental activities.				<u>\$ 7,994,610</u>

The accompanying notes are an integral part of the financial statements.

SARPY COUNTY, NEBRASKA

**STATEMENT OF NET ASSETS
PROPRIETARY FUND**

JUNE 30, 2009

CURRENT ASSETS	
Cash and investments	\$ 2,192,091
Accounts receivable	323,165
Prepaid expenses	17,879
Total current assets	<u>2,533,135</u>
NON-CURRENT ASSETS	
Restricted cash	7,182,127
Capital assets	
Land	676,017
Land improvements	586,898
Buildings	474,500
Machinery and equipment	2,435,355
Less accumulated depreciation	<u>(3,028,963)</u>
Total non-current assets	<u>8,325,934</u>
TOTAL ASSETS	<u>\$ 10,859,069</u>
CURRENT LIABILITIES	
Accounts payable	\$ 492,388
Wages and benefits payable	22,164
Other liability	40,000
Compensated absences	2,897
Accrued other post employment benefits	2,205
Total current liabilities	<u>559,654</u>
NON-CURRENT LIABILITIES	
Compensated absences	128,927
Accrued other post employment benefits	2,205
Accrued landfill closure and post closure costs	<u>5,857,303</u>
Total non-current liabilities	<u>5,988,435</u>
Total liabilities	<u>6,548,089</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,143,807
Unrestricted	1,842,349
Restricted for post closure costs	<u>1,324,824</u>
Total net assets	<u>4,310,980</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,859,069</u>

The accompanying notes are an integral part of the financial statements.

SARPY COUNTY, NEBRASKA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2009

OPERATING REVENUES	
Charges for services	\$ <u>3,266,950</u>
OPERATING EXPENSES	
Personal services	832,757
Operating expenses	1,290,255
Supplies/materials	394,167
Equipment rental	9,000
Small equipment	<u>439,794</u>
Total operating expenses	<u>2,965,973</u>
OPERATING INCOME	300,977
NON-OPERATING REVENUE	
FEMA reimbursement	4,241
NON-OPERATING EXPENSE	
Loss on disposition of fixed asset	<u>(18)</u>
CHANGE IN NET ASSETS	<u>305,200</u>
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	3,897,770
PRIOR PERIOD ADJUSTMENT	<u>108,010</u>
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>4,005,780</u>
NET ASSETS, END OF YEAR	<u>\$ 4,310,980</u>

The accompanying notes are an integral part of the financial statements.

SARPY COUNTY, NEBRASKA

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income from operations	\$ 300,977
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation	104,417
Change in accounts receivable	36,475
Change in prepaid expenses	(8,015)
Change in accounts payable	308,698
Change in accrued wages and benefits payable	2,043
Change in other liability	40,000
Change in compensated absences	14,595
Change in accrued other post employment benefits	2,205
Change in accrued landfill closure and post closure costs	<u>225,423</u>
Net cash provided by operating activities	1,026,818
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(42,711)
 CASH FLOWS FROM INVESTING ACTIVITIES	
FEMA reimbursement	<u>4,241</u>
 NET INCREASE IN CASH AND INVESTMENTS	 988,348
 CASH AND INVESTMENTS, BEGINNING OF YEAR	 <u>8,385,870</u>
 CASH AND INVESTMENTS, END OF YEAR	 <u>\$ 9,374,218</u>
 CASH AND INVESTMENTS ON THE STATEMENT OF NET ASSETS	
Cash and investments	\$ 2,192,091
Restricted cash	<u>7,182,127</u>
Total cash and investments	<u>\$ 9,374,218</u>

The accompanying notes are an integral part of the financial statements.

SARPY COUNTY, NEBRASKA

STATEMENT OF NET ASSETS - FIDUCIARY FUND
JUNE 30, 2009

ASSETS

Cash and investments
Taxes receivable

\$ 91,081,892
87,428,442

Total assets

\$ 178,510,334

LIABILITIES

Due to other governmental entities

\$ 178,510,334

The accompanying notes are an integral part of the financial statements.

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The accounting and reporting framework and the more significant accounting principles and practices of Sarpy County, Nebraska (the "County") are discussed in the subsequent section of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures of the County's financial activities for the fiscal year ended June 30, 2009.

Organization

Sarpy County, Nebraska is a governmental entity established under and governed by the laws of the State of Nebraska. As a political subdivision of the State, the County is exempt from state and federal income taxes.

Reporting Entity

The County has given consideration to potential component units for which it is financially accountable. The Governmental Accounting Standards Board ("GASB") has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of the Organization's governing body and the ability of the County to impose its will on that Organization to provide specific financial benefits to, or impose specific financial burdens on the Organization. There are no component units as defined by GASB 14 that are required to be included in the County's financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The County is a governmental entity established under the laws of the State of Nebraska. The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. The County's reporting entity applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements and applicable Financial Accounting Standards Board ("FASB") and Accounting Principles Board ("APB") opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. Governments have the option of following subsequently issued FASB statements subject to this same limitation. The County has elected not to follow the subsequently issued FASB statements.

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds and aggregate non-major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

Government-wide Financial Statements

The government-wide financial statements include a statement of net assets and a statement of activities. These statements present summaries of governmental and business-type activities for the County accompanied by a total column. Fiduciary activities of the County are not included in these statements.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Government-wide Financial Statements, Continued

These statements are presented on an "economic resources" measurement focus and on the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Accordingly, all of the County's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the statement of net assets. The statement of activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the County are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Fund Financial Statements

The financial transactions of the County are reported in major funds and aggregate non-major funds in the fund financial statements. A fund is considered major if it is the primary operating fund of the County, meets specific mathematical criteria set forth by GASB or is identified as a major fund by the County's management.

Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

Governmental Funds

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and non-major funds aggregated. Accompanying schedules are presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the government-wide financial statements. The County has presented all major funds that met those qualifications and has aggregated its non-major funds.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period and that it is legally available for such purposes. Property taxes, intergovernmental revenues, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within 60 days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, except for debt service expenditures and other long-term liabilities, which are recorded only when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds and payments of long-term debt are reported as other financing sources and uses.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental Funds, Continued

The following is a description of the County's major governmental funds:

- (1) General fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- (2) The Special Roads fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for these specified purposes.

Proprietary Fund

The County's proprietary fund accounts for the operations of the landfill. Proprietary fund financial statements include a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows. Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets presents increases and decreases in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund and all other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund

Fiduciary fund financial statements include a statement of net assets. The County's fiduciary funds represent agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above. These funds are not incorporated into the government-wide statements since these funds are held for the benefit of a third party and can not be used to address activities or obligations of the County.

Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements in accordance with the statutory requirements of the Nebraska Budget Act.

On or before August 1, the County Board of Commissioners ("County Board") prepares and transmits a budget for each County fund showing the projected requirements, outstanding warrants, operating reserve, cash on hand at the close of the preceding fiscal year, projected revenue collected from sources other than property tax and amount to be raised by property taxation. The budget is prepared on the cash receipts and disbursements basis of accounting. At least one public hearing must be held by the County Board.

On or before September 20 each year, the County Board, after the action of the State Board of Equalization and Assessment has been certified to the County Clerk, the budget, as revised, is adopted and the amounts provided therein are appropriated.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Budgets and Budgetary Accounting, Continued

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, revisions that alter the total expenditures of any fund require that an additional public hearing be held.

Investments

The types of investments the County is authorized to invest funds in are enumerated in Nebraska State Statutes Sections 77-2315, 77-2340 and 77-2341, R.R.S. 1943, and generally include United States Government bonds, bonds and debentures issued either singly or collectively by any of the twelve federal land banks, the twelve intermediate credit banks, or the thirteen banks for cooperatives under the supervision of the Farm Credit Administration, United States Treasury notes, bills or certificates of indebtedness maturing within two years from the date of purchase, or in certificates of deposit. Investments are stated at fair value.

Receivables

The County believes the amount of uncollectible taxes and accounts receivable is fully collectible, therefore no allowance for doubtful accounts has been established.

Property Taxes

Based on the assessed valuation certified annually by the County Assessor, property taxes are levied by the County Board on or before October 15, of each year for all political subdivisions in the County. Real estate and personal property taxes are each due December 31 of the year in which the property is appraised. One-half of the taxes become delinquent April 1 and August 1 of the following year.

The County collects its own property taxes and those of certain other taxing entities. Collections of the taxes for others, pending distribution, are accounted for in agency funds.

Counties are permitted by the State Constitution to levy a tax up to \$0.50 per \$100 of assessed valuation for general governmental services other than the payment of principle and interest on bonded debt. They may levy taxes in addition to the \$.50 limitation upon a vote of the people. The tax levy remained below the \$.50 limitation for 2009.

Also, \$.05 of the \$.50 limit may only be levied to provide services offered jointly with another government under an inter-local agreement. The County may share \$0.15 of its levy authority with rural fire districts and other political subdivisions no longer having any levy authority. Additionally, the legislature, as part of a property tax relief package, prohibited counties from adopting a budget containing "restricted funds" which are greater than 2.5% of the prior year budgeted restricted funds, plus the percentage change in valuation increase attributable to new construction and additions to buildings in excess of 2.5%. Restricted funds include property taxes, payments in lieu of taxes, and state aid less amounts budgeted for capital improvements and bonded indebtedness.

Inventories

Inventories are valued at cost, using the average cost method. The costs of inventories are recorded as expenditures when used (consumption method). Inventory held by the governmental funds consists primarily of road construction and maintenance materials.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets

Within the government-wide financial statements and the proprietary fund financial statements, capital assets, including infrastructure, are recorded at historical cost or at estimated historical cost if actual cost is not available. Contributed assets are reported at estimated fair market value as of the date received. The County defines capital assets as assets with individual cost of more than \$5,000. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method with a modified full month conversion. The estimated useful lives are as follows: infrastructure (includes roads, bridges, traffic signals, sewer, etc.) 15 - 50 years; buildings 20 - 50 years; machines and equipment 5 - 20 years.

Long-term Debt, Deferred Debt Expense and Bond Discounts/Premiums

In government-wide and proprietary financial statements, outstanding debt is reported as a liability. Bond issuance costs, bond discounts or premiums and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using the method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Compensated Absence

The liability for compensated absences reported in the government-wide and proprietary fund financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability for the governmental funds financial statements consists of only compensated absences due and payable.

Use of Restricted Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the County's policy is to apply restricted net assets first.

Use of Estimates

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

2. DEPOSITS AND INVESTMENTS

The County has generally pooled the cash resources of the various funds for investment purposes unless the agency to whom the funds belong has specified otherwise. Interest earned on pooled funds is credited to the County's general fund in accordance with Nebraska State Statute Section 77-2315, R.R.S. 1943.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

2. DEPOSITS AND INVESTMENTS, CONTINUED

Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The County has not adopted a specific policy for custodial credit risk, but requires compliance with the provisions of state statutes regarding investment practices. Statutes authorize the County to invest in time deposits at banks selected as depositories of County funds, direct debt securities of the United States Government, and certain government agency bonds.

Deposits

Cash and investments are stated at cost, which approximates fair value. The County's cash deposits, including certificates of deposit, are with institutions insured by the Federal Deposit Insurance Corporation ("FDIC") and other collateral. As of June 30, 2009, \$2,464,423 was not insured or collateralized with securities held by the County's agent in the County's name.

Investments

County funds are invested in conformity with the Public Funds Security Act, Chapter 77, Article 23, specifically 77-2387, of the Nebraska Revised Statutes.

The County's investments, totaling \$77,429,058 consisted of U.S. Government Securities, U.S. Treasury Bills, Fannie Mae, and the Nebraska Public Agency Investment Trust ("NPAIT"), which is an external investment pool not subject to custodial credit risk disclosure. NPAIT is similar to a mutual fund. Its portfolio consists of investments in which public entities are permitted to invest under Nebraska State Statutes. The NPAIT investment is carried at fair value, which was \$7,086,889 as of June 30, 2009. The Fannie Mae investments were rated AAA by Standard and Poors and NPAIT was not rated.

Concentrations of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. State statute does not restrict the concentration of investment in any issuer. The County places no limit on the amount the County may invest in any one issuer.

The County's investments, including the fiduciary fund, at June 30, 2009 are:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Included in internal investment pool:		
NPAIT money market	Various	\$ 7,086,889
U.S. Treasury Bills	Various	66,331,590
Federal National Mortgage Association	Various	3,996,800
Other money market	Various	13,779
		<u>\$ 77,429,058</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

2. DEPOSITS AND INVESTMENTS, CONTINUED

Summary of Cash and Investments

The carrying value (fair value) for cash and investments for the governmental funds, proprietary fund, and fiduciary fund at June 30, 2009, consists of the following:

	<u>Carrying Value</u>
Cash:	
Cash on hand	\$ 947,670
Cash in bank (checking, money market)	<u>18,666,496</u>
Total cash	<u>19,614,166</u>
Certificates of deposit:	
NPAIT certificates of deposit	9,948,550
Bank certificates of deposit	<u>23,955,322</u>
Total certificates of deposit	<u>33,903,872</u>
Investments:	
U.S. Treasury Bills	66,331,590
Federal National Mortgage Association	3,996,800
NPAIT money market	7,086,889
Other money market	<u>13,779</u>
Total investments	<u>77,429,058</u>
Total cash, certificates of deposits, and investments	<u>\$130,947,096</u>
Governmental funds	\$ 30,490,986
Proprietary fund	2,192,091
Proprietary fund – restricted for landfill post closure costs	7,182,127
Fiduciary funds	<u>91,081,892</u>
Total cash and investments	<u>\$130,947,096</u>

3. INTERFUND BALANCES AND TRANSFERS

At June 30, 2009, there was a balance of \$354,100 due to one non-major fund from nine various non-major funds resulting from temporary loans to cover cash shortages at year-end.

Interfund transfers for the year ended June 30, 2009 consisted of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General fund	Road fund	\$ 5,630,009	Provide funds for normal operating expenditures
General fund	Non-major funds	3,070,256	Provide funds for normal operating expenditures
Non-major funds	Non-major funds	314,089	Provide funds for normal operating expenditures
Non-major fund	Non-major fund	80,000	Forgiveness of debt

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental Activities</u>				
Not being depreciated				
Land and improvements	\$ 3,278,234	\$ 645,000		\$ 3,923,234
Construction in progress	<u>5,684,954</u>	<u>4,934,028</u>	<u>\$(6,922,616)</u>	<u>3,696,366</u>
Subtotal	<u>8,963,188</u>	<u>5,579,028</u>	<u>(6,922,616)</u>	<u>7,619,600</u>
Other capital assets				
Infrastructure	122,780,895	11,143,504		133,924,399
Buildings	23,318,496	6,743,103		30,061,599
Machines and equipment	<u>21,073,809</u>	<u>820,100</u>	<u>(22,750)</u>	<u>21,871,159</u>
Subtotal	<u>167,173,200</u>	<u>18,706,707</u>	<u>(22,750)</u>	<u>185,857,157</u>
Accumulated depreciation				
Infrastructure	(36,711,926)	(3,146,899)		(39,858,825)
Buildings	(7,681,840)	(540,952)		(8,222,792)
Machines and equipment	<u>(17,423,047)</u>	<u>(778,649)</u>	<u>22,727</u>	<u>(18,178,969)</u>
Subtotal	<u>(61,816,813)</u>	<u>(4,466,500)</u>	<u>22,727</u>	<u>(66,260,586)</u>
Net other capital assets	<u>105,356,387</u>	<u>14,240,207</u>	<u>(23)</u>	<u>119,596,571</u>
Net capital assets	<u>\$114,319,575</u>	<u>\$19,819,235</u>	<u>\$(6,922,639)</u>	<u>\$127,216,171</u>
<u>Business-type Activities</u>				
Not being depreciated				
Land and improvements	<u>\$ 676,017</u>			<u>\$ 676,017</u>
Subtotal	<u>676,017</u>			<u>676,017</u>
Other capital assets				
Land Improvements	586,898			586,898
Buildings	474,500			474,500
Machines and equipment	<u>2,410,232</u>	<u>\$ 42,711</u>	<u>\$ (17,588)</u>	<u>2,435,355</u>
Subtotal	<u>3,471,630</u>	<u>42,711</u>	<u>(17,588)</u>	<u>3,496,753</u>
Accumulated depreciation				
Land improvements	(513,024)	(29,316)		(542,340)
Buildings	(226,087)	(9,481)		(235,568)
Machines and equipment	<u>(2,203,005)</u>	<u>(65,620)</u>	<u>17,570</u>	<u>(2,251,055)</u>
Subtotal	<u>(2,942,116)</u>	<u>(104,417)</u>	<u>17,570</u>	<u>(3,028,963)</u>
Net other capital assets	<u>529,514</u>	<u>(61,706)</u>	<u>(18)</u>	<u>467,790</u>
Net capital assets	<u>\$ 1,205,531</u>	<u>\$ (61,706)</u>	<u>\$ (18)</u>	<u>\$ 1,143,807</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. CAPITAL ASSETS, CONTINUED

Depreciation for the governmental activities was charged to functions as follows:

General government	\$ 425,122
Public health	2,257
Public safety	612,214
Special roads	<u>3,426,907</u>
Total governmental activities depreciation expense	<u>\$ 4,466,500</u>

Construction Commitments

The County has active construction projects of approximately \$3,939,782 at June 30, 2009 for the construction of road projects, the completion of the courthouse remodeling project, and predevelopment costs for the baseball stadium.

5. LEASES

Operating Leases

The County has non-cancelable operating lease agreements for many copiers, one vehicle, and four office and storage spaces with unrelated parties. The monthly copier rental amounts are \$97 to \$397 a month, with the last lease expiring April 2012. The vehicle lease amount is \$343 a month, expiring in December 2009. The office and storage spaces lease are for \$600 to \$2,730 a month with the last lease expiring June 30, 2013.

Future minimum lease payments for all leases are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2010	\$ 78,560
2011	47,315
2012	38,712
2013	30,096

Lease payments for the year ended June 30, 2009 were approximately \$111,800.

Lessor

The County also leases its building space to four unrelated entities under non-cancelable operating leases. These lease amounts vary between \$1,000 and \$1,730 per month, with the last lease expiring April 2011.

Future minimum lease receipts for all leases are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2010	\$ 63,340
2011	30,252

Lease receipts for these operating leases were approximately \$63,340 during the year ended June 30, 2009.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

6. LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2009:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental Activities</u>				
Compensated absences	\$ 4,682,767	\$ 550,302		\$ 5,233,069
General obligation bonds	13,700,000	6,075,000	\$ 2,345,000	17,430,000
Notes payable	<u>1,270,157</u>	<u>238,869</u>	<u>518,130</u>	<u>990,896</u>
Governmental activities long-term liabilities	<u>\$19,652,924</u>	<u>\$ 6,864,171</u>	<u>\$ 2,863,130</u>	<u>\$23,653,965</u>
<u>Business-type Activities</u>				
Compensated absences	<u>\$ 117,229</u>	<u>\$ 11,698</u>		<u>\$ 128,927</u>
Business-type activities long-term liabilities	<u>\$ 117,229</u>	<u>\$ 11,698</u>		<u>\$ 128,927</u>

Long-term debt consisted of the following at June 30, 2009:

<u>Type of Indebtedness (Purpose)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2009</u>
<u>Bonds Payable</u>					
Communication bonds	Dec. 2009	2.10 – 4.60%	\$ 370,000-395,000	\$ 2,690,000	\$ 395,000
Administration bond	Dec. 2016	3.50 – 4.00%	615,000-815,000	7,000,000	5,760,000
Remodel bond	June 2018	2.05 – 3.70%	500,000-655,000	5,700,000	5,200,000
Highway allocation bond	Dec. 2013	2.05 – 3.70%	1,195,000-1,250,000	6,075,000	<u>6,075,000</u>
					<u>\$17,430,000</u>
<u>Notes Payable</u>					
ENSA house 1	June 2010	5.60%	\$ 11,700-12,300	\$ 97,610	\$ 12,390
ENSA house 2	Nov. 2010	5.10%	11,700-12,300	101,782	17,751
ENSA house 3	Dec. 2018	4.65%	8,500-13,400	153,061	108,661
ENSA house 4	June 2019	5.00%	10,700-17,100	190,000	141,649
ENSA house 5	June 2023	4.70%	8,300-16,200	178,575	170,242
8 sheriff's cruisers	June 2010	2.85%	98,000-110,000	217,332	100,996
Loader	June 2011	2.89%	73,800-78,200	228,047	153,995
Dump truck spreader	June 2010	2.89%	69,000-70,900	139,913	70,845
Investigation car	April 2011	18.58%	3,650-4,300	7,963	7,963
8 sheriff's cruisers	May 2011	3.24%	69,000-70,900	222,808	204,539
Investigation car	Nov. 2011	2.89%	69,000-70,900	4,733	<u>1,865</u>
					<u>\$ 990,896</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

6. LONG-TERM LIABILITIES, CONTINUED

The annual requirements to pay principal and interest on outstanding bonds and notes payable for governmental activities are shown below:

BONDS:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2010	\$ 2,740,000	\$ 458,185	\$ 3,198,185
2011	2,380,000	399,737	2,779,737
2012	2,430,000	344,520	2,774,520
2013	2,480,000	284,933	2,764,933
2014	2,555,000	220,022	2,775,022
2015 and thereafter	<u>4,845,000</u>	<u>363,335</u>	<u>5,208,335</u>
	<u>\$17,430,000</u>	<u>\$2,070,732</u>	<u>\$19,500,732</u>

NOTES PAYABLE:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2010	\$ 407,96	\$ 33,195	\$ 441,163
2011	222,502	21,605	244,107
2012	32,279	16,657	48,936
2013	33,873	15,062	48,935
2014	35,524	13,413	48,937
2015 and thereafter	<u>258,750</u>	<u>45,214</u>	<u>303,964</u>
	<u>\$ 990,896</u>	<u>\$145,146</u>	<u>\$1,136,042</u>

7. NET ASSETS\FUND BALANCE

The government-wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- Invested in capital assets, net of related debt, groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted net assets presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions enabling legislation.
- Unrestricted net assets represent net assets of the County not restricted for any project or purpose.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

7. NET ASSETS\FUND BALANCE, CONTINUED

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions. As of June 30, 2009, reservations of fund balances are described below:

- Prepaid items – to reflect the portion of assets that do not represent available spendable resources.
- Inventories – to reflect the portion of assets that do not represent available spendable resources.
- Compensated absences – to reflect the portion of assets that are held for payment of compensated absences.
- Debt service – to reflect the portion of assets that are held for payment of debt service.

8. EMPLOYEES' RETIREMENT SYSTEM

Pension Plan

The County has adopted the provisions of Sections 23-2301 to 23-2331, R.R.S. 1942, known as the County Employees Retirement Act. The retirement system for Nebraska counties is administered by the Public Employees Retirement Board and is a defined contribution cost-sharing multi-employer plan. Participating noncommissioned employees contribute 4.5% and the County contributes 6.75% on their behalf. Commissioned officers of the Sheriffs department contribute 6.75% and the County contributes 8.75% on their behalf. The employee's account is fully vested, while the employer's account is fully vested after three (3) years in the plan. Employees over age 55 are vested immediately upon eligibility to participate in the retirement plan. Prior service benefits are paid by the County on a pay-as-you-go basis directly to the retired employee. No actuarial calculation has been made of the plan because future service benefits are on a money purchase basis and prior service benefits are on a pay-as-you-go basis.

For the year ended June 30, 2009, the County's payroll for covered employees was \$29,451,678, and the total payroll for the County was \$29,720,772. The County contributed \$2,162,642 to the employees account and paid \$1,496 for prior service benefits. The employees contributed \$1,500,006 to the plan for the year ended June 30, 2009.

Deferred Compensation Plan

The County offers employees a deferred compensation plan created in accordance with provisions in IRS Section 457. The deferred compensation plan allows employees to defer a portion of current salary to future years, but the deferred balance is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, property rights purchased with such amounts, and income attributed to such amounts are placed in a trust which is not in the property of the County. Therefore, assets and liabilities related to the deferred compensation plan are not included in the basic financial statements.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

8. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

Other Postemployment Benefits

In addition to a defined contribution cost-sharing multiple-employer pension plan the County administers a postemployment benefit plan. An employee (and spouse) is eligible to elect medical coverage upon retiring and meeting specific criteria under the Nebraska Public Retirement System and attaining an age varying between 55 and 62, based upon their job classification. Participants pay a percentage of the premiums, based upon their age and job classification. A prescription drug program is also available to those who elect health coverage.

As required by GASB 45, the County, acting with the advice of the actuary, has allocated the cost of benefits to years of active service, using the Unit Credit Actuarial Cost Method. This method determines an annual required contribution ("ARC") that represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period of thirty years. The actuarial liability, representing the contributions which would have been accumulated if this method of funding had always been used is \$1,702,642 at July 1, 2008.

The County has not made any contributions to the postemployment benefit plan as of June 30, 2009. The funding policy is on a pay-as-you-go basis.

9. COMMITMENTS AND CONTINGENCIES

Federal Financial Awards

The County participates in a number of federally assisted grant programs. Compliance with the grants is subject to audit by various governmental agencies that may impose sanctions in the event of noncompliance. Management believes that they have complied with all aspects of the various grant provisions, and the results of adjustments, if any, related to such audits would be immaterial to the accompanying basic financial statements.

Litigation

The County is involved in lawsuits arising in the ordinary course of business, including claims for property damage and personal injury. In the opinion of County management, based on the advice of the County Attorney with respect to litigation, these matters are not expected to have a materially adverse effect on the County's financial position at June 30, 2009.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

10. LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

State and federal laws and regulations require the County to place a final cover on its landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. Although closure and post-closure care 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 post-closure care costs as an operating expense in each period based on landfill capacity used during the year. Based on a cost estimate done in 2009, closure costs will be \$3,940,938 and an additional \$2,425,696 will be required for post-closure care. The estimated total of the landfill closure and post-closure care of \$6,366,634 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were to be completed.

Based on the capacity of the landfill and the current rate of consumption it is estimated that the landfill is 92% used (filled). The County expects to close the landfill in 2014. The County has accrued 92% of the total landfill closure and post-closure care costs, \$5,857,303, as of June 30, 2009.

However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The County is required by State and Federal laws and regulations to make annual contributions to finance closure and post-closure care. The County is in compliance with these requirements and at June 30, 2009, investments of \$7,182,127 are held for these purposes. These are reported as restricted assets on the proprietary fund statement of net assets.

11. PUBLIC ENTITY RISK POOL

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association ("NIRMA"), a public entity risk pool currently operating as a common risk management and insurance program for 75 counties throughout Nebraska. NIRMA was created as a result of the Intergovernmental Risk Management Act authorized by State Statute Section 44-4301 R.R.S. 1943, which resulted in two programs being established, NIRMA and NIRMA II. The County has the option of participating in one or both of the programs.

The County pays an annual deposit premium as calculated by the administrator of the pool. Nine months following the close of the fiscal year and at annual intervals thereafter, the pool may calculate each County's retrospective premium or premium credit for the year. The retrospective formula will be adopted by the Board prior to the beginning of the fiscal year. The formula will consider the losses and exposures of each County and the entire pool. The deposit premium paid for the fiscal year may be applied as a credit against the retrospective premium. If it is determined that the deposit premium paid is in excess of the retrospective premiums calculated, such excess may be applied as a credit toward the next annual deposit premium. Retrospective premium adjustments for each fiscal year may continue until all claims are closed or until the Board determines that sufficient facts are known to make a final adjustment for the year. If the pool becomes insolvent or is otherwise unable to discharge its legal liabilities and other obligations, the County may be assessed by the Board for an additional contribution equal to its contribution for the current fiscal year divided by the contributions of all participants for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, will be to each County in writing, and each County will thereafter have sixty (60) days in which to pay the amount of such assessment.

Each County will remain liable for such assessments, regardless of such County's withdrawal from participation or the termination of the agreement and for liabilities of the pool incurred during such County's period of membership, as provided by State Statute Section 44-4312, R.R.S. 1943.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

11. PUBLIC ENTITY RISK POOL, CONTINUED

The following schedule is a summary of the NIRMA AND NIRMA II coverage, in effect for the period July 1, 2008 through July 1, 2009. Similar coverage will be in effect for the period July 1, 2009 through July 1, 2010:

<u>Type of Coverage</u>	<u>Insurance Carrier</u>	<u>Total Coverage Per Occurrence</u>	<u>County Deductible</u>	<u>Pool S.I.R.</u>
General Liability Auto Liability Law Enforcement Liability	NIRMA/County Reinsurance, LTD	\$5,000,000 (No Annual Aggregate)	-0-	\$300,000
Public Officials Employment Practices Employment Benefits Liability	NIRMA/County Reinsurance, LTD	\$5,000,000 \$7,000,000 Aggregate	\$25,000	\$300,000
Personal & Real Property Boiler & Machinery/ Equipment Breakdown	NIRMA/County Reinsurance, LTD	100% replacement cost \$1,000,000 flood & quake \$1,000,000 extra exp. \$1,000,000 valuable papers \$500,000 fine arts \$1,00,000 Accts receivable	\$500	\$250,000
Auto Phys. Damage	NIRMA/County Reinsurance, LTD	Actual Cash Value	\$250	\$250,000
Inland Marine	NIRMA/County Reinsurance, LTD	Actual Cash Value	\$500	\$250,000
Crime: Public Employee Dishonesty (Incl. Faithful Performance of Duty)	NIRMA	\$300,000	\$1,000	\$300,000
Crime: Money & Securities	NIRMA	\$50,000 Inside/Outside	\$1,000	\$50,000
Crime: Depositor's Forgery	NIRMA	\$100,000	\$1,000	\$100,000
Worker's Comp.	County Reinsurance, LTD	Statutory	-0-	\$300,000
Employer's Liability	County Reinsurance, LTD	\$2,000,000	-0-	\$350,000

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

12. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The following table shows each fund that has a net asset deficit. These deficits are expected to be eliminated in future years by receipts.

<u>Name of Fund</u>	<u>Amount of Net Asset Deficit</u>
Purchasing Agent	\$ 17

13. PRIOR PERIOD ADJUSTMENT

The County determined that \$214,631 of expense capitalized in the prior year as construction in progress was also capitalized as depreciable assets. The County also determined that \$53,380 of expense capitalized in the prior year as construction in progress was individually under the capitalization policy and should not have been capitalized. Accordingly, an adjustment of \$268,011 was made to decrease the governmental activities beginning net assets. The correction had no effect on the operating results of the current year.

The County determined that \$797,277 of operating expense was included in the prior year accounts payable, \$425,498, \$228,819, \$31,326, \$3,624, and \$108,010 of general fund, roads, general government, public health, and proprietary operating expense, respectively. The correction increased the governmental funds beginning fund balances by \$689,267, the proprietary fund beginning net assets by \$108,010 and the government-wide beginning net assets by \$797,277 in total.

The County determined that \$32,630 of interest expense was excluded from the prior year resulting in a decrease in the governmental activities beginning net assets by \$32,630.

14. SUBSEQUENT EVENTS

Subsequent to year-end, Sarpy County entered into an agreement with Sarpy County Leasing Corporation ("SCLC"), a nonprofit corporation. SCLC is an entity established to acquire, construct, furnish and equip a baseball stadium and related infrastructure and other facilities necessary to run the baseball stadium. SCLC issued Lease Rental Revenue Bonds on September 18, 2009 in the amount of \$18,985,000 (see the paragraph below) to fund the construction project. Once constructed, SCLC will lease the project to the County. Because of the relationship of SCLC and the County, SCLC will be presented as a component unit on the County's financial statements in future years.

On September 18, 2009, Sarpy County issued \$18,985,000 of Lease Rental Revenue Bonds, Omaha Royals Stadium Project Series 2009 payable from amounts received by the County from the Omaha Royals Lease Rental Revenues which have been pledged by the County for the payment of principal and interest on the Series 2009 Bonds. The bonds were issued in three series: Series A, Tax-exempt Bonds, \$4,195,000, with an interest rate of 1.50% - 3.75%, and maturity dates are annual from December 15, 2012 through December 15, 2024; Series B, Build America Bonds, \$9,290,000, with an interest rate of 6.05% - 6.25%, and maturity dates are annual from December 15, 2025 through December 15, 2036; and Series C, Taxable Bonds, \$5,500,000, with an interest rate of 2.75% - 6.00% and maturity dates are annual from December 15, 2013 through December 15, 2029.

The County purchased 38 acres of land located at 84th and Platteview, with the intention to build a law enforcement center and a storage building. Limited Tax Building Bonds in the amount of \$7,790,000 were issued on November 17, 2009 with an interest rate of 0.80% - 3.35%, and maturity dates are annual from December 15, 2010 through December 15, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

SARPY COUNTY, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES COLLECTED				
Tax	\$ 26,803,816	\$ 26,803,816	\$ 25,718,977	\$ (1,084,839)
Federal	107,200	107,200	242,268	135,068
State	1,325,000	1,325,000	2,873,378	1,548,378
Local	14,631,900	14,631,900	15,687,433	1,055,533
Total revenues collected	42,867,916	42,867,916	44,522,056	1,654,140
EXPENDITURES PAID				
General Government				
County Board	151,931	151,931	142,035	9,896
County Clerk	980,363	980,363	971,989	8,374
County Treasurer	969,766	969,766	932,721	37,045
Register of Deeds	500,587	500,587	493,504	7,083
County Assessor	1,134,384	1,134,384	1,112,470	21,914
Election Commissioner	464,679	464,679	457,254	7,425
Permits and Inspection	320,090	320,090	315,385	4,705
Planning	153,065	153,065	104,361	48,704
Administration	236,193	236,193	213,812	22,381
Personnel	264,065	264,065	214,666	49,399
Records Management	108,597	108,597	107,494	1,103
Fiscal Administration	200,890	204,990	204,894	96
Board of Equalization	32,079	32,079	29,447	2,632
Clerk of the District Court	495,837	495,837	488,369	7,468
County Court	160,185	160,185	150,217	9,968
Juvenile Probation	22,397	22,397	20,877	1,520
Juvenile Court	471,252	471,252	470,915	337
District Judge	493,262	523,262	520,418	2,844
Public Defender	1,062,149	1,062,149	1,048,088	14,061
Jury Commissioner	90,080	90,080	84,129	5,951
CASA	95,340	95,340	92,223	3,117
Building and Grounds	1,039,602	1,039,602	1,039,595	7
Public Property Utilities	564,000	564,000	504,648	59,352
Jail Maintenance	277,797	277,797	277,789	8
Juvenile Justice Center Maintenance	82,780	82,780	82,688	92
Extension Agent	116,477	116,477	116,477	
Other Intergovernmental	631,000	631,000	630,676	324
Sheriff Merit Commission	17,500	17,512	1,630	15,882
Animal Control	385,001	385,001	382,373	2,628
Miscellaneous General	5,842,307	5,098,624	4,493,966	604,658
Payroll Accrual	750,000	750,000		750,000
Capital Projects	300,000	300,000	207,308	92,692

SARPY COUNTY, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - CONTINUED
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
EXPENDITURES PAID - CONTINUED				
Public Safety				
Sheriff	\$ 1,704,734	\$ 1,783,707	\$ 1,774,358	\$ 9,349
County Attorney	2,346,290	2,509,290	2,506,043	3,247
Investigations	1,400,921	1,431,574	1,419,714	11,860
Road Patrol	4,217,064	4,357,107	4,352,060	5,047
Vehicle Inspection	90,530	91,467	90,481	986
Tow Lot	250,626	251,427	242,260	9,167
Juvenile Intake	265,334	265,334	251,890	13,444
Victim Witness	186,476	186,476	175,473	11,003
Adult Pre-trial	156,696	160,861	160,805	56
Adult Drug Court	23,000	23,000	20,275	2,725
Juvenile Justice Center	1,925,635	2,220,549	2,217,116	3,433
County Jail	5,359,557	5,310,938	5,218,990	91,948
Court Services	1,288,055	1,318,089	1,312,640	5,449
Warrants Extradition	489,460	501,630	497,198	4,432
Adult Probation	72,911	72,911	71,070	1,841
Community Services	146,768	149,268	149,094	174
Emergency Management	158,686	158,686	131,925	26,761
Public Health				
Mental Health	176,003	176,003	46,680	129,323
Public Welfare				
Veterans Services	178,856	178,856	175,980	2,876
Human Services	820,621	820,621	754,374	66,247
Total expenditures paid	<u>39,671,878</u>	<u>39,671,878</u>	<u>37,480,844</u>	<u>2,191,034</u>
Operating transfer out	<u>(8,700,265)</u>	<u>(8,700,265)</u>	<u>(8,700,265)</u>	
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>\$ (5,504,227)</u>	<u>\$ (5,504,227)</u>	<u>\$ (1,659,053)</u>	<u>\$ 3,845,174</u>

SARPY COUNTY, NEBRASKA
BUDGETARY COMPARISON SCHEDULE
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES COLLECTED				
Tax	\$ 5,335,963	\$ 5,335,963	\$ 4,982,253	\$ (353,710)
Federal	2,646,576	2,646,576	3,092,650	446,074
State	6,738,328	6,750,953	7,282,087	531,134
Local	4,918,267	4,918,267	11,793,774	6,875,507
Total revenues collected	<u>19,639,134</u>	<u>19,651,759</u>	<u>27,150,764</u>	<u>7,499,005</u>
EXPENDITURES PAID				
Special Road	14,512,303	17,812,303	17,679,669	132,634
E911	3,319,176	3,439,176	3,422,485	16,691
Wireless	37,000	37,000	18,061	18,939
E911 Rebanding	75,025	75,025	230	74,795
District Court - Child Support	232,277	232,277	226,480	5,797
County Attorney - Child Support	914,775	914,775	902,932	11,843
Tourism	421,559	421,559	267,553	154,006
Visitors Improvement	802,887	802,887		802,887
Employment Security Act	37,000	37,000	17,166	19,834
County Medical	205,500	205,500	128,247	77,253
Institutions	45,000	45,000	16,988	28,012
Alcohol Diversion	406,895	406,895	400,257	6,638
County Drug Enforcement	7,000	7,000	650	6,350
Federal Grant - Drug Court	3,500	3,500	646	2,854
Federal Grant - JAIBG	18,124	18,124	14,485	3,639
Federal Grant - Title 1D	76,143	76,143	60,821	15,322
Federal Grant - Juv Pre-trial	44,100	44,100	42,840	1,260
State Education Reimbursement	258,005	323,005	318,419	4,586
Federal Forfeiture	232,378	232,378	25,751	206,627
Federal Forfeiture - County Attorney	43,404	51,404	50,877	527
SCAAP	70,000	70,000	44,940	25,060
STOP Program	83,696	83,696	24,885	58,811
Federal Grant - Victim Witness	104,143	104,143	97,595	6,548
CDBG - Oakdale Park	590,935	590,935	1,602	589,333
Federal Grant - Project Engage	67,614	67,614	65,340	2,274
Federal Grant - GREAT	115,318	115,318	70,744	44,574
Federal Grant - Drug Enforcement	55,035	59,035	58,162	873
Juvenile Services LB640	114,085	114,585	114,174	411
County Aid Enhancement		12,625	12,625	

SARPY COUNTY, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - CONTINUED
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
EXPENDITURES PAID - CONTINUED				
Federal Grant - Brownfield	\$ 200,000	\$ 200,000		\$ 200,000
Federal Grant - GIS Transportation	54,000	96,000	\$ 96,000	
Federal Grant - Adult Drug Court	35,032	35,032	8,893	26,139
Federal Grant - Buffer Zone	176,489	176,489	104,637	71,852
Federal Grant - Drug Eradication	4,857	7,857	7,186	671
Federal Grant - Juv Day\Evening	59,083	59,083	52,438	6,645
Federal Grant - MIP Mini Grant	12,529	12,529	8,746	3,783
Federal Grant - Accident	6,756	8,256	7,841	415
Federal Grant - Boat Patrol	5,000	5,000	4,471	529
State Grant - Stormwater	116,775	116,775	75,229	41,546
Inheritance Tax	3,139,298	3,739,298	3,672,651	66,647
Keno	332,839	332,839	235,160	97,679
800 MHZ Bond Fund	811,410	811,410	407,247	404,163
Courthouse Bond	877,635	877,635	870,833	6,802
Courthouse Administration	1,587,531	1,587,531	840,086	747,445
Courthouse Remodel	812,881	812,881	677,115	135,766
Sheriff/Comm Bond	1,130,200	1,130,200		1,130,200
Landfill Bond Surplus	3,355,356	3,355,356		3,355,356
Sinking Fund	779,000	779,000	46,189	732,811
Sewer	1,702,705	1,702,705	88,217	1,614,488
Sewer Operations	165,000	165,000	15,983	149,017
Phase II Stormwater Fees	50,000	50,000		50,000
Noxious Weed	81,517	83,517	83,009	508
Information Systems	1,772,837	1,772,837	1,766,516	6,321
GIS	355,356	355,356	352,414	2,942
Purchasing Agent	124,873	126,873	125,910	963
Fleet Services	1,139,705	1,179,705	1,179,626	79
Total expenditures paid	<u>41,781,541</u>	<u>45,982,166</u>	<u>34,811,021</u>	<u>11,171,145</u>
Operating transfer in	<u>9,198,354</u>	<u>13,386,354</u>	<u>11,603,454</u>	<u>(1,782,900)</u>
	<u>9,198,354</u>	<u>13,386,354</u>	<u>11,603,454</u>	<u>(1,782,900)</u>
EXCESS (DEFICIENCY) OF REVENUES				
COLLECTED OVER EXPENDITURES PAID	<u>\$ (12,944,053)</u>	<u>\$ (12,944,053)</u>	<u>\$ 3,943,197</u>	<u>\$ 16,887,250</u>

SARPY COUNTY, NEBRASKA
BUDGETARY COMPARISON SCHEDULE
SPECIAL ROADS FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES COLLECTED				
Tax				
Federal	\$ 1,040,000	\$ 1,040,000	\$ 1,683,670	\$ 643,670
State	6,357,354	6,357,354	6,734,945	377,591
Local	396,286	396,286	4,708,285	4,311,999
Total revenues collected	<u>7,793,640</u>	<u>7,793,640</u>	<u>13,126,900</u>	<u>5,333,260</u>
EXPENDITURES PAID				
Personal services	2,839,934	2,839,934	2,858,255	(18,321)
Operating expenses	635,969	635,969	717,967	(81,998)
Supplies and materials	1,481,700	1,481,700	1,752,978	(271,278)
Equipment and office rental	23,500	23,500	22,833	667
Capital outlays	9,531,200	9,531,200	12,298,322	(2,767,122)
Principal and interest			29,314	(29,314)
Total expenditures paid	<u>14,512,303</u>	<u>14,512,303</u>	<u>17,679,669</u>	<u>(3,167,366)</u>
Operating transfer in	5,630,009	8,930,009	7,630,009	(1,300,000)
Operating transfer out		(3,300,000)		3,300,000
	<u>5,630,009</u>	<u>5,630,009</u>	<u>7,630,009</u>	<u>2,000,000</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID				
	<u>\$ (1,088,654)</u>	<u>\$ (1,088,654)</u>	<u>\$ 3,077,240</u>	<u>\$ 4,165,894</u>

SARPY COUNTY, NEBRASKA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES FOR THE YEAR ENDED JUNE 30, 2009

1. BUDGETARY ACCOUNTING

The County prepares its budgets on the cash basis of accounting, based on funds received at the County Treasurer. Accordingly, revenues are recognized when cash is received by the County Treasurer and expenditures are recognized when disbursed. This results in twelve months of revenues and expenditures being reported; however, revenues received by departments but not yet submitted to the County Treasurer are not included in the budget amounts since the County Treasurer does not have these funds in hand as of year-end. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this method of accounting, all unexpended appropriations lapse at the end of the budget year.

SARPY COUNTY, NEBRASKA

OTHER POSTEMPLOYMENT BENEFIT SCHEDULE FOR THE YEAR ENDED JUNE 30, 2009

As required by GASB 45, the County, acting with the advice of the actuary, has allocated the cost of benefits to years of active service, using the Unit Credit Actuarial Cost Method. This method determines an annual required contribution ("ARC") that represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period of thirty years. The actuarial liability, representing the contributions which would have been accumulated if this method of funding had always been used is \$1,702,642 at July 1, 2009.

The ARC for the period of July 1, 2008 through June 30, 2009 was \$170,975 and \$2,205, for governmental and proprietary funds, respectively. The County made a net employer contribution in the amount of \$246,834 to the postemployment benefit plan as of June 30, 2009. The funding policy is on a pay-as-you-go basis.

Obligations and Funded Status at June 30, 2009:

	<u>Governmental</u>	<u>Proprietary</u>
Benefit obligation	\$ 170,975	\$ 2,205
Contributions made	<u>(246,834)</u>	<u> </u>
Increase in net benefit obligation	(75,859)	2,205
Net benefit obligation – beginning of year	<u>170,975</u>	<u>2,205</u>
Unfunded status	<u>\$ 95,116</u>	<u>\$ 4,410</u>
Accrued benefit cost recognized in the statement of net assets as accrued expenses	<u>\$ 95,116</u>	<u>\$ 4,410</u>

In the most current valuation, July 1, 2008, the actuarial assumptions used for the calculation of costs and liabilities are as follows:

Discount rate	4.5% per annum, compounded annually
Price inflation	3.0% per year
Payroll growth assumption	4.0% per year
Participation rate	50% will elect coverage
Spouse participation rate	50% will elect coverage

The above valuation involves estimates of the value of reported amounts and assumptions about the probability of future events and is subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. These calculations are based on the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of cost sharing between employer and plan members to this point and reflects a long-term perspective.

The County had one valuation performed on July 1, 2008 and thus has a beginning net benefit obligation of \$170,975 and \$2,205 for governmental and proprietary funds, respectively. The County did not have previous contributions prior to the year ending June 30, 2009.

A copy of the actuarial report may be obtained from Brian Hanson, Fiscal Administrator, Sarpy County, 1210 Golden Gate Drive, Suite 1129, Papillion, Nebraska 68046.

SUPPLEMENTAL INFORMATION

SARPY COUNTY, NEBRASKA

**TAX CERTIFICATION, CORRECTION AND COLLECTIONS
AS OF JUNE 30, 2009**

	RELATED TO THE TAXABLE YEAR		
	2006	2007	2008
TAX CERTIFIED BY THE ASSESSOR:			
Real estate	\$ 187,784,089	\$ 197,635,021	\$ 211,367,202
Personal	4,536,739	5,122,867	6,058,039
Centrally assessed	1,118,341	1,158,083	1,166,863
	\$ 193,439,169	\$ 203,915,971	\$ 218,592,104
 NET TAX COLLECTED BY THE COUNTY TREASURER DURING YEARS ENDED:			
June 30, 2007	\$ 187,673,735	\$ 197,346,339	\$ 113,508,338
June 30, 2008	4,409,031	5,007,762	3,720,400
June 30, 2009	1,118,341	1,158,083	703,759
	\$ 193,201,107	\$ 203,512,184	\$ 117,932,497
 TOTAL UNCOLLECTED TAX AS OF JUNE 30, 2009:			
Real estate	\$ 110,354	\$ 288,682	\$ 97,858,864
Personal	127,708	115,105	2,337,639
Centrally assessed			463,104
	\$ 238,062	\$ 403,787	\$ 100,659,607
 PERCENTAGE UNCOLLECTED TAX	 0.12%	 0.20%	 46.05%

NOTE: This schedule shows three years of activity. The financial statements receivables are all-inclusive.

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY CLERK**

FOR THE YEAR ENDED JUNE 30, 2009

BALANCE ON HAND, BEGINNING OF YEAR

Cash on hand	\$	600
Cash in bank		60,130
		60,730

COLLECTIONS

Recording and miscellaneous fees		3,220
Title fees		566,697
Marriage licenses		18,300
Prepaid certified marriage licenses		7,175
Miscellaneous		31
Other licenses		12,789
Interest		436
		608,648

CREDITS

Paid to County Treasurer		
Recording and miscellaneous fees		3,213
Title fee		196,115
Marriage licenses		18,210
Prepaid certified marriage licenses		6,270
Miscellaneous		261
Other licenses		12,164
Interest		437
		236,670

Paid to state		
Title fees		374,491
		374,491

BALANCE ON HAND, END OF YEAR	\$	58,217
-------------------------------------	-----------	---------------

SUMMARY OF BALANCE, END OF YEAR

Cash on hand	\$	600
Cash in bank		57,617
		58,217

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
REGISTER OF DEEDS
FOR THE YEAR ENDED JUNE 30, 2009**

BALANCE ON HAND, BEGINNING OF YEAR	
Cash on hand	\$ 150
Cash in bank	270,260
Accounts receivable	11,613
	<u>282,023</u>
 COLLECTIONS	
Recording fees	687,667
Copies fees	10,285
Miscellaneous fees	167
Federal lien	1,110
State tax lien	450
Documentary stamp tax	1,389,578
Interest	1,384
SID penalties	210
	<u>2,090,851</u>
 CREDITS	
Paid to County Treasurer	
Recording fees	651,892
Copy fees	10,200
Non-credit refunds	181
Federal tax lien	1,080
State tax lien	441
Documentary stamp tax	326,151
Interest	1,414
SID penalty fees	210
	<u>991,569</u>
Paid to State	
Documentary stamp tax	1,141,677
	<u>1,141,677</u>
 BALANCE ON HAND, END OF YEAR	 <u>\$ 239,628</u>
 SUMMARY OF BALANCE, END OF YEAR	
Cash on hand	\$ 150
Cash in bank	211,779
Accounts receivable	27,699
	<u>\$ 239,628</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
CLERK OF THE DISTRICT COURT
FOR THE YEAR ENDED JUNE 30, 2009**

BALANCE ON HAND, BEGINNING OF YEAR		
Cash on hand	\$	650
Cash in bank		1,063,803
		<u>1,064,453</u>
COLLECTIONS		
Dissolution fees		17,100
State fees		172,783
Regular fees		299,568
Retirement fees		24,490
Law enforcement fees		717
Trust		4,967,060
Drug court		
County fees		17,288
State fees		9,354
		<u>5,508,360</u>
CREDITS		
Dissolution fees		16,250
State fees		190,887
Regular fees		299,568
Retirement fees		26,659
Law enforcement fees		987
Trust		4,643,449
Drug court		
County fees		17,357
State fees		8,363
		<u>5,203,520</u>
BALANCE ON HAND, END OF YEAR	\$	<u>1,369,293</u>
SUMMARY OF BALANCE, END OF YEAR		
Cash on hand	\$	650
Cash in bank		1,368,643
		<u>\$ 1,369,293</u>

SARPY COUNTY, NEBRASKA
SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY SHERIFF
FOR THE YEAR ENDED JUNE 30, 2009

BALANCE ON HAND, BEGINNING OF YEAR		
Cash on hand		\$ 196
Cash in bank		114,571
		<u>114,767</u>
COLLECTIONS		
Civil process		458,542
House arrest		4,670
Inmate		526,898
Distress warrants		328,600
Miscellaneous and administrative		180,686
VIN		104,432
CID		10,356
DARE		11,326
Juvenile center		2,343
Tow lot		413,008
		<u>2,040,861</u>
CREDITS		
Paid to County Treasurer:		
Civil process		469,347
House arrest		5,075
Inmate		539,062
Distress warrants		328,600
Miscellaneous and administrative		180,686
VIN		104,432
CID		13,949
DARE		2,875
Juvenile center		5,915
Tow lot		359,663
		<u>2,009,604</u>
BALANCE ON HAND, END OF YEAR		<u>\$ 146,024</u>
SUMMARY OF BALANCE, END OF YEAR		
Cash on hand		\$ 270
Cash in bank		145,754
		<u>\$ 146,024</u>

SARPY COUNTY, NEBRASKA

SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY ATTORNEY
FOR THE YEAR ENDED JUNE 30, 2009

BALANCE ON HAND, BEGINNING OF YEAR	
Cash in bank	\$ <u>6,039</u>
COLLECTIONS	
Restitution	81,336
Collection on bad checks	144,869
Collection fees	4,305
Law enforcement fund	1,006
Miscellaneous	<u>1,576</u>
	<u>233,092</u>
CREDITS	
Restitution payments	79,987
Payments on bad checks collected	142,251
Collection fees remitted to the County Treasurer	4,009
Subpoena and miscellaneous expenditures paid	1,056
Miscellaneous	<u>57</u>
	<u>227,360</u>
BALANCE ON HAND, END OF YEAR	\$ <u>11,771</u>
SUMMARY OF BALANCE, END OF YEAR	
Cash on hand	\$ 20
Cash in bank	<u>11,751</u>
	\$ <u>11,771</u>

SARPY COUNTY, NEBRASKA
SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY SURVEYOR
FOR THE YEAR ENDED JUNE 30, 2009

BALANCE ON HAND, BEGINNING OF YEAR	
Cash on hand	\$ 50
COLLECTIONS	757
CREDITS	<u>757</u>
BALANCE ON HAND, END OF YEAR	<u>\$ 50</u>
SUMMARY OF BALANCE, END OF YEAR	
Cash on hand	<u>\$ 50</u>

SARPY COUNTY, NEBRASKA

SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY ELECTION COMMISSIONER
FOR THE YEAR ENDED JUNE 30, 2009

BALANCE ON HAND, BEGINNING OF YEAR	\$	<u>10</u>
COLLECTIONS		
Certification of registration		6
Election cost recoveries		59,922
Registration lists and fees		<u>25</u>
		<u>59,953</u>
CREDITS		
Paid to County Treasurer		<u>59,963</u>
BALANCE ON HAND, END OF YEAR	\$	<u><u> </u></u>

SARPY COUNTY, NEBRASKA
SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY BUILDING INSPECTOR
FOR THE YEAR ENDED JUNE 30, 2009

BALANCE ON HAND, BEGINNING OF YEAR	
Cash in bank	\$ 85,217
Contractor deposits	99,000
	<u>184,217</u>
COLLECTIONS	
Permit fees	506,548
Sewer fees	120,399
Interest	1,325
Other	8,403
Contractor deposits	12,000
	<u>648,675</u>
CREDITS	
Paid to County Treasurer	
Permit fees	529,151
Sewer fees	61,721
Other	567
	<u>591,439</u>
Refunds to contractors	16,688
	<u>608,127</u>
BALANCE ON HAND, END OF YEAR	<u>\$ 224,765</u>
SUMMARY OF BALANCE ON HAND, END OF YEAR	
Cash in bank	\$ 128,765
Contractor deposits	96,000
	<u>\$ 224,765</u>

SARPY COUNTY, NEBRASKA

SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY LANDFILL
FOR THE YEAR ENDED JUNE 30, 2009

BALANCE ON HAND, BEGINNING OF YEAR	
Cash on hand	\$ 230
Accounts receivable	<u>359,640</u>
	359,870
COLLECTIONS	3,238,213
CREDITS	
Paid to County Treasurer	<u>3,274,688</u>
BALANCE ON HAND, END OF YEAR	<u>\$ 323,395</u>
SUMMARY OF BALANCE ON HAND, END OF YEAR	
Cash on hand	\$ 230
Accounts receivable	<u>323,165</u>
	<u>\$ 323,395</u>

SARPY COUNTY, NEBRASKA

SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY ALCOHOL DIVERSION
FOR THE YEAR ENDED JUNE 30, 2009

BALANCE ON HAND, BEGINNING OF YEAR	
Cash on hand	\$ <u>4,095</u>
COLLECTIONS	
Alcohol diversion	204,227
Adult education	33,239
Adult shoplifters	12,422
Adult community service	1,535
Victim impact panel	4,881
Juvenile intake	67,484
Juvenile community service	2,260
Teen court	6,291
Restitution	3,044
Miscellaneous	<u>167</u>
	<u>335,550</u>
CREDITS	
Alcohol diversion	205,552
Adult education	33,394
Adult shoplifters	11,972
Adult community service	1,555
Victim impact panel	4,871
Juvenile intake	68,359
Juvenile community service	2,270
Teen court	6,341
Restitution	3,459
Miscellaneous	<u>167</u>
	<u>337,940</u>
BALANCE ON HAND, END OF YEAR	
Cash on hand	\$ <u>1,705</u>

SARPY COUNTY, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Health and Human Services</u>		
Passed through Nebraska Department of Health and Human Services		
Child Support		
District Court	93.563	\$ 128,160
County Attorney	93.563	582,633
Incentive Program	93.563	26,188
Total U.S. Department of Health and Human Services		<u>736,981</u>
<u>U.S. Department of Education</u>		
Passed through Papillion/La Vista School District		
FG-Title 1D	84.010	52,568
Passed through Nebraska Department of Education		
FG-Project Engage	84.048	39,639
Total U.S. Department of Education		<u>92,207</u>
<u>U.S. Department of Justice</u>		
Passed through Nebraska Crime Commission		
FG - JAIBG	16.523	14,485
FG - Victim Witness	16.575	98,629
FG - Juvenile Pre-Trial Assessment	16.540	43,444
FG - Juvenile Day/Evening Reporting Center	16.540	56,250
Passed through City of Omaha		
Drug Enforcement	16.579	57,880
Passed through Heartland Family Services		
Domestic Violence Attorney	16.588	23,418
G.R.E.A.T. Program	16.737	76,893
U.S. Marshall	16.xxx	3,850
Drug Enforcement Reimbursement	16.xxx	812
Federal Forfeitures	16.xxx	80,420
Federal Forfeitures County Attorney	16.xxx	7,985
Justice Benefits Reimbursement	16.606	44,940
FG-Drug Eradication	16.xxx	9,000
FBI Overtime Reimbursement - OCDEF	16.xxx	5,658
FG-Boat Patrol	16.738	3,141
Total U.S. Department of Justice		<u>526,805</u>
<u>U.S. Department of Interior</u>		
Payment in Lieu of Taxes		
	15.226	1,025
Total U.S. Department of Interior		<u>1,025</u>
<u>U.S. Department of Transportation</u>		
Passed through Nebraska Office of Highway Safety		
Traffic Enforcement Grant	20.600	26,703
Alcohol Enforcement Grant	20.600	3,442
Passed through Metro Area Planning Agency		
FG - GIS Transportation	20.505	93,319
FG - Computers (In-Car Camera System)	20.600	21,000
Total U.S. Department of Transportation		<u>144,464</u>
<u>U.S. Department of Homeland Security</u>		
Passed through Nebraska Emergency Management Association		
Civil Defense Reimbursement	97.042	116,045
FG - Buffer Zone	97.078	19,594
FEMA Storm Reimbursement - Highway	97.036	236,760
FEMA Storm Reimbursement - Landfill	97.036	4,241
Passed through Serve Nebraska		
Citizen Corp Reimbursement	97.067	2,843
Total U.S. Department of Homeland Security		<u>376,640</u>
<u>Immigration and Customs Enforcement</u>		
U.S. Immigrations - Juveniles		
	16.606	11,284
Total Immigration and Customs Enforcement		<u>11,284</u>
<u>Supplemental Disclosure</u>		
Federal Secondary Money Passed through State		
Federal Aid Secondary	20.205	1,446,910
Total Expenditures of Federal Awards		<u>\$ 3,336,316</u>

SARPY COUNTY, NEBRASKA

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying schedule of expenditures of federal awards ("schedule") presents the activity of all federal awards programs of Sarpy County, Nebraska. The County's reporting entity is defined in Note 1 to the County's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included in the schedule.

Basis of Accounting

The accompanying supplementary Schedule of Expenditures of Federal Awards has been prepared on a cash receipts basis of accounting, which differs from generally accepted accounting principles in the United States of America. Under this method, expenditures are recognized when reimbursement is received.

The accompanying schedule presents total expenditures paid for each federal awards program in accordance with Office of Management and Budget ("OMB") Circular A-133. Federal programs in titles are reported as presented in the Catalog of Federal Domestic Assistance ("CFDA"), whenever possible.

January 22, 2010

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

Board of Commissioners
Sarpy County, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sarpy County, Nebraska (the "County") as of and for the year ended June 30, 2009 which collectively comprise the County's basic financial statements and have issued our report thereon dated January 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Orizon CPAs LLC
ORIZON CPAs LLC

January 22, 2010

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Board of Commissioners
Sarpy County, Nebraska**

Compliance

We have audited the compliance of Sarpy County, Nebraska (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2009. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs are the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Orizon CPAs LLC
ORIZON CPAs LLC

SARPY COUNTY, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report on the basic financial statements expressed an unqualified opinion.
2. No material weaknesses in internal control over financial reporting were reported.
3. No instances of noncompliance considered material to the financial statements was disclosed by the audit.
4. No material weaknesses in internal control over compliance with requirements applicable to major federal award programs were reported.
5. The independent auditor's report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
6. The audit did not disclose any findings required to be reported by OMB Circular A-133.
7. The major programs for the County for the year ended June 30, 2009 are as follows:
 - Federal Aid Secondary – CFDA # 20.205
 - Child Support – CFDA # 93.563
8. A threshold of \$300,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
9. The County did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

B. FINANCIAL STATEMENT FINDINGS

None

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SARPY COUNTY, NEBRASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

FEDERAL AID SECONDARY

2008-1 *Statement of Condition:* Sarpy County Roads Department (Roads Department) was de-authorized on a project and the return of funds paid was requested. The Sarpy County Roads Department was de-authorized on a federal project, passed through the State of Nebraska, for failure to comply with federal right-of-way acquisition requirements.

Corrective action was taken.