2012-90

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 2007), 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 2007), 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 BKD CPA's and Advisors.

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.

The above Resolution was approved by a vote of the Sarpy County Board of Commissioners at a public meeting duly held in accordance with applicable law on the 13th day of March, 2012.

Sarpy County Board Chairman

Attest:

SEAL

DEBRA L. HOUGHTALING, COUNTY CLERK
SEAL
SARPY COUNTY, NEBRASKA

County Clerk

Sarpy County Board of Commissioners

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

ADMINISTRATOR Mark Wayne
DEPUTY ADMINISTRATOR Scott Bovick
FISCAL ADMIN./PURCHASING AGT. Brian Hanson

COMMISSIONERS
Rusty Hike District 1
Jim Thompson District 2
Tom Richards District 3
Jim Nekuda District 4
Jim Warren District 5

MEMO

To: Sarpy County Board

From: Brian Hanson

Re: Acceptance of Financial Audit Report

At the March 13, 2012 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 an "unqualified 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 Sarpy County, Nebraska as of June 30, 2011 . ."

2. Management's Discussion and Analysis (MD&A) on pages 3-13 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 Schedule of Findings and Questioned Costs on pages 72-73 indicate the following:

   - The report on internal control over financial reporting disclosed a material weakness relating to a number of prior period and current year adjustments that needed to be made.
   - The audit did not disclose non-compliance considered to be material to the financial statements.
   - The report on internal control of compliance with major federal award requirements did not disclose any significant deficiencies or material weaknesses.
   - The audit did not disclose findings that must be reported under OMB Circular A-133 (federal audit regulations).

4. The Letter titled "Audit Scope and Results" (included as a separate document) indicates a number of areas where various County departments can improve accounting procedures.

5. Robyn Devore from BKD will be in attendance to answer questions.

March 9, 2012

Brian Hanson
Brian E. Hanson

BEH/dp

cc: Mark Wayne
Deb Hougthaling
Scott Bovick

BKD LLP
CPAs & Advisors

1120 S. 101st Street, Suite 410
Omaha, NE 68124-1088
402.392.1040 Fax 402.392.1772 www.bkd.com

Members of the County Board and Management
Sarpy County, Nebraska
Papillion, Nebraska

As part of our audits of the financial statements and compliance of Sarpy County, Nebraska as of and for the year ended June 30, 2011, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under 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 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*

An audit performed 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 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in OMB Circular A-133 that could have a direct and material effect on a major federal program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement and compliance audits that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

Audits of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The County's significant accounting policies are described in Note 1 of the audited financial statements. The following accounting policies and practices are of significant importance to the County's financial statements:

- *Fund accounting and the reconciliation of the governmental fund and government wide financial statements*
- *Determination of potential component units*

Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- *Allowance for uncollectible accounts*
- *Accrued landfill closure/post-closure care costs*
- *Net asset/fund balance classifications*

Financial Statement Disclosures

No matters are reportable.

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate. Areas in which adjustments were proposed and recorded include:

- *Cash*
- *Grants receivable*
- *Inventory*
- *Prepaid expenses*
- *Intangible assets*
- *Capital assets*
- *Accounts payable*
- *Compensated absences*
- *Accrued interest payable*
- *Deferred revenues*
- *Beginning net assets/fund balance*
- *Interest expense*
- *Interfund transfers*
- *Miscellaneous income*

Proposed Audit Adjustments Not Recorded

During reconciliation of capital assets, the County identified one asset acquired by capital lease that had not been capitalized in prior years. The asset was capitalized in 2011; however, as the lease term was only three years, the asset would have been fully depreciated during 2011. County management evaluated the effect of this reporting and determined it does not significantly impact the County's change in financial position for 2011 as the effect on assets and expenses at the government-wide level was less than 1%.

Auditor's Judgments About the Quality of the Entity's Accounting Principles

No matters are reportable.

Disagreements with Management

No matters are reportable.

Significant Issues Discussed with Management

Prior to Retention

During our discussion with management prior to our engagement, the following issues regarding application of accounting principles or auditing standards were discussed:

- *Implementation of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*
- *Presentation of the Sewer Fund as a proprietary fund of the County*
- *Capitalization of interest within proprietary funds*

During the Audit Process

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- *Expenditure presentation on the Schedule of Expenditures of Federal Awards*

Other Material Written Communications

Listed below are other material written communications between management and us related to the audit:

- Management representation letter

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of Sarpy County, Nebraska as of and for the year ended June 30, 2011, 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 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, we considered the County's internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

A 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 and correct misstatements of the County's financial statements on a timely basis. A deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis.

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

We observed the following matter that we consider to be a deficiency and one item we considered to be a material weakness.

Material Weakness

Refer to the Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.

Deficiency

Segregation of Duties – Receipts; Clerk of the District Court's Office

The accounting coordinator is the only individual responsible for preparing the deposit slip, remitting the deposit, and reconciling amounts deposited to the cash receipts listings and deposit slips. These duties are considered incompatible from a control perspective. We recommend management implement procedures which would require another individual to perform a reconciliation of amounts deposited to the original cash receipt listings.

OTHER MATTERS

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements if you require.

Periodic Review of User Access Privileges (IT)

Currently, access privileges are only reviewed if a department brings a conflict to the attention of the Information Technology department. We recommend management review the capabilities of its information technology systems and consider the possibility of a periodic review of user access privileges by the appropriate members of management to ensure financial reporting systems and data are secure.

Documentation of Standard Accounting Procedures

During our testing at various County offices, we noted that not all County offices were able to provide documentation of their standard accounting policies and procedures. We recommend each department maintain formal documentation of such procedures in the event of an unexpected absence of the primary individual performing the procedures.

Monthly Reconciliation Considerations

To ensure all County offices are reconciling their records on a monthly basis, we would recommend that Statements of Accountability be prepared each month and forwarded to the appropriate elected official for review. In addition to ensuring proper reconciliation, this would also assist in the preparation of the Statements of Accountability for the year-end audit.

Capital Asset Considerations

Based on the significant amount of capital assets held by the County, we recommend management review current policies and evaluate the following considerations:

- Estimated useful lives for capital assets are currently being assigned based on a study performed several years ago. We recommend County management review the lives being assigned based on this study and determine whether these lives are representative of the actual useful lives of similar County assets.

- The County has several assets which were obtained under leasing arrangements. Generally accepted accounting principles (GAAP) require these assets to be depreciated over the shorter of their estimated useful lives or the lease term. The County generally assigns useful lives to leased assets based on the study described above, rather than the lease term. We suggest management consider using the lease term, where applicable, for any capital assets obtained under leasing arrangements in the future.

Reconciliation of Cash Balances

Currently no individual within the County performs an overall reconciliation of all County bank balances to the general ledger. In connection with our audit procedures, we performed this reconciliation and were able to identify several bank accounts which were not being included in the financial statements. We recommend management implement procedures to ensure this type of reconciliation is being performed at least annually. In addition, certain bank account activity is reconciled weekly. We suggest that these accounts also be reconciled as of June 30 to obtain proper cut-off for the fiscal year end.

New Accounting and Auditing Standards

Governmental Accounting Standards Board Statement No. 60

The Governmental Accounting Standards Board has issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties.

Statement No. 60 is effective for the fiscal year ending June 30, 2013.

Governmental Accounting Standards Board Statement No. 61

The Governmental Accounting Standards Board has issued Statement No. 61, *The Financial Reporting Entity-Omnibus – An Amendment of GASB Statements No. 14 and No. 34,* to improve financial reporting for a governmental financial reporting entity. The requirements of GASB Statements No. 14 and No. 34 were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

Statement 61 is effective for the fiscal year ending June 30, 2013.

Governmental Accounting Standards Board Statement No. 62

The Governmental Accounting Standards Board has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in pre-November 30, 1989 FASB and AICPA pronouncements, which does not conflict with or contradict GASB pronouncements. This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting,* thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989, FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements.

Statement No. 62 is effective for the fiscal year ending June 30, 2013.

Governmental Accounting Standards Board Statement No. 63

The Governmental Accounting Standards Board has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This Statement amends the net asset reporting requirements in GASB Statement No. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities, which was not addressed in previous accounting guidance.

Statement 63 is effective for the fiscal year ending June 30, 2013.

* * * *

This letter is intended solely for the information and use of the County Board, management and others within the County and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

February 24, 2012

Sarpy County Board of Commissioners

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

ADMINISTRATOR Mark Wayne
DEPUTY ADMINISTRATOR Scott Bovick
FISCAL ADMIN./PURCHASING AGT. Brian Hanson

COMMISSIONERS
Rusty Hike District 1
Jim Thompson District 2
Tom Richards District 3
Jim NekudaDistrict 4
Jim WarrenDistrict 5

February 24, 2012

BKD, LLP
Certified Public Accountants
1120 S. 101st Street, Suite 410
Omaha, Nebraska 68124-1088

We are providing this letter in connection with your audit of our financial statements as of and for the year ended June 30, 2011 and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended June 30, 2011. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit regarding records in my possession and financial reporting activities for which I am responsible:

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America (for each opinion unit included therein).

2. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

3. We have made available to you:

   (a) All financial records and related data.

   (b) All significant grants.

4. We have informed you of all current risks of a material amount that are not adequately prevented or detected by County procedures with respect to:

   (a) Misappropriation of assets.

   (b) Misrepresented or misstated assets, liabilities or net assets.

5. We believe the effects of the uncorrected financial statement misstatements summarized in the letter to those charged with governance are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

7. We have no knowledge of any known or suspected:

   (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.

   (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.

8. We have no knowledge of any allegations of fraud or suspected fraud affecting the County received in communications from employees, customers, regulators, suppliers or others.

9. Except as reflected in the financial statements, there are no:

   (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.

   (b) Material transactions omitted or improperly recorded in the financial statements.

   (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

   (d) Events occurring subsequent to the balance sheet date requiring adjustment or disclosure in the financial statements.

   (e) Related party transactions, balances, arrangements or guarantees.

(f) Agreements to purchase assets previously sold.

(g) Violations of law, regulations, contracts, grants or requirements of regulatory agencies for which losses should be accrued or matters disclosed in the financial statements.

(h) Unasserted claims or assessments that our attorneys have advised us are probable of assertion except as provided in the January 23, 2012 letter from Deputy County Attorney Michael A Smith

(i) Restrictions on cash balances or compensating balance agreements.

(j) Guarantees, whether written or oral, under which the County is contingently liable.

10. There were not material losses requiring provisions or allowances for:

(a) Uncollectible receivables.

(b) Reducing obsolete or excess inventories to estimated net realizable value.

(c) Purchase commitments in excess of normal requirements or above prevailing market prices.

11. Except as disclosed in the financial statements, we have:

(a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances except as disclosed to you.

(b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

12. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

13. With respect to any nonattest services you have provided us during the year, including drafting of the financial statements and related footnotes:

(a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.

(b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.

(c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.

(d) We have evaluated the adequacy of the services performed and any findings that resulted.

14. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.

15. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.

16. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.

17. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts or violations of provisions of contracts or grant agreements that you or other auditors report.

18. We have a process to track the status of audit findings and recommendations.

19. We have identified to you any previous financial audits, attestation engagements, performance audits or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other studies.

20. We have provided our views on any findings, conclusions and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.

21. With regard to federal awards programs:

(a) We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations or in any other form.

(b) We have made available to you the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* regarding activities allowed or unallowed; allowable costs/cost principles; cash management; Davis-Bacon Act; eligibility; equipment and real property management; matching, level of effort, earmarking; period of availability of federal funds; procurement and suspension and debarment; program income; real property acquisition and relocation assistance; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have made available to you our interpretation of any applicable compliance requirements subject to varying interpretations.

(c) We are responsible to understand and comply with the requirements of laws, regulations, contracts and grants applicable to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. We believe the County has complied with all applicable compliance requirements.

(d) We are responsible for establishing and maintaining effective internal control over compliance to provide reasonable assurance we have administered each of our federal awards programs in compliance with requirements of laws, regulations, contracts and grants applicable to those programs.

(e) We have made available to you all contracts and grant agreements, including any amendments, and any other correspondence or documentation relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.

(f) The information presented in federal awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.

(g) Amounts claimed or used for matching were determined in accordance with the applicable OMB Circular regarding cost principles.

(h) We have disclosed to you any communications from grantors and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.

(i) We have identified to you any previous compliance audits, attestation engagements and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions

taken to address any significant findings and recommendations made in such audits, attestation engagements or other monitoring.

(j) We are in agreement with the findings contained therein and our views regarding any disagreements with such findings are consistent, as of the date of this letter, with the description thereof in that schedule.

(k) We are responsible for taking corrective action on any audit findings.

22. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, budgetary comparisons, and schedule of funding progress, has been prepared and is presented in conformity with the applicable GASB pronouncements. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. There has been no change from the preceding period in the methods of measurement and presentation.

23. We believe that governmental fund balances are appropriately restated in accordance with GASB 54.

Brian Hanson

Brian Hanson, Fiscal Administrator

Office of the Sarpy County Treasurer

1210 Golden Gate Drive
Papillion, Nebraska 68046-2893
Telephone: 402-593-2138
Fax: 402-593-4438

Rich James
Treasurer
rjames@sarpy.com

Rene Dreiling
Chief Deputy Treasurer
rdreiling@sarpy.com

February 24, 2012

BKD, LLP
Certified Public Accountants
1120 S. 101st Street, Suite 410
Omaha, Nebraska 68124-1088

We are providing this letter in connection with your audit of our financial statements as of and for the year ended June 30, 2011 and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended June 30, 2011. We confirm that we are responsible for providing information necessary for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following :

1. We have made available to you:

   (a) All financial records and related data.

2. We have informed you of all current risks of a material amount that are not adequately prevented or detected by County procedures with respect to:

   (a) Misappropriation of assets.

   (b) Misrepresented or misstated assets, liabilities or net assets.

3. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

4. We have no knowledge of any known or suspected:

   (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.

   (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.

5. We have no knowledge of any allegations of fraud or suspected fraud affecting the County received in communications from employees, customers, regulators, suppliers or others.

6. Except as reflected in the financial statements, there are no:

   (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.

   (b) Material transactions omitted or improperly recorded in the financial statements.

   (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

   (d) Events occurring subsequent to the balance sheet date requiring adjustment or disclosure in the financial statements.

   (e) Related party transactions, balances, arrangements or guarantees.

   (f) Agreements to purchase assets previously sold.

   (g) Violations of law, regulations, contracts, grants or requirements of regulatory agencies for which losses should be accrued or matters disclosed in the financial statements.

   (h) Unasserted claims or assessments that our attorneys have advised us are probable of assertion.

   (i) Restrictions on cash balances or compensating balance agreements.

   (j) Guarantees, whether written or oral, under which the County is contingently liable.

7. Except as disclosed in the financial statements, we have:

   (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.

   (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

8. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

9. With regard to deposit and investment activities:

   (a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.

   (b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

   (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

10. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.

11. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.

12. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.

Rich James, County Treasurer

2/24/2012

Deb Houghtaling **Sarpy County Clerk**

Fred Uhe
Deputy

Renee Lansman
Deputy

1210 Golden Gate Drive • Papillion, Nebraska 68046-2895
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February 24, 2012

BKD, LLP
Certified Public Accountants
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We are providing this letter in connection with your audit of our financial statements as of and for the year ended June 30, 2011 and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended June 30, 2011. We confirm that we are responsible for providing information necessary for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have made available to you:

   (a) All financial records and related data.

   (b) All minutes of meetings of the governing body held through the date of this letter.

   (c) All significant contracts and grants.

2. We have informed you of all current risks of a material amount that are not adequately prevented or detected by County procedures with respect to:

   (a) Misappropriation of assets.

   (b) Misrepresented or misstated assets, liabilities or net assets.

3. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

4. We have no knowledge of any known or suspected:

   (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.

   (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.

5. We have no knowledge of any allegations of fraud or suspected fraud affecting the County received in communications from employees, customers, regulators, suppliers or others.

6. Except as reflected in the financial statements, there are no:

   (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.

   (b) Material transactions omitted or improperly recorded in the financial statements.

   (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

   (d) Events occurring subsequent to the balance sheet date requiring adjustment or disclosure in the financial statements.

   (e) Related party transactions, balances, arrangements or guarantees.

   (f) Agreements to purchase assets previously sold.

   (g) Violations of law, regulations, contracts, grants or requirements of regulatory agencies for which losses should be accrued or matters disclosed in the financial statements.

   (h) Unasserted claims or assessments that our attorneys have advised us are probable of assertion.

   (i) Restrictions on cash balances or compensating balance agreements.

   (j) Guarantees, whether written or oral, under which the County is contingently liable.

7. Except as disclosed in the financial statements, we have:

   (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances

   (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

8. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

9. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.

10. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.

11. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.

Deb Houghtaling, Sarpy County Clerk

February 24, 2012
Date

Deb Houghtaling

Fred Uhe
Chief Deputy

Sarpy County Clerk

Renee Lansman
Assistant Chief Deputy

1210 Golden Gate Drive • Papillion, Nebraska 68046-2895
Phone: 402-593-2105 • Fax: 402-593-4471 • Website www.Sarpy.com • Email: Clerk@sarpy.com

February 24, 2012

BKD, LLP
Certified Public Accountants
1120 S. 101st Street, Suite 410
Omaha, Nebraska 68124-1088

We are providing this letter in connection with your audit of our financial statements as of and for the year ended June 30, 2011 and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended June 30, 2011. We confirm that we are responsible for providing information necessary for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following :

1. We have made available to you:

   (a) All financial records and related data.

   (b) All minutes of meetings of the governing body held through the date of this letter.

   (c) All significant contracts and grants.

2. We have informed you of all current risks of a material amount that are not adequately prevented or detected by County procedures with respect to:

   (a) Misappropriation of assets.

   (b) Misrepresented or misstated assets, liabilities or net assets.

3. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

4. We have no knowledge of any known or suspected:

   (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.

   (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.

5. We have no knowledge of any allegations of fraud or suspected fraud affecting the County received in communications from employees, customers, regulators, suppliers or others.

6. Except as reflected in the financial statements, there are no:

   (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.

   (b) Material transactions omitted or improperly recorded in the financial statements.

   (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

   (d) Events occurring subsequent to the balance sheet date requiring adjustment or disclosure in the financial statements.

   (e) Related party transactions, balances, arrangements or guarantees.

   (f) Agreements to purchase assets previously sold.

   (g) Violations of law, regulations, contracts, grants or requirements of regulatory agencies for which losses should be accrued or matters disclosed in the financial statements.

   (h) Unasserted claims or assessments that our attorneys have advised us are probable of assertion.

   (i) Restrictions on cash balances or compensating balance agreements.

   (j) Guarantees, whether written or oral, under which the County is contingently liable.

7. Except as disclosed in the financial statements, we have:

   (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances

   (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

Deb Houghtaling **Sarpy County Clerk**

Fred Uhe
Chief Deputy

Renee Lansman
Assistant Chief Deputy

1210 Golden Gate Drive • Papillion, Nebraska 68046-2895
Phone: 402-593-2105 • Fax: 402-593-4471 • Website www.Sarpy.com • Email: Clerk@sarpy.com

8. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

9. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.

10. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.

11. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.

Fred J Uhe February 24, 2012

Fred Uhe, Deputy, Sarpy County Clerk

Sarpy County, Nebraska

Accountants' Report and Financial Statements

June 30, 2011

BKD LLP
CPAs & Advisors

Sarpy County, Nebraska
June 30, 2011

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BKD LLP
CPAs & Advisors

1120 S. 101st Street, Suite 410
Omaha, NE 68124-1088
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Independent Accountants' Report on Financial Statements and Supplementary Information

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 as of and for the year ended June 30, 2011, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 Sarpy County, Nebraska, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and special roads fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12, in 2011 the County changed its method of accounting for fund balances through retroactive application to prior year's financial statements.

As discussed in Note 13, the previously issued 2010 financial statements have been restated to correct material misstatements therein. In addition, the County retroactively changed its method of accounting for compensated absences, federal and state grants receivable and capital assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2012, 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 accompanying management's discussion and analysis and the schedule of funding progress as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis 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 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BKD, LLP

February 24, 2012

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, 2011. 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 but also includes activity of the Sarpy County Leasing Corporation as a separate component unit because it meets the requirements for inclusion in the financial statements as set forth by the Governmental Accounting Standards Board.

Financial Highlights

As of June 30, 2011, the County's total assets exceeded its total liabilities by $159,479,277.

Total net assets are comprised of the following:

- Capital assets, net of related debt, of $122,465,582. 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 $5,008,324.
- Unrestricted net assets of $32,005,371.

The County's total revenues exceeded its total expenses by $6,974,583.

The County's governmental activities reported a net increase in net assets of $5,944,982 and a total ending net asset balance of $147,846,696.

The County's proprietary funds reported a net increase in net assets of $1,029,601 and a total ending net asset balance of $11,632,581.

For the year ending June 30, 2011, the General Fund reported revenues in excess of expenditures of $5,880,546 and had an ending fund balance of $29,142,992.

The County's total debt increased by $4,737,510 during the current fiscal year (largely due to the addition of $8,070,000 of debt for the baseball stadium) to a total debt balance of $47,129,938 as of June 30, 2011.

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 and activities of the Sarpy County Leasing Corporation which was created for the construction of the baseball stadium project. In addition, for the year ended June 30, 2011, the Sewer fund was reclassified from a governmental activity to a business-type activity.

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 over 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. It should be noted that the implementation of Governmental Accounting Standards Board (GASB) Pronouncement 54 required nine (9) funds to be reclassified from non-major funds to a General fund classification.

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 as well as the activity of the Sarpy County Leasing Corporation are accounted for and reported as an enterprise fund. In addition, for the year ended June 30, 2011 the Sewer fund was reclassified from a governmental fund to 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 $159,479,277, as of June 30, 2011.

A significant portion of Sarpy County, Nebraska's net assets (76.8%) 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	$ 44,480,630	$ 12,854,519	$ 57,335,149
Capital assets	134,980,692	33,752,765	168,733,457
Total assets	179,461,322	46,607,284	226,068,606
Current liabilities	7,878,990	489,053	8,368,043
Long-term liabilities	23,735,636	34,485,650	58,221,286
Total liabilities	31,614,626	34,974,703	66,589,329
Net assets			
Invested in capital assets, net of related debt	115,061,104	7,404,478	122,465,582
Restricted	4,181,401	826,923	5,008,324
Unrestricted	28,604,191	3,401,180	32,005,371
Total net assets	$ 147,846,696	$ 11,632,581	$ 159,479,277

This reflects an increase in net assets of $6,974,583 or 4.6% for the County from the previous year net asset balance of $150,981,831 (which was adjusted by prior period adjustments to $152,504,694); an indication that the County's overall financial position remained stable during the fiscal year 2011.

The governmental activities had an increase in net assets of $5,944,982 and the business-type activities had an increase of $1,029,601 for a total increase in net assets for the County of $6,974,583. A summary of the government-wide operations is presented below:

	2011	2010	Increase (Decrease)
General revenues and transfers	$ 45,816,062	$ 44,963,898	$ 852,164
Charges for services	11,638,297	11,775,879	(137,582)
Operating grants and contributions	11,319,311	10,940,076	379,235
Capital grants and contributions	1,850,354	77,642	1,772,712
Total revenues	70,624,024	67,757,495	2,866,529
Expenses	(63,649,441)	(66,805,636)	(3,156,195)
Prior Period Adjustments	1,522,863	-	1,522,863
Changes in net assets	$ 8,497,446	$ 951,859	$ 7,545,587

The nearly $7MM increase in net assets from the 2010 FY to the 2011 FY was caused by a number of factors:

1. Expenses decreased by around $3.2MM. The main factor in this decrease was the capitalization of expenses for the new law enforcement center.

2. Capital Grants and Contributions increased by around $1.8MM mainly due to the recognitions of revenues received by the Nebraska Department of Roads on behalf of Sarpy County.

3. Property taxes and assessments increased by around $900K because of an increase in taxes levied.

The prior period adjustments include entries to record grants receivable, to record the baseball stadium land purchase and to record the capitalization of interest on the baseball stadium bonds from the prior period.

GOVERNMENTAL ACTIVITY REVENUES

General revenues from governmental activities totaled $45,112,638 in 2011, an increase of $223,832 or .5% from 2010. The amount of general revenues by source and increase or decrease from the prior year is summarized below:

	2011	2010	Increase (Decrease)
Property taxes	$ 41,932,783	$ 41,014,176	$ 918,607
Investment income	626,677	727,847	(101,170)
Miscellaneous	3,160,578	3,146,183	14,395
Transfers	(608,000)	-	(608,000)
Total general revenues	$ 45,112,038	$ 44,888,206	$ 223,832

The County relies heavily on property taxes to support its governmental operations. Tax revenue provided approximately 62.9% of the County's total governmental revenues.

GOVERNMENTAL ACTIVITY EXPENDITURES

Expenditures of governmental activities totaled $60,711,779 for 2011, a decrease of $2,344,969 from 2010 expenditures of $63,056,748. As shown below, there are a variety of offsetting factors affecting the decrease in governmental activity expenditures such as general salary and operational cost increases, a larger amount of Road fund expenditures that were capitalized and the capitalization of expenditures for the construction of the new law enforcement center.

These expenditures, by function, are summarized below:

	2011	2010	Increase (Decrease)
General government	$ 19,694,796	$ 13,789,785	$ 5,905,011
Public health	987,957	971,767	16,190
Public safety	29,990,486	36,629,407	(6,638,921)
Public health and social services	1,181,564	1,098,846	82,718
Special roads	8,265,405	9,976,075	(1,710,670)
Debt service interest	591,571	590,868	703
	$ 60,711,779	$ 63,056,748	$ (2,344,969)

BUSINESS-TYPE ACTIVITIES

Business-type activities are shown comparing costs to revenues generated by related services. The landfill and sewer functions are designated to be self-supporting with user charges and other revenues designed to recover costs. For the year ending June 30, 2011 Landfill revenues exceeded expenditures by $645,757. As was mentioned earlier, the sewer fund was reclassified from a governmental activity to a business activity. Sewer expenditures exceeded revenues by $214,582 for the 2011 FY. Stadium activity is also shown as a business-type activity for the 2011 fiscal year and the revenues exceeded the expenditures by $598,426. A summary of this activity is presented below.

	2011			2010	
	Sewer	Landfill	Stadium	Landfill	Stadium
Operating revenues	$ 128,481	$ 2,763,104	$ 298,754	$ 2,893,018	$ 1,331
Operating expenses	(343,063)	(2,212,153)	(183,353)	(3,192,019)	(13,281)
Operating income (loss)	(214,582)	550,951	115,401	(299,001)	(11,950)
Non-operating revenues	-	94,806	1,218	75,692	-
Non-operating expenses	-	-	(199,093)	-	(543,588)
Transfers	-	-	608,000	-	511,612
Capital contributions	-	-	72,900	-	-
Increase (decrease) in net assets	$ (214,582)	$ 645,757	$ 598,426	$ (223,309)	$ (43,926)

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 $27,143,524 as of June 30, 2011, which represents 36.8% of the current total expenses.

The Governmental Fund information is summarized below:

	Total Governmental Funds 2011	Total Governmental Funds 2010
ASSETS		
Cash and investments	$ 27,143,524	$ 36,413,670
Accounts receivable	345,724	99,799
Taxes receivable	14,588,471	14,385,670
Grants Receivable	731,676	-
Due from	949,500	319,100
Prepaid expenses	1,451	491,308
Inventory	445,454	414,803
Total assets	$ 44,205,800	$ 52,124,350

	Total Governmental Funds 2011	Total Governmental Funds 2010
LIABILITIES		
Accounts payable	$ 2,659,805	$ 3,311,166
Due to	314,500	319,100
Wages and benefits payable	1,437,845	1,477,235
Deferred revenue	1,321,279	918,938
Compensated absences	150,790	193,002
Total liabilities	5,884,219	6,219,441
FUND BALANCES		
Reserved		
Prepaid expenses	-	491,308
Inventory	-	414,803
Debt services	-	3,419,590
Unreserved	-	41,579,208
Reserved for:		
Non-spendable	446,905	-
Restricted	9,228,618	-
Committed	34,733	-
Assigned	1,924,266	-
Unassigned	26,687,059	-
Total fund balances	38,321,581	45,904,909
Total liabilities and fund balances	$ 44,205,800	$ 52,124,350

The Governmental Fund Cash and Investments decreased by $9,270,146 from the 2010 FY to the 2011 FY. There are two major causes for this decrease. First, the Sewer fund with a balance of $5,218,383 was reclassified from a governmental fund to an enterprise fund. Second, in the 2010 FY there was a cash balance of $5,043,625 in the Law Enforcement Center construction fund. Those funds were capitalized in the 2011 fiscal year and are no longer shown on the Governmental Fund statements. It should also be noted that GASB 54 requires that fund balances be classified in different categories than in the 2010 fiscal year. The new categories are reflected above.

General Fund Budgetary Highlights

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 increase of $6,785,930 based on the modified accrual basis of accounting. The main factor in this increase was the implementation of GASB 54 which required that a number of funds such as Alcohol Diversion and Fleet Services be reclassified and shown as part of the General fund.

The General Fund budgeted revenues for the 2011 fiscal year were $45,155,221 while actual revenues were $49,524,551 for a favorable variance of $4,369,330. The General Fund budgeted expenses were $51,460,298 while actual expenses were $43,392,376 for a favorable variance of $8,067,922. These amounts are exclusive of transfers. Some of the major factors influencing these variances are shown below:

	Variation
Revenues	
General Fund-Local	$ +1,862,943
Inheritance Tax Fund-Local	+2,131,720
Expenses	
Miscellaneous General	$ +1,825,293
Payroll Accrual	+1,250,000
Inheritance Tax	+763,273
Jail	+305,000
Landfill Bond Surplus	+1,750,000

Assessed Valuation and Property Taxes

Assessed valuation of $11,076,469,531 represented a 0.9% increase over the preceding year's valuation of $10,977,324,419. Property taxes are assessed on actual valuation. The tax rates are applied to each $100 of actual valuation. The breakdown of tax rates for 2011 fiscal year and the preceding two years are as follows:

	2011	2010	2009
General fund	.2552	.2591	.2501
All other funds	.0447	.0408	.0498
Total	.2999	.2999	.2999
Total valuation	$11,076,469,531	$10,977,324,419	$ 10,716,831,121
% valuation increase over preceding year	0.9%	2.4%	7.5%

Capital Assets

As of June 30, 2011, the County had $168,733,457 invested in capital assets, including roads, bridges, buildings, machinery, equipment, etc. This is an increase of $29,453,429 from the previous year amount. The net book value of these assets are summarized below.

Land	$ 5,390,251
Infrastructure	96,606,671
Buildings	61,057,372
Intangible assets	73,318
Machinery and equipment	5,605,845
Net capital assets	$ 168,733,457

The increase in capital assets during the year is due primarily to significant additions to new building projects, including the stadium, in excess of the current year depreciation and asset disposals. The annual depreciation for the County for 2011 was $5,344,712.

Debt Administration

At the end of the fiscal year, the County had total bonded debt and notes payable outstanding of $47,323,463. During the current year, the County made principal payments on outstanding bonds totaling $3,095,000. In addition, during the current year, the Sarpy County Leasing Corporation issued Recovery Zone Facility Bonds in the amount of $8,070,000 to complete construction of the new baseball stadium. The County's total future debt service requirements for bonded debt and notes payable are presented below.

Year ending June 30,	Principal	Interest	Total Requirements
2012	$ 3,512,379	$ 1,802,481	$ 5,314,860
2013	3,788,360	1,721,236	5,509,596
2014	4,675,524	1,616,180	6,291,704
2015	2,592,261	1,516,993	4,109,254
2016	2,809,080	1,435,988	4,245,068
2017 and beyond	29,945,859	15,497,205	45,443,064
	$ 47,323,463	$ 23,590,083	$ 70,913,546

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 158,840.

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 2010 was 78,286. According to Offutt Air Force Base, there are 9,546 military and civilian personnel employed on the base in Bellevue.

In 2009, the per capita personal income of Sarpy County residents was $38,851 which was 98.2 percent of the Nebraska average per capita income of $39,557. The lower per capita income is explained by Sarpy County's 28.8% population under age 18.

In 2009, the median income of households in Sarpy County was $65,189. 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 $16,182. 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 $1,020,721,260 in 2009 to $1,073,751,329 in 2010, representing a 5.2 percent increase over the prior year.

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

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

Sarpy County's population figures from 2005 through 2010 are as follows:

Year	Population
July, 2005 (estimate)	139,371
July, 2006 (estimate)	142,637
July, 2007 (estimate)	146,756
July, 2008 (estimate)	150,467
July, 2009 (estimate)	153,504
July, 2010 (census)	158,840

Information for the number of building permits for single-family dwellings issued for Sarpy County (outside city zoning jurisdictions) from 2006 through 2011 are as follows:

Year	Permits	Value
2006	689	$ 75,054,119
2007	400	48,871,958
2008	359	58,579,543
2009	216	43,714,130
2010	78	34,085,230
2011	169	36,527,462

Information for the number of building permits for commercial/industrial buildings issued for Sarpy County from 2006 through 2011 are as follows:

Year	Permits	Value
2006	25	$ 15,496,200
2007	20	18,089,880
2008	12	13,027,139
2009	7	3,016,475
2010	4	2,742,806
2011	12	1,727,142

2010-2011 Budget

The County adopted and amended a total budget for the year ending June 30, 2011 of $138,492,726. This is an increase of $29,440,484 over the previous year budget of $109,052,242. This increase is due mainly to the inclusion of the Baseball Stadium Project in the 2011 FY budget. The property tax request for the 2010-11 fiscal year is $33,218,332 on assessed valuation of $11,076,469,531 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, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	$ 27,143,524	$ 4,162,411	$ 31,305,935
Accounts receivable	694,598	277,680	972,278
Grants receivable	731,676	7,220	738,896
Taxes receivable	14,588,471	-	14,588,471
Prepaid expense	1,451	-	1,451
Inventories	445,454	-	445,454
Restricted cash	-	8,587,959	8,587,959
Internal balances	635,000	(635,000)	-
Capital assets			
Land	4,094,234	1,296,017	5,390,251
Depreciable	203,783,491	37,007,522	240,791,013
Less accumulated depreciation	(72,897,033)	(4,550,774)	(77,447,807)
Bond issue costs	364,041	484,805	848,846
Less accumulated amortization	(123,585)	(30,556)	(154,141)
Total assets	179,461,322	46,607,284	226,068,606
Liabilities			
Accounts payable	2,659,805	404,281	3,064,086
Wages and benefits payable	1,437,845	31,469	1,469,314
Interest payable	26,289	52,339	78,628
Deferred revenue	-	1,092,500	1,092,500
Compensated absences			
Current	150,790	964	151,754
Non-current	6,724,017	160,002	6,884,019
Other post employment benefits			
Current	91,882	-	91,882
Non-current	255,535	9,249	264,784
Landfill closure and post closure costs	-	6,362,424	6,362,424
Bonds payable			
Current	3,155,000	-	3,155,000
Non-current	16,230,000	26,861,475	43,091,475
Notes Payable			
Current	357,379	-	357,379
Non-current	526,084	-	526,084
Total liabilities	31,614,626	34,974,703	66,589,329
Net Assets			
Invested in capital assets, net of related debt	115,061,104	7,404,478	122,465,582
Restricted for:			
Debt Service	3,512,379	-	3,512,379
Post closure costs	-	819,703	819,703
Sewer construction	-	7,220	7,220
Grant stipulations	669,022	-	669,022
Unrestricted	28,604,191	3,401,180	32,005,371
Total net assets	$ 147,846,696	$ 11,632,581	$ 159,479,277

Sarpy County, Nebraska

Statement of Activities

Year Ended June 30, 2011

		Program Revenues			Net Revenues (Expenses) and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	$ 19,694,796	$ 4,283,895	$ 1,503,248	$ -	$ (13,907,653)	$ -	$ (13,907,653)
Public health	987,957	290,343	194,647	-	(502,967)	-	(502,967)
Public safety	29,990,486	3,349,738	3,390,889	-	(23,249,859)	-	(23,249,859)
Public health and social services	1,181,564	12,290	368	-	(1,168,906)	-	(1,168,906)
Special roads	8,265,405	582,147	6,159,704	1,777,454	253,900	-	253,900
Debt service interest	591,571	-	-	-	(591,571)	-	(591,571)
Total governmental activities	60,711,779	8,518,413	11,248,856	1,777,454	(39,167,056)	-	(39,167,056)
Business-type activities							
Landfill	2,212,153	2,763,104	-	-	-	550,951	550,951
Stadium	382,446	278,836	19,918	72,900	-	(10,792)	(10,792)
Sewer	343,063	77,944	50,537	-	-	(214,582)	(214,582)
Total business-type activities	2,937,662	3,119,884	70,455	72,900	-	325,577	325,577
Total	$ 63,649,441	$ 11,638,297	$ 11,319,311	$ 1,850,354	(39,167,056)	325,577	(38,841,479)
General revenues							
Property taxes and assessments					41,932,783	-	41,932,783
Investment income					626,677	-	626,677
Miscellaneous					3,160,578	96,024	3,256,602
Transfers					(608,000)	608,000	-
Total general revenues and transfers					45,112,038	704,024	45,816,062
Change in net assets					5,944,982	1,029,601	6,974,583
Net assets - beginning of year (as previously reported)					146,938,086	4,043,745	150,981,831
Adjustments applicable to prior years					(5,036,372)	6,559,235	1,522,863
Net assets - beginning of year (as restated)					141,901,714	10,602,980	152,504,694
Net assets - end of year					$ 147,846,696	$ 11,632,581	$ 159,479,277

See Notes to Financial Statements

Sarpy County, Nebraska

Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Special Roads Fund	Other Governmental Funds	Total
Assets				
Cash and investments	$ 19,335,530	$ 1,539,981	$ 6,268,013	$ 27,143,524
Accounts receivable	263,476	-	82,248	345,724
Grants receivable	76,569	19,656	635,451	731,676
Taxes receivable	12,414,635	-	2,173,836	14,588,471
Due from other funds	949,500	-	-	949,500
Prepaid expenses	1,451	-	-	1,451
Inventory	24,804	420,650	-	445,454
Total assets	$ 33,065,965	$ 1,980,287	$ 9,159,548	$ 44,205,800
Liabilities				
Accounts payable	$ 1,918,444	$ 237,229	$ 504,132	$ 2,659,805
Due to other funds	-	-	314,500	314,500
Wages and benefits payable	1,119,792	98,713	219,340	1,437,845
Deferred revenue	763,089	10,369	547,821	1,321,279
Compensated absences	121,648	12,091	17,051	150,790
Total liabilities	3,922,973	358,402	1,602,844	5,884,219
Fund balances				
Nonspendable	26,255	420,650	-	446,905
Restricted	153,825	1,382,232	7,692,561	9,228,618
Committed	-	-	34,733	34,733
Assigned	1,924,266	-	-	1,924,266
Unassigned	27,038,646	(180,997)	(170,590)	26,687,059
Total fund balances	29,142,992	1,621,885	7,556,704	38,321,581
Total liabilities and fund balances	$ 33,065,965	$ 1,980,287	$ 9,159,548	$ 44,205,800

Total fund balance - total governmental funds	$ 38,321,581
Amounts reported for governmental activities in the statement of net assets are different because:	
Deferred revenues represent funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.	1,321,279
Other accounts receivable are not available to pay for current period expenditures and, therefore, are not reported in the governmental funds.	348,874
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	134,980,692
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 $240,456, interest payable of $26,289, and post employment benefit accruals of $347,417.	(27,125,730)
Net assets of governmental activities	$ 147,846,696

Sarpy County, Nebraska

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011

	General Fund	Special Roads	Other Governmental Funds	Total
Revenues				
Taxes	$ 27,817,221	$ -	$ 4,866,781	$ 32,684,002
Intergovernmental				
Federal	249,320	1,839,883	1,773,377	3,862,580
State	2,302,346	6,668,490	577,065	9,547,901
Local	17,656,552	679	3,130,610	20,787,841
Total revenues	48,025,439	8,509,052	10,347,833	66,882,324
Expenditures				
Current				
Personal services	31,795,254	2,964,294	6,751,623	41,511,171
Operating expenses	6,734,830	841,111	2,934,892	10,510,833
Supplies and materials	1,318,954	1,695,594	81,193	3,095,741
Equipment and office rentals	192,939	33,326	36,694	262,959
Capital outlay	1,912,028	6,718,169	5,638,252	14,268,449
Debt service				
Debt service principal	185,760	1,396,104	1,936,240	3,518,104
Debt service interest	5,128	77,759	508,220	591,107
Total expenditures	42,144,893	13,726,357	17,887,114	73,758,364
Excess (Deficiency) of Revenues Over Expenditures	5,880,546	(5,217,305)	(7,539,281)	(6,876,040)
Other Financing Sources (Uses)				
Operating transfers in	504,100	2,210,432	2,373,722	5,088,254
Operating transfers out	(5,192,154)	-	(504,100)	(5,696,254)
Total other financing sources (uses)	(4,688,054)	2,210,432	1,869,622	(608,000)
Net Change in Fund Balances	1,192,492	(3,006,873)	(5,669,659)	(7,484,040)
Fund Balances - Beginning of Year (as previously reported)	22,357,062	4,518,864	19,028,981	45,904,907
Adjustments for Implementation of GASB 54	4,916,891	-	(4,916,891)	-
Adjustments for Applicable to Prior Years	676,547	109,894	(885,727)	(99,286)
Fund Balances - Beginning of Year (as restated)	27,950,500	4,628,758	13,226,363	45,805,621
Fund Balances - End of Year	$ 29,142,992	$ 1,621,885	$ 7,556,704	$ 38,321,581

Sarpy County, Nebraska

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2011

Net change in fund balances - total governmental funds	$ (7,484,040)
Amounts reported for governmental activities in the 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.	402,341
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.	10,209,532
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.	(271,450)
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.	3,088,599
Change in net assets of governmental activities	$ 5,944,982

Sarpy County, Nebraska
Balance Sheet
Proprietary Funds
June 30, 2011

	Landfill Fund	Stadium Fund	Sewer Fund	Total
Assets				
Current Assets				
Cash and investments	$ 2,867,658	$ -	$ 1,294,753	$ 4,162,411
Accounts receivable	213,585	64,095	-	277,680
Grants receivable	-	-	7,220	7,220
Total current assets	3,081,243	64,095	1,301,973	4,447,311
Noncurrent Assets				
Restricted Cash	7,182,127	1,405,832	-	8,587,959
Bond Issue Costs	-	484,805	-	484,805
Less accumulated amortization	-	(30,556)	-	(30,556)
Capital assets				
Land	676,017	620,000	-	1,296,017
Land improvements	586,898	-	-	586,898
Infrastructure	-	-	5,255,707	5,255,707
Buildings	474,500	28,248,173	-	28,722,673
Machinery and equipment	2,442,244	-	-	2,442,244
Less accumulated depreciation	(3,059,561)	(151,916)	(1,339,297)	(4,550,774)
Total noncurrent assets	8,302,225	30,576,338	3,916,410	42,794,973
Total assets	$ 11,383,468	$ 30,640,433	$ 5,218,383	$ 47,242,284
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$ 106,637	$ 297,644	$ -	$ 404,281
Wages and benefits payable	31,469	-	-	31,469
Interest payable	-	52,339	-	52,339
Due to other funds	-	595,000	40,000	635,000
Compensated absences	964	-	-	964
Total current liabilities	139,070	944,983	40,000	1,124,053
Noncurrent Liabilities				
Compensated absences	160,002	-	-	160,002
Deferred revenue	-	1,092,500	-	1,092,500
Bonds payable	-	26,861,475	-	26,861,475
Accrued other post employment benefits	9,249	-	-	9,249
Accrued landfill closure and post closure costs	6,362,424	-	-	6,362,424
Total noncurrent liabilities	6,531,675	27,953,975	-	34,485,650
Total liabilities	6,670,745	28,898,958	40,000	35,609,703
Net Assets				
Invested in capital assets, net of related debt	1,120,098	2,367,970	3,916,410	7,404,478
Restricted for post closure costs	819,703	-	-	819,703
Restricted for sewer construction	-	-	7,220	7,220
Unrestricted	2,772,922	(626,495)	1,254,753	3,401,180
Total net assets	4,712,723	1,741,475	5,178,383	11,632,581
Total Liabilities and Net Assets	$ 11,383,468	$ 30,640,433	$ 5,218,383	$ 47,242,284

Sarpy County, Nebraska

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

For the Year Ended June 30, 2011

	Landfill Fund	Stadium Fund	Sewer Fund	Total
Operating Revenues				
Charges for services and facilities	$ 2,763,104	$ 278,836	$ 77,944	$ 3,119,884
Operating Grants and Contributions	-	19,918	50,537	70,455
Total operating revenues	2,763,104	298,754	128,481	3,190,339
Operating Expenses				
Personal services	906,678	-	-	906,678
Operating expenses	754,105	171,312	343,063	1,268,480
Estimated closure and post-closure care costs (credit)	(158,196)	-	-	(158,196)
Supplies/materials	287,157	-	-	287,157
Equipment rental	14,969	-	-	14,969
Small equipment	407,440	12,041	-	419,481
Total operating expenses	2,212,153	183,353	343,063	2,738,569
Operating Income (Loss)	550,951	115,401	(214,582)	451,770
Non-Operating Revenues (Expenses)				
Miscellaneous	94,806	1,218	-	96,024
Interest Expense	-	(199,093)	-	(199,093)
Total non-operating revenues (expenses)	94,806	(197,875)	-	(103,069)
Income (Loss) Before Contributions and Transfers	645,757	(82,474)	(214,582)	348,701
Capital Contributions	-	72,900	-	72,900
Transfers In	-	608,000	-	608,000
Change in Net Assets	645,757	598,426	(214,582)	1,029,601
Net Assets - Beginning of Year (as previously reported)	4,087,671	(43,926)	-	4,043,745
Adjustments Applicable to Prior Years	(20,705)	1,186,975	5,392,965	6,559,235
Net Assets - Beginning of Year (as restated)	4,066,966	1,143,049	5,392,965	10,602,980
Net Assets - End of Year	$ 4,712,723	$ 1,741,475	$ 5,178,383	$ 11,632,581

Sarpy County, Nebraska
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Landfill Fund	Stadium Fund	Sewer Fund	Total
Cash Flows from Operating Activities				
Receipts from customers	$ 2,827,891	$ 1,307,241	$ 77,944	$ 4,213,076
Payments to suppliers	(1,407,491)	(12,041)	(239,345)	(1,658,877)
Payments to employees	(916,135)	-	-	(916,135)
Other receipts	-	19,918	43,317	63,235
Net cash provided by (used in) operating activities	504,265	1,315,118	(118,084)	1,701,299
Cash Flows from Noncapital Financing Activities				
Other noncapital financing receipts	94,806	1,218	40,000	136,024
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(143,028)	(19,933,017)	-	(20,076,045)
Proceeds from capital debt	-	7,932,844	-	7,932,844
Cost of debt issuance	-	(150,979)	-	(150,979)
Receipt of federal interest subsidy	-	200,780	-	200,780
Interest payments on capital debt	-	(1,129,759)	-	(1,129,759)
Transfers from other funds	-	608,000	-	608,000
Net cash used in capital and related financing activities	(143,028)	(12,472,131)	-	(12,615,159)
Increase (Decrease) in Cash and Cash Equivalents	456,043	(11,155,795)	(78,084)	(10,777,836)
Cash and Cash Equivalents - Beginning of Year (as restated)	9,593,742	12,561,627	1,372,837	23,528,206
Cash and Cash Equivalents - End of Year	$ 10,049,785	$ 1,405,832	$ 1,294,753	$ 12,750,370
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	$ 550,951	$ 115,401	$ (214,582)	$ 451,770
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	89,635	171,312	103,718	364,665
Changes in operating assets and liabilities				
Receivables	64,787	(64,095)	(7,220)	(6,528)
Prepaid expenses	20,527	-	-	20,527
Accounts payable	(10,683)	-	-	(10,683)
Deferred revenue	-	1,092,500	-	1,092,500
Other liabilities	(52,756)	-	-	(52,756)
Landfill closure and post closure costs	(158,196)	-	-	(158,196)
Net cash provided by (used in) operating activities	$ 504,265	$ 1,315,118	$ (118,084)	$ 1,701,299
Noncash Capital and Financing Activities				
Capital asset acquisitions included in accounts payable	$ -	$ 297,644	$ -	$ 297,644
Contributions of capital assets	$ -	$ 72,900	$ -	$ 72,900

Sarpy County, Nebraska

Statement of Net Assets

Fiduciary Fund

June 30, 2011

Assets	
Cash and investments	$ 68,592,182
Taxes receivable	93,227,030
Total assets	$ 161,819,212
Liabilities	
Due to employees	$ 97,243
Due to other governmental entities	161,721,969
Total liabilities	$ 161,819,212

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2011

Note 1: Summary of Significant Accounting Policies

Organization

Sarpy County, Nebraska (the "County") is a governmental entity established under and governed by the laws of the State of Nebraska and acts as a political subdivision of the State. The County is governed by a five-member Board of Commissioners (the "Board"), who are elected, by each district, by a vote of the public. The County's responsibilities include general social welfare; corrections; maintenance of streets and highways not within any incorporated city, village or sanitary and improvement district; legal court-related activities; licensing, recording, and assessment of real property; tax collection for all public entities within the County; conducting elections; law enforcement; and sanitary landfill.

Reporting Entity

The accompanying financial statements present the government of Sarpy County, Nebraska (the primary government) and its blended component unit, the Sarpy County Leasing Corporation ("SCLC"). 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.

Blended component units, although legally separate entities, are, in substance, part of the County's operations. The governing body of the SCLC is comprised of members of the County Board and the SCLC was established to acquire, construct, furnish and equip a baseball stadium and related infrastructure and other facilities necessary to run a baseball stadium within the County.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 applies all relevant 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.

Note 1: Summary of Significant Accounting Policies - Continued

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. The material effect of interfund activity has been removed or eliminated from these statements. Fiduciary activities of the County are not included in these statements.

These statements are presented on an economic resources measurement focus and on the accrual basis of accounting. 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 and demonstrates the degree to which the direct expense of a given function is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

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 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/net assets, 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 aggregate 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, or 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.

Note 1: Summary of Significant Accounting Policies - Continued

Governmental Funds - Continued

For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 from issuance of long-term debt are reported as other financing sources. Accompanying schedules are presented to reconcile and explain the difference 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.

Categories of functional expenses at the governmental fund level are considered similar to those shown on the government-wide Statement of Activities. The primary difference in the amounts of these expenses at the fund level versus the government-wide level relates to capital outlay and depreciation.

The County reports the following major governmental funds:

(1) The 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. Revenues are derived primarily from property and other taxes, state and federal distributions, licenses, permits, charges for services and interest income.

(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. Revenues are typically derived from state and federal resources.

Proprietary Funds

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. 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, regardless of the timing of related cash flows. 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.

The County reports the following major proprietary funds:

(1) The landfill fund is used to account for the activities of the County's solid waste system and related facilities.

(2) The sewer fund is used to account for the activities of the County's sanitary sewer system and related facilities.

Note 1: Summary of Significant Accounting Policies - Continued

Proprietary Funds - Continued

(3) The stadium fund is used to account for the activities of the Sarpy County Leasing Corporation, a blended component unit of the County, established to construct and operate a baseball stadium within the County.

Fiduciary Fund

Fiduciary fund financial statements include a statement of net assets. The County's fiduciary fund represents an agency fund, which is custodial in nature and does not involve measurement of results of operations. The agency fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This fund is not incorporated into the government-wide statements since monies within this fund are held for the benefit of a third party and cannot 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 of each year, the County Board of Commissioners 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 of each year, the County Board, after the action of the State Board of Equalization and Assessment has been certified to the County Clerk, adopts the budget, as revised, and the amounts provided therein are appropriated.

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. During the year ended June 30, 2011, the County amended its original budget for the purpose of accommodating unanticipated expenditures.

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 Treasury securities, United States agencies obligations, certificates of deposit and time deposits. Investments in negotiable certificates of deposit are carried at fair value, which is based upon quoted market prices. The County's investment in the NPAIT investment pool is measured at the net asset value per share provided by the pool, which approximates fair value, as the pool is considered a 2a7-like pool in accordance with Securities and Exchange Commission regulations. All other investments are carried at amortized cost.

Note 1: Summary of Significant Accounting Policies - Continued

Receivables

The County believes the amount of outstanding 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 the fiduciary fund.

Counties are permitted by 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. The County may levy taxes in addition to the $0.50 limitation upon a vote of the people. The tax levy remained below the $.50 limitation for 2011.

Additionally, $.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. Also, 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 reported as expenditures when used (consumption method). Inventory held by the governmental funds consist primarily of road construction and maintenance materials.

Capital Assets (Including Intangible Assets)

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. The County defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Intangible assets consist of internally developed software utilized by the County.

Note 1: Summary of Significant Accounting Policies - Continued

Capital Assets (Including Intangible Assets) - Continued

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed. The stadium fund capitalized $756,547 of interest costs during 2011.

The following useful lives are being used by the County:

Infrastructure	15 –50 years
Buildings and improvements	20– 50 years
Machinery and equipment	5– 20 years
Computer software	5 years

Bond Issue Costs

Bond issue costs represent costs incurred in connection with the issuance of long-term debt and are presented in the financial statements net of accumulated amortization. Such costs are being amortized over the term of the respective debt using the effective interest method.

Compensated Absences

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 in the current period.

Fund Balance - Governmental Funds

The fund balances for the County's governmental funds are displayed in five components:

Nonspendable - Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

Restricted - Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed - Committed fund balances may be used only for the specific purposes determined by resolution of the Board of Commissioners. Commitments may be changed or lifted only by issuance of a resolution by the County Board of Commissioners.

Note 1: Summary of Significant Accounting Policies - Continued

Fund Balance - Governmental Funds - Continued

Assigned - Assigned fund balances are intended to be used by the County for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

The County considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The County applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Assets Classification

Net assets are required to be classified into three components: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt.

Restricted – This component of net assets consists of restrictions placed on net assets use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2: 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.

Deposits

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 law.

One or more of the financial institutions holding the County's cash accounts are participating in the Federal Deposit Insurance Corporation (FDIC) Transaction Account Guarantee Program. Under the program, through December 31, 2012, all noninterest-bearing accounts at these institutions are fully guaranteed by the FDIC for the entire amount in the account. For interest-bearing cash accounts, the County's cash deposits, including nonnegotiable certificates of deposit, are insured up to $250,000 by the FDIC. Any deposits in excess of the $250,000 FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent for the County and thus no custodial credit risk exists.

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.

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investment securities that are in the possession of an outside party.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County limits its interest rate risk by investing primarily in securities with original maturities of less than one year. Money market mutual funds and the NPAIT investment pool are presented as investments with a maturity of less than one year because they are redeemable in full immediately. All other investment securities have a maturity of less than one year at year end.

Note 2: Deposits and Investments - Continued

Investments - Continued

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. U.S. Treasury securities are not exposed to credit risk as they are backed by the full faith and credit of the United States Government. The Federal National Mortgage Association (FNMA) securities were rated AAA and Aaa by Standard and Poor's and Moody's, respectively. All other investments were not rated.

Concentration 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 that may be invested in any one issuer.

Summary of Carrying Values

The carrying values of deposits and investments at June 30, 2011, and reconciliation to amounts shown in the financial statements, are as follows:

Carrying Values	
Cash on hand	$ 577,803
Deposits	
Cash in bank (checking, money market)	32,871,598
Nonnegotiable certificates of deposit	14,373,535
Total deposits	47,245,133
Investments	
Money market mutual funds	2,247,388
NPAIT investment pool	10,419,697
U.S. Treasury Bills	42,033,959
U.S. Treasury agency obligations	4,497,088
Negotiable certificates of deposit	1,465,008
Total investments	60,663,140
Total cash, deposits and investments	$ 108,486,076
Reconciliation to the Financial Statements	
Government Wide cash and investments	$ 31,305,935
Government Wide restricted cash	8,587,959
Fiduciary fund cash and investments	68,592,182
Total cash and investments	$ 108,486,076

Note 3: Interfund Balances and Transfers

"Due to" and "Due from" balances are recorded as a result of (1) temporary loans from the general fund to cover cash shortages in the other governmental funds and sewer fund, and (2) payments for stadium construction expenses initially paid from the general fund. Balances due to/from other funds at June 30, 2011, consist of the following:

		Due From		
Due To		Other Governmental Funds	Stadium Fund	Sewer Fund
General Fund	$ 949,500	$ 314,500	$ 595,000	$ 40,000

Transfers are used primarily to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers to/from other funds for the year ended June 30, 2011, consist of the following:

		Transfer From	
Transfer To		General Fund	Other Governmental Funds
General Fund	$ 504,100	$ -	$ 504,100
Special Roads Fund	2,210,432	2,210,432	-
Other Governmental Funds	2,373,722	2,373,722	-
Stadium Fund	608,000	608,000	-
	$ 5,696,254	$ 5,192,154	$ 504,100

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance (as restated)	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Nondepreciable capital assets					
Land	$ 4,094,234	$ -	$ -	$ -	$ 4,094,234
Construction in progress	7,122,451	6,073,779	-	(13,196,230)	-
Total nondepreciable capital assets	11,216,685	6,073,779	-	(13,196,230)	4,094,234
Depreciable capital assets					
Intangible assets	87,995	13,026	-	-	101,021
Infrastructure	130,567,245	7,483,645	-	176,000	138,226,890
Buildings and improvements	30,201,585	142,049	-	12,017,953	42,361,587
Machinery and equipment	21,480,122	1,614,460	(1,002,866)	1,002,277	23,093,993
Total depreciable capital assets	182,336,947	9,253,180	(1,002,866)	13,196,230	203,783,491
Accumulated Depreciation					
Intangible assets	(8,800)	(18,903)	-	-	(27,703)
Infrastructure	(42,134,342)	(3,402,287)	-	-	(45,536,629)
Buildings and improvements	(8,925,118)	(695,913)	-	-	(9,621,031)
Machinery and equipment	(17,730,963)	(882,340)	901,633	-	(17,711,670)
Total accumulated depreciation	(68,799,223)	(4,999,443)	901,633	-	(72,897,033)
Capital assets being depreciated, net	113,537,724	4,253,737	(101,233)	13,196,230	130,886,458
Governmental activities capital assets, net	$ 124,754,409	$ 10,327,516	$ (101,233)	$ -	$ 134,980,692
Business-type Activities					
Nondepreciable capital assets					
Land	$ 1,296,017	$ -	$ -	$ -	$ 1,296,017
Construction in progress	8,660,894	19,587,279	-	(28,248,173)	-
Total nondepreciable capital assets	9,956,911	19,587,279	-	(28,248,173)	1,296,017
Depreciable capital assets					
Infrastructure	5,255,707	-	-	-	5,255,707
Buildings and improvements	1,061,398	-	-	28,248,173	29,309,571
Machinery and equipment	2,462,352	143,192	(163,300)	-	2,442,244
Total depreciable capital assets	8,779,457	143,192	(163,300)	28,248,173	37,007,522
Accumulated Depreciation					
Infrastructure	(1,235,579)	(103,718)	-	-	(1,339,297)
Buildings and improvements	(816,700)	(176,055)	-	-	(992,755)
Machinery and equipment	(2,316,362)	(65,496)	163,136	-	(2,218,722)
Total accumulated depreciation	(4,368,641)	(345,269)	163,136	-	(4,550,774)
Capital assets being depreciated, net	4,410,816	(202,077)	(164)	28,248,173	32,456,748
Business-type activities capital assets, net	$ 14,367,727	$ 19,385,202	$ (164)	$ -	$ 33,752,765

Note 4: Capital Assets - Continued

Depreciation expense was charged to the functions/programs as follows:

General government	$ 413,034
Public health	2,249
Public safety	799,411
Roads	3,784,749
Total governmental activities depreciation expense	$ 4,999,443
Business-type Activities	
Landfill	$ 89,635
Stadium	151,916
Sewer	103,718
Total business-type activities depreciation expense	$ 345,269

Note 5: Leases

Operating Lease – Stadium

The County leases the stadium property to the Omaha Storm Chasers Organization. This lease is a twenty-five year lease with rent to be adjusted every five years. The initial payments will be $450,000 annually, paid in two installments. In addition, the County will receive two equal capital contributions of $1,000,000 each from the Omaha Storm Chasers, one upon completion of the stadium and the other within fifteen days after the end of the 2nd lease year.

Future minimum lease receipts for the stadium project are as follows:

Year Ending June 30,	Amount
2012	$ 450,000
2013	450,000
2014	450,000
2015	450,000
2016	450,000
Thereafter	8,775,000
	$ 11,025,000

Note 6: Long-term Liabilities

The following is a summary of long-term liability transactions for the year ended June 30, 2011:

	Beginning Balance	Increases	Decreases	Ending Balances	Due Within One Year
Governmental Activities					
General obligation bonds	$ 22,480,000	$ -	$ (3,095,000)	$ 19,385,000	$ 3,155,000
Notes payable	927,428	429,505	(473,470)	883,463	357,379
Compensated absences	6,848,792	156,256	(130,241)	6,874,807	150,790
Other post employment benefits	213,060	134,357	-	347,417	91,882
Governmental activities long-term liabilities	$ 30,469,280	$ 720,118	$ (3,698,711)	$ 27,490,687	$ 3,755,051
Business-type Activities					
Revenue bonds	$ 18,985,000	$ 8,070,000	$ -	$ 27,055,000	$ -
Bond issue discount	(62,667)	(137,156)	6,298	(193,525)	-
Total revenue bonds	18,922,333	7,932,844	6,298	26,861,475	-
Compensated absences	164,488	-	(3,522)	160,966	964
Other post employment benefits	6,820	2,429	-	9,249	-
Landfill closure and post closure costs	6,520,620	-	(158,196)	6,362,424	-
Governmental activities long-term liabilities	$ 25,614,261	$ 7,935,273	$ (155,420)	$ 33,394,114	$ 964

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Original Issue Amount	Date Callable	Outstanding at June 30, 2011
Governmental Activities					
Bonds Payable					
Administration bond	December 2016	3.50% - 4.00%	$ 7,000,000	2012	$ 4,470,000
Remodel bond	June 2018	2.05% - 3.70%	5,700,000	2013	4,155,000
Highway allocation bond	December 2013	2.05% - 3.70%	6,075,000	2011	3,685,000
Sheriff remodel bond	December 2019	3.35% - 3.80%	7,790,000	2014	7,075,000
					$ 19,385,000
Notes payable					
ENHSA house 3	December 2018	4.65%	$ 153,061	N/A	$ 77,994
ENHSA house 4	Juune 2019	5.00%	190,000	N/A	118,674
ENHSA house 5	June 2023	4.70%	178,575	N/A	152,207
Equipment notes	May 2013	2.0% - 2.10%	821,433	Various	534,588
					$ 883,463
Business-Type Activities					
Bonds Payable					
Stadium revenues bonds - Series A	June 2025	1.50% - 3.75%	$ 4,195,000	2019	$ 4,195,000
Stadium revenues bonds - Series B	June 2036	6.05% - 6.25%	9,290,000	2019	9,290,000
Stadium revenues bonds - Series C	June 2030	2.75% - 6.00%	5,500,000	2019	5,500,000
Stadium COPS - Series 2010	December 2033	1.50% - 4.0%	8,070,000	2020	8,070,000
					$ 27,055,000

Note 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:

Governmental Activities – Bonds

Year Ending June 30,	Principal	Interest	Total
2012	$ 3,155,000	$ 516,375	$ 3,671,375
2013	3,210,000	447,509	3,657,509
2014	3,300,000	368,551	3,668,551
2015	2,110,000	293,505	2,403,505
2016	2,175,000	226,965	2,401,965
2017-2020	5,435,000	304,327	5,739,327
	$ 19,385,000	$ 2,157,232	$ 21,542,232

Governmental Activities – Notes Payable

Year Ending June 30,	Principal	Interest	Total
2012	$ 357,379	$ 29,970	$ 387,349
2013	243,360	20,105	263,465
2014	35,524	13,413	48,937
2015	37,261	11,675	48,936
2016	39,080	9,856	48,936
2017-2021	140,573	22,109	162,682
2022-2023	30,286	1,574	31,860
	$ 883,463	$ 108,702	$ 992,165

Business-Type Activities – Bonds

Year Ending June 30,	Principal	Interest	Total
2012	$ -	$ 1,256,136	$ 1,256,136
2013	335,000	1,253,622	1,588,622
2014	1,340,000	1,234,216	2,574,216
2015	445,000	1,211,813	1,656,813
2016	595,000	1,199,167	1,794,167
2017-2021	3,565,000	5,696,856	9,261,856
2022-2026	4,835,000	4,908,570	9,743,570
2027-2031	7,000,000	3,347,670	10,347,670
2032-2033	8,940,000	1,216,099	10,156,099
	$ 27,055,000	$ 21,324,149	$ 48,379,149

Note 6: Long-term Liabilities - Continued

The 2009 Series A and B Stadium revenue bonds and the 2009 Series C Stadium revenue bonds and Series 2010 Stadium COPS are secured by a pledge of the revenues derived from lease payments received pursuant to a Public Payment Lease and a Private Payment Lease, respectively. The total principal and interest remaining to be paid on the bonds and certificates of participation is $48,379,149, with annual payments expected to require 100 percent of the revenues derived from the lease payments. Principal and interest for the current year and revenues from lease payments were $1,129,757 and $608,000, respectively.

Note 7: Employees' Retirement System

Pension Plan

The County has adopted the provision 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 Sheriff's 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, 2011, the County's payroll for covered employees was $31,953,877 and the total payroll for the County was $34,810,697. The County contributed $2,343,763 to the employees account and paid $1,352 for prior service benefits. The employees contributed $1,623,221 to the plan for the year ended June 30, 2011.

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.

Note 7: Employees' Retirement System - Continued

Other Postemployment Benefits

Plan Description – The County provides certain post-employment health care benefits ("OPEB Plan") to eligible retirees and their spouses. 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. The OPEB Plan is a single-employer defined benefit healthcare plan administered by the County. The OPEB Plan does not issue separate financial statements.

Funding Policy – The contribution requirements of OPEB Plan members and the County are established by, the Sarpy County Board of Commissioners. Contributions are made to the OPEB Plan based on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The County is required to contribute the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize an unfunded actuarial liabilities (or funding excess) on an open basis over a period not to exceed thirty years.

The County's annual OPEB cost and the net OPEB obligation is as follows:

	Governmental	Proprietary
Annual required contribution	$ 199,130	$ 2,533
Interest on net OPEB obligation	9,588	307
Adjustments to annual required contribtuion	(12,516)	(401)
Annual OPEB cost (expense)	196,202	2,439
Contributions made	(61,845)	-
Increase in net OPEB obligation	134,357	2,439
Net OPEB obligation - beginning of year	213,060	6,820
Net OPEB obligation - end of year	$ 347,417	$ 9,259

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	196,202	31.52%	$ 356,676
June 30, 2010	190,491	36.82%	219,880
June 30, 2009	173,180	142.53%	99,526

Note 7: Employees' Retirement System - Continued

Other Postemployment Benefits

Funded Status and Funding Progress - As of June 30, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $1,739,926, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $1,739,926.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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. In the most current valuation, July 1, 2010, the actuarial assumptions used for the calculation of costs and liabilities are as follows:

Discount rate	4.5% per annum, compounded annually
Annual medical trend rate	9.3% initially, reduced in increments
Participation rate	50% will elect coverage
Spouse participation rate	50% will elect coverage

The 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.

Note 8: 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, 2011.

Note 9: 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 2011, closure costs will be $3,912,644 and an additional $2,928,672 will be required for post-closure care. The estimated total of the landfill closure and post-closure care of $6,841,316 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 93% used (filled). The County expects to close the landfill in 2014. The County has accrued 93% of the total landfill closure and post-closure care of $6,362,424 as of June 30, 2011.

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, 2011, investments of $7,182,127 are held for these purposes. These are reported as restricted assets on the proprietary fund statement of net assets.

Note 10: 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, in a review by the Nebraska Department of Environmental Quality (NDEQ), has demonstrated compliance with the financial assurance requirements as specified in Title 132 *Integrated Solid Waste Management Regulations,* through the Local Government Financial Test.

The County pays for 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.

There were no significant insurance recoveries in the current year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Note 10: 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, 2010 through July 1, 2011. Similar coverage will be in effect for the period July 1, 2011 through July 1, 2012:

Type of Coverage	Insurance Carrier	Total Coverage Per Occurrence	County Deductible	Pool S.I.R.
General Liability, Auto Liability, Law Enforcement Liability	NIRMA/County Reinsurance, LTD.	$5,000,000 (No Annual Aggregate)	$-0- $10,000 (LEL)	$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 $500,000,000 maximum/occ. $25,000,000 flood & quake $10,000,000 extra exp. $25,000,000 valuable papers $5,000,000 fine arts $10,000,000 accts receivable $2,000,000 transit	$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. Employers Liability	County Reinsurance, LTD.	Statutory $2,000,000	-0-	$500,000

Note 11: Governmental Fund Balances

Governmental fund balances are classified as follows at June 30, 3011:

	General Fund	Special Roads Fund	Other Governmental Funds	Total
Nonspendable:				
Prepaid expenses	$ 1,451	$ -	$ -	$ 1,451
Inventory	24,804	420,650	-	445,454
	26,255	420,650	-	446,905
Restricted for:				
Debt service	153,825	1,382,232	3,017,131	4,553,188
Emergency communications	-	-	273,818	273,818
Social services	-	-	382,951	382,951
Tourism	-	-	1,010,925	1,010,925
Public health and welfare	-	-	232,308	232,308
Grant stipulations	-	-	291,968	291,968
Community betterment	-	-	90,729	90,729
Capital projects	-	-	1,744,449	1,744,449
Information systems	-	-	600,137	600,137
Other purposes	-	-	48,145	48,145
	153,825	1,382,232	7,692,561	9,228,618
Committed to:				
Emergency communications	-	-	34,733	34,733
Assigned to:				
Wireless communications	68,349	-	-	68,349
Public health and welfare	4,057	-	-	4,057
Public safety	74,963	-	-	74,963
Future contingencies	1,725,517	-	-	1,725,517
Fleet services	48,770	-	-	48,770
Other purposes	2,610	-	-	2,610
	1,924,266	-	-	1,924,266
Unassigned:	27,038,646	(180,997)	(170,590)	26,687,059
Total fund balances	$ 29,142,992	$ 1,621,885	$ 7,556,704	$ 38,321,581

Note 12: Implementation of New Accounting Standards

During 2011, the County implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 requires the County to classify fund balance based primarily on the extent to which the County is bound to honor constraints on how the funds can be spent. GASB 54 also clarifies the definitions of the governmental fund types, resulting in a change in the activities that are reported in them. Adoption of GASB 54 changed beginning fund balance in the general fund and other non-major governmental funds. These changes are shown in the table presented in Note 13.

Note 13: Adjustments Applicable to Prior Years

During 2011, the County retroactively restated the 2010 ending net assets/fund balances to correct errors involving liabilities for compensated absences, capital asset and expenditure accruals, federal and state grants receivable, intangible assets, capitalized interest, and capital contributions. In addition, the ending net assets/fund balance of the sewer and other governmental funds have been increased and decreased, respectively, to reflect the presentation of the sewer fund as a proprietary fund. The following table summarizes these adjustments:

Sarpy County, Nebraska

Notes to Financial Statements

June 30, 2011

	Government-Wide		Governmental Funds			Proprietary Funds		
	Governmental Activities	Business-Type Activities	General	Special Roads	Other Governmental	Landfill	Stadium	Sewer
Beginning net assets/fund balances, as previously reported	$ 146,938,086	$ 4,043,745	$ 22,357,062	$ 4,518,864	$ 19,028,981	$ 4,087,671	$ (43,926)	$ -
Retroactive restatement for the implementation of GASB 54	-	-	4,916,891	-	(4,916,891)	-	-	-
Adjustments applicable to prior years:								
Compensated absences	(910,876)	(20,705)	(23,442)	(2,078)	(4,085)	(20,705)	-	-
Capital assets and expenditures	706,644		656,352					
Federal and state grant receivables	670,190	-	43,637	111,972	514,582	-	-	-
Intangible assets	(85,978)	-	-	-	-	-	-	-
Capitalized interest	-	543,588	-	-	-	-	543,588	-
Capital contributions	-	620,000	-	-	-	-	620,000	-
Stadium trust funds	(23,387)	23,387	-	-	(23,387)	-	23,387	-
Change in presentation of the sewer fund	(5,392,965)	5,392,965	-	-	(1,372,837)	-	-	5,392,965
Beginning net assets/fund balances, as restated	$ 141,901,714	$ 10,602,980	$ 27,950,500	$ 4,628,758	$ 13,226,363	$ 4,066,966	$ 1,143,049	$ 5,392,965

Note 14: Subsequent Events

On July 12, 2011, Sarpy County issued $4,165,000 of Limited Tax Refunding Bonds, Series 2011 to provide for payment and redemption of $4,470,000 of Limited Tax Building Bonds, Series 2007. The Refunding Bonds bear interest ranging from .25% - 1.60% and mature annually through December 15, 2016.

Required Supplementary Information

Sarpy County, Nebraska

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Cash Basis)

General Fund

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Tax	$ 28,268,036	$ 28,268,036	$ 27,754,239	$ (513,797)
Federal	154,586	154,586	261,093	106,507
State	1,590,264	1,590,264	2,302,346	712,082
Local	15,142,335	15,142,335	19,206,873	4,064,538
Total revenues	45,155,221	45,155,221	49,524,551	4,369,330
Expenditures				
General government				
County Board	152,699	152,699	150,854	1,845
County Clerk	800,262	800,262	792,667	7,595
County Treasurer	1,185,275	1,194,275	1,193,850	425
Register of Deeds	495,629	495,629	488,527	7,102
County Assessor	1,191,377	1,191,377	1,188,024	3,353
Election Commissioner	452,041	472,441	469,107	3,334
Planning and Zoning	310,482	310,482	297,697	12,785
Administration	294,226	294,226	288,696	5,530
Personnel	257,500	257,500	250,339	7,161
Records Management	235,598	235,598	233,604	1,994
Fiscal Administration	220,781	220,781	219,695	1,086
Board of Equalization	21,040	21,040	19,224	1,816
Facilities Management	1,021,864	1,088,344	1,088,316	28
Public Property Utilities	658,500	658,500	582,683	75,817
Jail Maintenance	279,876	235,226	235,220	6
Juvenile Justice Center Maintenance	84,656	80,336	80,331	5
Sheriff Admin Maintenance	43,473	25,963	25,960	3
Extension Agent	116,584	126,928	126,292	636
Other Intergovernmental	745,500	745,500	683,020	62,480
Miscellaneous General	7,181,106	6,927,362	5,102,069	1,825,293
Payroll Accrual	1,250,000	1,250,000	-	1,250,000
Capital Projects	315,000	445,500	441,290	4,210
Wireless Communications	84,000	84,000	12,040	71,960
Inheritance Tax	3,561,597	3,561,597	1,845,824	1,715,773
Purchasing	139,636	139,636	132,938	6,698
Fleet	1,195,300	1,195,300	1,194,564	736
Public Safety				
Sheriff	2,039,573	2,039,573	2,019,781	19,792
County Attorney	2,756,410	2,817,410	2,817,410	-
Investigations	1,363,794	1,382,294	1,379,905	2,389
Road Patrol	4,448,566	4,457,266	4,457,216	50
Sheriff Merit Commission	17,500	17,500	2,058	15,442
Vehicle Inspection	110,846	112,846	112,484	362

Sarpy County, Nebraska

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Cash Basis) - Continued

General Fund

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures - Continued				
Public Safety - Continued				
Tow Lot	$ 295,089	$ 295,089	$ 273,696	$ 21,393
Juvenile Intake	312,936	304,436	294,681	9,755
Victim Witness	181,932	190,432	190,028	404
Adult Pre-trial	187,256	187,256	177,462	9,794
Adult Drug Court	5,950	5,950	2,319	3,631
Juvenile Justice Center	2,555,589	2,555,589	2,523,979	31,610
County Jail	4,949,074	4,919,874	4,614,427	305,447
Court Services	1,350,757	1,350,757	1,302,940	47,817
Warrants Extradition	506,972	506,972	487,966	19,006
Adult Probation	82,225	82,225	81,095	1,130
Community Services	151,023	151,023	150,294	729
Emergency Management	191,536	196,536	196,208	328
Clerk of the District Court	599,597	613,097	612,804	293
County Court	126,170	127,170	126,767	403
Juvenile Probation	23,454	23,454	20,753	2,701
Juvenile Court	507,624	507,624	468,347	39,277
District Judge	555,353	555,353	538,244	17,109
Public Defender	1,183,792	1,183,792	1,182,799	993
Alcohol Diversion	450,948	459,948	458,222	1,726
Federal Grant - Drug Court	3,500	3,500	722	2,778
STOP Program	86,600	86,600	8,692	77,908
Jury Commissioner	95,930	98,930	98,852	78
CASA	108,150	108,150	106,812	1,338
Public Health				
Animal Control	417,327	417,327	368,959	48,368
Mental Health	113,945	113,945	72,773	41,172
Landfill Bond Surplus	2,250,000	2,250,000	-	2,250,000
Noxious Weed	58,405	58,405	57,694	711
Public Welfare and Social Services				
Veterans Services	217,870	217,870	217,856	14
Human Services	851,603	851,603	825,300	26,303
Total expenditures	51,451,298	51,460,298	43,392,376	8,067,922
Other Financing Sources (Uses)				
Operating transfer in	1,478,102	1,487,102	1,978,102	491,000
Operating transfer out	(5,555,156)	(5,564,156)	(7,007,656)	(1,443,500)
Total Transfers	(4,077,054)	(4,077,054)	(5,029,554)	(952,500)
Excess (Deficiency) of Revenues Over Expenditures	$(10,373,131)	$(10,382,131)	$ 1,102,621	$ 11,484,752

Sarpy County, Nebraska

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Cash Basis)

All Special Revenue Funds

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Tax	$ 4,950,296	$ 4,950,296	$ 4,651,666	$ (298,630)
Federal	2,276,286	2,316,286	2,075,070	(241,216)
State	580,647	580,647	577,067	(3,580)
Local	2,900,479	2,900,479	3,130,269	229,790
Total revenues	10,707,708	10,747,708	10,434,072	(313,636)
Expenditures				
E911	3,580,297	3,580,297	3,436,932	143,365
Wireless	163,000	163,000	48,915	114,085
E911 Rebanding	65,700	65,700	4,399	61,301
District Court - Child Support	151,580	151,580	156,660	(5,080)
County Attorney - Child Support	939,635	939,635	917,213	22,422
Child Support Incentive	168,693	168,693	102,113	66,580
Tourism	659,673	659,673	360,664	299,009
Visitor's Improvement	1,084,926	1,084,926	558,000	526,926
Employment Security Act	43,600	43,600	38,221	5,379
County Medical	238,500	238,500	114,626	123,874
Institutions	40,000	40,000	20,981	19,019
County Drug Enforcement	20,000	20,000	-	20,000
Federal Grant - JAIBG	20,573	20,573	17,539	3,034
Federal Grant - Title 1D	41,809	41,809	54,539	(12,730)
Federal Grant - Juv Pre-trial	13,797	13,797	10,861	2,936
State Education Reimbursement	187,600	187,600	245,102	(57,502)
FG-ARRA Title 1D	23,300	23,300	5,895	17,405
Federal Forfeiture	195,000	195,000	28,667	166,333
SCAAP	70,000	70,000	63,766	6,234
Federal Grant - Victim Witness	124,149	124,149	124,149	-
CDBG - Oakdale Park	600,000	600,000	559,358	40,642
FG-Energy Efficiency	309,120	309,120	181,730	127,390
Federal Grant - Perkins Corrections	-	40,000	38,800	1,200
Federal Grant - Project Engage	131	131	750	(619)
CCP Community Service	2,572	2,572	7,435	(4,863)
FG-JAG Recruitment	33,225	33,225	-	33,225
Federal Grant - Drug Enforcement	74,506	74,506	97,747	(23,241)
Juvenile Services LB640	113,089	113,089	113,089	-
County Aid Enhancement	18,705	18,705	8,339	10,366
FG-JAG Equipment	15,825	15,825	14,585	1,240
FG-Traffic Enforcement	306,731	306,731	224,528	82,203

Sarpy County, Nebraska

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Cash Basis) - Continued

All Special Revenue Funds

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
Expenditures - Continued				
Federal Grant - Brownfield	$ 108,516	$ 108,516	$ 81,539	$ 26,977
Federal Grant - GIS Transportation	104,272	104,272	104,000	272
Federal Grant - Adult Drug Court	35,000	35,000	6,008	28,992
Federal Grant - LETPP	7,830	7,830	7,830	-
Federal Grant - Buffer Zone	36,903	36,903	76,159	(39,256)
Federal Grant - Drug Eradication	15,760	15,760	11,679	4,081
Federal Grant - Juv Day/Evening	23,426	23,426	23,992	(566)
Federal Grant - MIP Mini Grant	606	606	606	-
Federal Grant - Accident	5,761	5,761	2,190	3,571
Federal Grant - Boat Patrol	4,760	4,760	4,034	726
State Grant - Stormwater	297,288	297,288	260,651	36,637
Keno	269,650	269,650	187,462	82,188
Courthouse Administration	1,599,395	1,599,395	835,370	764,025
Courthouse Remodel	748,174	748,174	680,411	67,763
Sheriff/Comm Bond	2,121,800	2,121,800	893,687	1,228,113
Sinking Fund	1,457,322	1,457,322	250,419	1,206,903
Phase II Stormwater Fees	50,000	50,000	-	50,000
Connection Fee Fund	110,000	110,000	107,217	2,783
Information Systems	1,646,493	1,646,493	1,601,618	44,875
GIS	389,227	389,227	381,096	8,131
Total expenditures	18,337,919	18,377,919	13,071,571	5,306,348
Other Financing Sources (Uses)				
Operating transfer in	2,661,769	2,813,069	2,979,269	166,200
Operating transfer out	(795,147)	(946,447)	(795,147)	151,300
Total Transfers	1,866,622	1,866,622	2,184,122	317,500
Excess (Deficiency) of Revenues Over Expenditures	$ (5,763,589)	$ (5,763,589)	$ (453,377)	$ 5,310,212

Sarpy County, Nebraska

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Cash Basis)

Special Roads Fund

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal	$ 125,000	$ 125,000	$ 187,054	$ 62,054
State	5,902,750	5,902,750	6,668,490	765,740
Local	1,113,569	1,113,569	677	(1,112,892)
Total revenues	7,141,319	7,141,319	6,856,221	(285,098)
Expenditures				
Personal services	3,086,329	3,086,329	3,028,683	57,646
Operating expenses	688,455	688,455	798,108	(109,653)
Supplies and materials	1,534,000	1,534,000	1,693,750	(159,750)
Equipment and office rental	23,500	23,500	33,326	(9,826)
Capital outlays	7,526,939	7,526,939	5,552,239	1,974,700
Principal and interest	1,265,178	1,265,178	1,266,247	(1,069)
Total expenditures	14,124,401	14,124,401	12,372,353	1,752,048
Operating transfer in	2,210,432	2,210,432	2,210,432	-
Excess (Deficiency) of Revenues Over Expenditures	$ (4,772,650)	$ (4,772,650)	$ (3,305,700)	$ 1,466,950

Sarpy County, Nebraska

Note to Required Supplementary Information –
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Cash Basis)
For the Year Ended June 30, 2011

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 of Funding Progress
For the Year Ended June 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) - Unit Credit (b)	Unfunded AAL(UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
7/1/2008	$ -	$ 1,702,642	$ 1,702,642	0.00%	N/A	N/A
7/1/2009	-	1,646,774	1,646,774	0.00%	N/A	N/A
7/1/2010	-	1,739,926	1,739,926	0.00%	N/A	N/A

Supplemental Information

Sarpy County, Nebraska

Tax Certification, Correction and Collections

As of June 30, 2011

	2008	2009	2010
Tax Certified by the Assessor			
Real estate	$ 211,307,141	$ 220,181,970	$ 223,785,014
Personal	6,065,877	6,542,588	6,444,400
Centrally assessed	1,166,863	1,454,081	1,433,290
Total certified tax	$ 218,539,881	$ 228,178,639	$ 231,662,704
Net Tax Collected by the County Treasurer as of June 30, 2011			
Real estate	$ 211,213,578	$ 219,980,113	$ 119,608,682
Personal	5,983,838	6,390,213	3,804,172
Centrally assessed	1,166,863	1,454,081	850,598
Total collected tax	$ 218,364,279	$ 227,824,407	$ 124,263,452
Total Uncollected Tax as of June 30, 2011			
Real estate	$ 93,563	$ 201,857	$ 104,176,332
Personal	82,039	152,375	2,640,228
Centrally assessed	-	-	582,692
Total uncollected	$ 175,602	$ 354,232	$ 107,399,252
Percentage Uncollected Tax	0.08%	0.16%	46.36%

Sarpy County, Nebraska

Schedule of Statement of Accountability

County Clerk

For the Year Ended June 30, 2011

Balance on hand, beginning of year	
Cash on hand	$ 600
Cash in bank	60,526
	61,126
Collections	
Recording and miscellaneous fees	3,194
Title fees	218,275
Marriage licenses	16,963
Prepaid certified marriage licenses	6,205
Miscellaneous	311
Other licenses	12,234
Interest	107
	257,289
Credits	
Paid to County Treasurer	
Recording and miscellaneous fees	3,220
Title Fee	94,396
Marriage licenses	16,890
Prepaid certified marriage licenses	6,000
Miscellaneous	319
Other licenses	12,295
Interest	157
	133,277
Paid to state	
Title fees	179,156
Balance on hand, end of year	$ 5,982
Summary of balance, end of year	
Cash on hand	$ 600
Cash in bank	5,382
	$ 5,982

Sarpy County, Nebraska

Schedule of Statement of Accountability

Register of Deeds

For the Year Ended June 30, 2011

Balance on hand, beginning of year	
Cash on hand	$ 150
Cash in bank	222,443
Accounts receivable	11,224
	233,817
Collections	
Recording fees	790,711
Copies fees	8,144
Non-credit refunds	249
Federal tax liens	1,539
State tax liens	579
Documentary stamp tax	1,135,998
Interest	678
SID penalties	360
Miscellaneous deposits	196
	1,938,454
Credits	
Paid to County Treasurer	
Recording fees	803,250
Copies fees	7,955
Non-credit refunds	256
Federal tax liens	1,476
State tax liens	570
Documentary stamp tax	259,875
Interest	788
SID penalties	360
Miscellaneous deposits	196
	1,074,726
Paid to state	
Documentary stamp tax	909,679
Balance on hand, end of year	$ 187,866
Summary of balance, end of year	
Cash on hand	$ 150
Cash in bank	182,365
Accounts receivable	5,351
	$ 187,866

Sarpy County, Nebraska

Schedule of Statement of Accountability

Clerk of the District Court

For the Year Ended June 30, 2011

Balance on hand, beginning of year	
Cash on hand	$ 650
Cash in bank	1,239,239
	1,239,889
Collections	
Dissolution fees	19,250
State fees	203,292
Regular fees	323,380
Retirement fees	22,230
Law enforcement fees	1,284
Trust	5,278,960
Drug court	
County fees	12,739
State Fees	7,574
	5,868,709
Credits	
Dissolution fees	19,425
State fees	213,314
Regular fees	323,380
Retirement fees	23,883
Law enforcement fees	1,696
Trust	5,813,605
Drug court	
County fees	12,510
State Fees	7,698
	6,415,511
Balance on hand, end of year	$ 693,087
Summary of balance, end of year	
Cash on hand	$ 650
Cash in bank	692,437
	$ 693,087

Sarpy County, Nebraska

Schedule of Statement of Accountability

County Sheriff

For the Year Ended June 30, 2011

Balance on hand, beginning of year	
Cash on hand	$ 297
Cash in bank	132,096
	132,393
Collections	
Civil process	308,536
Inmate	1,419,210
Distress warrants	242,652
Miscellaneous and administrative	262,768
VIN	106,599
CID	4,137
DARE	24,060
GREAT	-
Tow lot	441,802
	2,809,764
Credits	
Paid to County Treasurer	
Civil process	303,130
Inmate	1,415,068
Distress warrants	242,652
Miscellaneous and administrative	262,768
VIN	106,599
CID	2,000
DARE	7,691
GREAT	10,640
Tow lot	441,703
	2,792,251
Balance on hand, end of year	$ 149,906
Summary of balance, end of year	
Cash on hand	$ 341
Cash in bank	149,565
	$ 149,906

Sarpy County, Nebraska

Schedule of Statement of Accountability

County Attorney

For the Year Ended June 30, 2011

Balance on hand, beginning of year	
Cash on hand	$ 30
Cash in bank	13,127
	13,157
Collections	
Restitution	76,454
Collection on bad checks	75,010
Collection fees	2,010
Law enforcement fund	1,425
Miscellaneous	979
	155,878
Credits	
Restitution payment	77,954
Payments on bad checks collected	70,633
Collection fees remitted to the County Treasurer	2,520
Subpoena and miscellaneous expenditures paid	1,325
Miscellaneous	644
	153,076
Balance on hand, end of year	$ 15,959
Summary of balance, end of year	
Cash on hand	$ -
Cash in bank	15,959
	$ 15,959

Sarpy County, Nebraska

Schedule of Statement of Accountability

County Surveyor

For the Year Ended June 30, 2011

Balance on hand, beginning of year		
Cash on hand	$	50
Collections		543
Credits		543
Balance on hand, end of year	$	50
Summary of balance, end of year		
Cash on hand	$	50

Sarpy County, Nebraska

Schedule of Statement of Accountability
County Election Commissioner
For the Year Ended June 30, 2011

Balance on hand, beginning of year	$ -
Collections	
Certification of registration	17
Election cost recoveries	14,646
Registration lists and fees	66,789
	81,452
Credits	
Paid to County Treasurer	81,452
Balance on hand, end of year	$ -

Sarpy County, Nebraska

Schedule of Statement of Accountability

County Building Inspector

For the Year Ended June 30, 2011

Balance on hand, beginning of year	
Cash on hand	$ 7,851
Cash in bank	97,500
	105,351
Collections	
Permit fees	392,352
Sewer fees	74,334
Watershed fees	135,462
Tiburon water fees	6,000
Contractor deposits	5,000
Wireless Tower fees	17,000
	630,148
Credits	
Paid to County Treasurer	
Permit fees	404,546
Sewer fees	77,944
Watershed fees	126,611
Tiburon water fees	3,500
Wireless Tower fees	17,000
	629,601
Balance on hand, end of year	$ 105,898
Summary of balance, end of year	
Cash in bank	$ 895
Contractor deposits	105,003
	$ 105,898

Sarpy County, Nebraska

Schedule of Statement of Accountability

County Landfill

For the Year Ended June 30, 2011

Balance on hand, beginning of year		
Cash on hand	$	530
Accounts receivable		278,372
		278,902
Collections		2,780,623
Credits		
Paid to County Treasurer		2,845,414
Balance on hand, end of year	$	214,111
Summary of balance, end of year		
Cash on hand	$	530
Accounts receivable		213,581
	$	214,111

Sarpy County, Nebraska

Schedule of Statement of Accountability
County Alcohol Diversion
For the Year Ended June 30, 2011

Balance on hand, beginning of year	
Cash on hand	$ 1,494
Collections	
Alcohol diversion	232,484
Adult education	46,470
Adult shoplifters	20,959
Adult community service	2,525
Victim impact panel	4,830
Juvenile intake	65,354
Juvenile community service	2,310
Teen court	5,400
Restitution	2,763
Miscellaneous	125
	383,220
Credits	
Alcohol diversion	229,893
Adult education	46,445
Adult shoplifters	21,139
Adult community service	2,550
Victim impact panel	4,820
Juvenile intake	65,604
Juvenile community service	2,280
Teen court	5,400
Restitution	2,763
Miscellaneous	125
	381,019
Paid to state	
Title fees	
Balance on hand, end of year	
Cash on hand	$ 3,695

Sarpy County, Nebraska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Cluster / Program	Federal Agency/ Pass-Through Entity	CFDA Number	Amount Expended
JAG Program Cluster			
Edward Byrne Memorial Justice Assistance Grant Program	U.S. Deparment of Justice / City of Omaha	16.738	$ 97,747
Edward Byrne Memorial Justice Assistance Grant Program	U.S. Department of Justice	16.738	18,619
			116,366
Highway Planning and Construction Cluster			
Highway Planning and Construction	U.S. Department of Transportation / Nebraska Office of Highway Safety	20.205	20,420
Highway Planning and Construction	U.S. Department of Transportation / State of Nebraska	20.205	401,608
Highway Planning and Construction - ARRA	U.S. Department of Transportation / State of Nebraska	20.205	1,375,575
			1,797,603
Highway Safety Cluster			
State and Community Highway Safety	U.S. Department of Transportation / Nebraska Office of Highway Safety	20.600	224,528
Alcohol Traffic Saftey and Drunk Driving Prevention	U.S. Department of Transportation / Nebraska Office of Highway Safety	20.601	30,849
Occupant Protection	U.S. Department of Transportation / Nebraska Office of Highway Safety	20.602	8,463
			263,840
Homeland Security Cluster			
Homeland Security Grant Program	U.S. Department of Homeland Security / Nebraska Emergency Management Association	97.067	15,265
Homeland Security Grant Program	U.S. Department of Homeland Security / City of Omaha	97.067	11,481
			26,746
Title I, Part A Cluster			
Title 1D	U.S. Department of Education / Papillion/ La Vista School District	84.010	54,696
Title 1D - ARRA	U.S. Department of Education / Papillion/ La Vista School District	84.389	5,895
			60,591

Sarpy County, Nebraska

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2011

Cluster / Program	Federal Agency/ Pass-Through Entity	CFDA Number	Amount Expended
CDBG - State Small Cities Program	U.S. Department of Housing & Urban Development / Nebraska Department of Economic Development	14.xxx	$ 559,358
Juvenile Accountability Block Grants	U.S. Department of Justice / Nebraska Crime Commission	16.523	17,353
Juvenile Justice & Delinquency Prevention - Allocation to States	U.S. Department of Justice / Nebraska Crime Commission	16.540	29,611
Crime Victim Assistance	U.S. Department of Justice / Nebraska Crime Commission	16.575	124,149
Violence Against Women Formula Grants	U.S. Department of Justice / Nebraska Crime Commission & Heartland Family Services	16.588	42,586
State Criminal Alien Assistance Program	U.S. Department of Justice	16.606	63,766
Drug Eradication	U.S. Department of Justice	16.xxx	11,679
Prisoner Housing-US Marshall	U.S. Department of Justice	16.xxx	2,304
Operation Guardian-US Marshall	U.S. Department of Justice	16.xxx	2,286
Federal Forfeitures	U.S. Department of Justice	16.xxx	28,667
FBI Overtime Reimbursement - OCDETF	U.S. Department of Justice	16.xxx	806
FBI Overtime Reimbursement - Cyber Crimes Task Force	U.S. Department of Justice	16.xxx	7,325
FBI Overtime Computer Reimbursement	U.S. Department of Justice	16.xxx	16,871
US Immigrations-Juveniles	Immigrations and Customs Enforcement	Unknown	3,021
Metropolitan Transportation Planning	U.S. Department of Transportation / Metropolitan Area Planning Agency	20.505	104,000
Brownfield Grants - ARRA	U.S. Environmental Protection Agency	66.818	81,539
Energy Efficiency Grants - ARRA	U.S. Department of Energy	81.128	181,730
Career and Technical Education - National Programs	U.S. Department. of Education / Nebraska Department of Education	84.048	39,550
Child Support Enforcement	U.S. Department of Health and Human Services/ Nebraska Department of Health and Human Services	93.563	1,064,699
Block Grants for Prevention and Treatment of Substance Abuse	U.S. Department of Health and Human Services/ Nebraska Department of Health and Human Services & Pride Omaha	93.959	4,073
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	U.S. Department of Homeland Security / Nebraska Emergency Management Agency	97.036	113,780
Emergency Management Performance Grants	U.S. Department of Homeland Security / Nebraska Emergency Management Agency	97.042	110,522
Buffer Zone Protection Program	U.S. Department of Homeland Security / Nebraska Emergency Management Agency	97.078	76,159
			$ 4,950,980

Sarpy County, Nebraska

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2011

1. This schedule presents the federal awards activity of Sarpy County, Nebraska presented on the cash disbursements basis of accounting, which differs from generally accepted accounting principles in the United States of America. Under this method, expenditures are recognized when disbursements are made. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Of the federal expenditures presented in this schedule, the County provided federal awards to subrecipients as follows:

Program	CFDA Number	Subrecipient	Amount Provided
Edward Byrne Memorial Justice Assistance Grant Program	16.738	City of Bellevue	$ 7,770
State and Community Highway Safety	20.600	City of Bellevue	75,276
			$ 83,046

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Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the 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, 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, 2011, which collectively comprise its basic financial statements and have issued our report thereon dated February 24, 2012 which contained explanatory paragraphs regarding changes in accounting principles and corrections of errors. 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 opinions 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 11-01 to be a material weakness.

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.*

We also noted certain matters that we reported to the County's management in a separate letter dated February 24, 2012.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the governing body, management and others within the County 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.

BKD, LLP

February 24, 2012

BKD LLP
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Independent Accountants' Report on Compliance with Requirements That Could Have a Direct and Material Effect on 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the compliance of Sarpy County, Nebraska 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, Sarpy County, Nebraska complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Sarpy County, Nebraska is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 governing body, management, others within the County, 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.

BKD, LLP

February 24, 2012

Sarpy County, Nebraska

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

Summary of Auditor's Results

1. The opinions expressed in the independent accountants' report were:

   ☒ Unqualified ☐ Qualified ☐ Adverse ☐ Disclaimed

2. The independent accountants' report on internal control over financial reporting disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ No

   Material weakness(es)? ☒ Yes ☐ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

4. The independent accountants' report on internal control over compliance with requirements that could have a direct and material effect on major federal awards programs disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ No

   Material weakness(es)? ☐ Yes ☒ No

5. The opinion expressed in the independent accountants' report on compliance with requirements that could have a direct and material effect on major federal awards was:

   ☒ Unqualified ☐ Qualified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133? ☐ Yes ☒ No

7. The County's major programs were:

Cluster/Program	CFDA Number
Community Development Block Grants – State Small Cities Program	14.xxx
Highway Planning and Construction Cluster	20.205

Sarpy County, Nebraska

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2011

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was $300,000.

9. The County qualified as a low-risk auditee as that term is defined in OMB Circular A-133? ☒ Yes ☐ No

Sarpy County, Nebraska

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2011

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
11-01	**Proposed Audit Adjustments**	None

Criteria or Specific Requirement – Management is responsible for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition – The preparation of the County's financial statements required prior period adjustments and proposed adjusting journal entries for proper financial statement presentation.

Context – The County maintains its financial statements on a cash basis throughout the year and significant time and effort is necessary to convert the financial statements to modified and full accrual basis. The collection of the required data is obtained from the various departments and this process and conversion and preparation of the financial statements is done by a limited number of personnel.

Effect – Significant prior period and current year adjustments were identified and proposed in connection with the financial statement audit.

Cause – The County received accounting advice over the course of several years from various third parties, however this guidance was not consistent with GAAP and therefore, corrections were made to the beginning net assets and current year financial statements.

Recommendation – Management should review procedures to help ensure that controls are in place that will allow for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America. An emphasis should be placed on strong communication and consistency between all County departments.

Views of Responsible Officials and Planned Corrective Actions (Management's Response) – Sarpy County management has reviewed the proposed adjustments and will ensure that the recommended procedures are incorporated in future fiscal year financial statements.

Sarpy County, Nebraska

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2011

Reference Number	Summary of Finding	Status
	No matters are reportable	