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 26th day of February, 2013.

Sarpy County Board Chairman

Attest:

SEAL

County Clerk Chief Deputy

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
Don Kelly District 1
Jim Thompson District 2
Tom Richards District 3
Brenda Carlisle District 4
Jim Warren District 5

MEMO

To: Sarpy County Board

From: Brian Hanson

Re: Acceptance of Financial Audit Report

At the February 26, 2013 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 significant deficiency, 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, 2012 . ."

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 70-73 indicate the following:

   - The report on internal control over financial reporting disclosed a significant deficiency 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.

February 21, 2013

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, 2012, 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

A prior period adjustment was identified and proposed by management, affecting beginning net assets and capital assets.

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. Areas in which adjustments were proposed and recorded include:

- *Cash*
- *Accrued interest receivable*
- *Accounts payable*
- *Investment income*
- *Interest expense*
- *Miscellaneous income*
- *Various expense accounts*

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

No matters are reportable.

Disagreements with Management

No matters are reportable.

Other Material Written Communications

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

- Management representation letters (attached)

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, 2012, 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 significant deficiency.

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 significant deficiency.

Significant Deficiency

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*.

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.

Management letters are sometimes critical of accounting processes or internal control features that do not provide adequate safeguards for an entity's assets, or suggest improvements for operational efficiency. We made numerous suggestions for improvement in last year's management letter. We commend you on the significant efforts made during the last year in response to these suggestions.

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.

Cash Receipt Control Considerations

To improve controls over cash receipts for the County's Pretrial Diversion office, we recommend that another County office be assigned the responsibility for collecting client payments and then providing receipt documentation to Pretrial Diversion office personnel. If this is not a feasible solution, we would recommend the County consider additional monitoring controls or further segregation of existing duties.

Deposits in Excess of Federally Insured Limits

Account balances at one of the County's depository financial institutions exceeded federally insured limits at year-end. We recommend management implement procedures to ensure bank balances and amounts pledged as collateral by financial institutions are closely monitored on a regular basis to ensure the County's balances are adequately secured. We understand management has already initiated a process, including meeting with financial institutions, to implement procedures for the monitoring of bank balances at various County offices and reviewing the amount of collateral pledged against these bank balances.

New Accounting and Auditing Standards

Statement on Auditing Standards No. 122, Clarification and Recodification

In October 2011, the AICPA released Statement on Auditing Standards No. 122, *Clarification and Recodification*, commonly known as the Clarity Standards. The Clarity Standards will be effective for the County's audit for its fiscal year ending June 30, 2013. While the Clarity Standards primarily clarify existing standards, they include one new set of requirements likely to have a significant impact on your audit.

The Clarity Standards introduce the concept of a "group audit". A group audit is an audit of an organization consisting of multiple components. Components can be separate legal entities such as subsidiaries or joint ventures, but may also include various operating segments, divisions, or departments. The group audit performance and communication requirements are significantly more extensive than required in the past.

Implementation of the group audit requirements may require additional audit time once they become effective. As we evaluate our approach to applying these requirements to your audit, we will let you know how this affects you and BKD.

Governmental Accounting Standards Board Statement No. 60

The Governmental Accounting Standards Board (GASB) 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 County's fiscal year ending June 30, 2013.

Governmental Accounting Standards Board Statement No. 61

The Governmental Accounting Standards Board (GASB) 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 County's fiscal year ending June 30, 2013.

Governmental Accounting Standards Board Statement No. 62

The Governmental Accounting Standards Board (GASB) 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 seven 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. This statement will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to governments, thereby resulting in a more consistent application of applicable guidance in financial statements of governmental entities.

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

Governmental Accounting Standards Board Statement No. 63

The Governmental Accounting Standards Board (GASB) 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 County's fiscal year ending June 30, 2013.

Governmental Accounting Standards Board Statement No. 65

The Governmental Accounting Standards Board (GASB) has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify certain items that were previously reported as assets and liabilities as deferred outflows or deferred inflows of resources, or as current period outflows or inflows of resources. The requirements of this Statement will improve financial reporting by clarifying the appropriate use of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

Statement 65 is effective for the County's fiscal year ending June 30, 2014.

Governmental Accounting Standards Board Statement No. 66

The Governmental Accounting Standards Board (GASB) has issued Statement No. 66, *Technical Corrections-2012*. This Statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. GASB 66 amends both GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Statement 66 is effective for the County's fiscal year June 30, 2014.

Accounting Standards Currently Being Proposed by GASB

Economic Condition Reporting: Financial Projections

The Governmental Accounting Standards Board (GASB) is deliberating the issuance of a new standard that would require governments of all types and sizes to include forward-looking information (projections) in their financial statements to provide an assessment of fiscal sustainability. GASB has issued Preliminary Views for this proposed standard and deliberation is expected to continue throughout 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 8, 2013

Sarpy County Board of Commissioners

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Jim Warren District 5

February 8, 2013

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, 2012 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, 2012. 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 acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

6. 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.

7. 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.

8. 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 24, 2013 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.

9. Adequate provisions and allowances have been accrued, where applicable, for any material losses from:

(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.

10. 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.

11. 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.

12. 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.

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

14. 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.

15. 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.

16. 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.

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

18. 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.

19. 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*.

20. 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 monitored any subrecipients to determine that they have expended federal awards in accordance with applicable laws and regulations and have met the audit and other requirements of OMB Circular A-133.

(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 in the schedule of findings and questioned costs.

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

21. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, budgetary comparison schedules, and schedule of funding progress, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. 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. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

22. With regard to supplementary information:

    (a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.

    (b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.

    (c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.

    (d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.

23. The County has implemented procedures to monitor potential gas migration at the Cedar Island landfill site. Management does not believe a potential liability for future remediation activities relating to this landfill site is necessary at June 30, 2012, as any amount would not be determinable. In addition gas levels are below the acceptable limit and have not changed for over a year.

Brian Hanson

Brian Hanson
Fiscal Administrator

February 8, 2013

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, 2012 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, 2012. 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:

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 through the date of this letter 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
Sarpy County Treasurer

Deb Houghtaling

Fred Uhe
Deputy

Sarpy County Clerk

Renee Lansman
Chief Deputy

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February 8, 2013

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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, 2012 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, 2012. 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:

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 through the date of this letter 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

Fred Uhe
Deputy County Clerk, Accounting

Sarpy County, Nebraska

Accountants' Report and Financial Statements

June 30, 2012

BKD LLP
CPAs & Advisors

Sarpy County, Nebraska
June 30, 2012

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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, 2012, 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12, the previously issued 2011 financial statements have been restated. Our previously issued report on those financial statements dated February 24, 2012, is no longer to be relied upon because the previously issued statements were materially misstated and that report is replaced by this report on the restated 2011 financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2013, 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was performed for the purpose of forming opinions on the basic financial statements as a whole. The Statements of Accountability and tax certification, correction and collections information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

February 8, 2013

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, 2012. 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, 2012, the County's total assets exceeded its total liabilities by $162,705,883.

Total net assets are comprised of the following:

- Capital assets, net of related debt, of $123,887,715. This represents the property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of the County's capital assets.
- Restricted net assets of $11,496,990.
- Unrestricted net assets of $27,321,178.

The County's total revenues exceeded its total expenses by $1,823,376.

The County's governmental activities reported a net increase in net assets of $1,282,104 and a total ending net asset balance of $150,536,802.

The County's proprietary funds reported a net increase in net assets of $541,272 and a total ending net asset balance of $12,169,081.

For the year ending June 30, 2012, the General Fund reported revenues in excess of expenditures of $5,213,949 and had an ending fund balance of $29,202,499.

The County's total debt decreased by $1,877,382 during the current fiscal year to a total debt balance of $45,446,081 as of June 30, 2012.

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 and sewer functions and activities of the Sarpy County Leasing Corporation which was created for the construction of the baseball stadium project.

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.

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 and sewer functions as well as the activity of the Sarpy County Leasing Corporation are accounted for and reported as an enterprise fund. The County currently has no internal service funds.

Notes to the Financial Statements

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

Other Information

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Sarpy County, Nebraska, assets exceeded liabilities by $162,705,883, as of June 30, 2012.

A significant portion of Sarpy County, Nebraska's net assets (76.1%) reflects its investment in capital assets (e.g., land, infrastructure, 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:

	Governmental Activities	Business-type Activities	Total
Current and other assets	$ 51,227,728	$ 13,539,206	$ 64,766,934
Capital assets	135,381,727	33,406,333	168,788,060
Total assets	186,609,455	46,945,539	233,554,994
Current liabilities	14,423,979	1,570,620	15,994,599
Long-term liabilities	21,648,674	33,205,838	54,854,512
Total liabilities	36,072,653	34,776,458	70,849,111
Net assets			
Invested in capital assets, net of related debt	116,574,501	7,313,214	123,887,715
Restricted	10,816,011	680,979	11,496,990
Unrestricted	23,146,290	4,174,888	27,321,178
Total net assets	$ 150,536,802	$ 12,169,081	$ 162,705,883

This reflects an increase in net assets of $1,823,376 or 1.1% for the County from the previous year net asset balance of $159,479,277 (which was adjusted by prior period adjustments to $160,882,507); an indication that the County's overall financial position remained stable during the fiscal year 2012.

The governmental activities had an increase in net assets of $1,282,104 and the business-type activities had an increase of $541,272 for a total increase in net assets for the County of $1,823,376. A summary of the government-wide operations is presented below:

	2012	2011	Increase (Decrease)
General revenues and transfers	$ 46,534,127	$ 45,816,062	$ 718,065
Charges for services	14,097,275	11,638,297	2,458,978
Operating grants and contributions	12,449,939	11,319,311	1,130,628
Capital grants and contributions	4,478	1,850,354	(1,845,876)
Total revenues	73,085,819	70,624,024	2,461,795
Expenses	(71,262,443)	(63,649,441)	(7,613,002)
Changes in net assets	$ 1,823,376	$ 6,974,583	$ (5,151,207)

The nearly $5MM decrease in the Changes in Net Assets from the 2011 FY to the 2012 FY was caused by a number of factors:

1. Expenditures increased by approximately $7.6MM. Factors contributing to that are:
    a. Because of the way the paydays fell there were 27 pay periods in the 2012 FY rather than the normal 26 pay periods.
    b. A larger amount of road projects were capitalized in the 2011 FY causing the expenditures for the 2011 FY to be reduced.
    c. Approximately $1.5MM of interest was capitalized in the 2011 FY for the baseball stadium and there was no such entry for the 2012 FY.
    d. A large amount of dispatch equipment that had not been used for several years was disposed of in the 2012 FY.
2. Charges for Service increased by approximately $2.5MM mostly in the Business Type Activities.
    a. The Landfill fund had higher revenues as the County moves to fill the final cells.
    b. The sewer fund had higher revenues due to an increase in platting activities
    c. The Stadium funds had higher revenues as it moved into full operation for a full fiscal year.
3. Operating Grants increased by approximately $1.1MM due to higher revenues from Highway Allocation and Motor Vehicle Fees.
4. Capital Grants decreased by approximately $1.8MM. This is because in the 2011 FY a federally reimbursable project was completed while there was no such project in the 2012 FY.

GOVERNMENTAL ACTIVITY REVENUES

General revenues from governmental activities totaled $46,070,274 in 2012, an increase of $958,236 or 2.1% from 2011. The amount of general revenues by source and increase or decrease from the prior year is summarized below:

	2012	2011	Increase (Decrease)
Property taxes	$ 42,436,910	$ 41,932,783	$ 504,127
Investment income	419,664	626,677	(207,013)
Miscellaneous	3,313,700	3,160,578	153,122
Transfers	(100,000)	(608,000)	508,000
Total general revenues	$ 46,070,274	$ 45,112,038	$ 958,236

The County relies heavily on property taxes to support its governmental operations. Tax revenue provided approximately 62.6% of the County's total governmental revenues.

GOVERNMENTAL ACTIVITY EXPENDITURES

Expenditures of governmental activities totaled $66,502,128 for 2012, an increase of $5,790,349 from 2011 expenditures of $60,711,779. As shown below, there are a variety of offsetting factors affecting the increase in governmental activity expenditures such as a larger amount of Road fund expenditures that were capitalized in the 2011 FY and the disposal of communications equipment.

These expenditures, by function, are summarized below:

	2012	2011	Increase (Decrease)
General government	$ 20,786,550	$ 19,694,796	$ 1,091,754
Public health	406,988	987,957	(580,969)
Public safety	32,983,444	29,990,486	2,992,958
Public health and social services	1,176,047	1,181,564	(5,517)
Special roads	10,647,285	8,265,405	2,381,880
Debt service interest	501,814	591,571	(89,757)
	$ 66,502,128	$ 60,711,779	$ 5,790,349

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, 2012, landfill revenues exceeded expenditures by $731,854. Sewer revenues exceeded expenditures by $60,080 for the 2012 FY. Stadium activity is also shown as a business-type activity for the 2012 fiscal year and the expenditures exceeded revenues by $250,662. A summary of this activity is presented below.

	2012			2011		
	Sewer	Landfill	Stadium	Sewer	Landfill	Stadium
Operating revenues	$ 404,915	$ 3,145,852	$ 1,286,967	$ 128,481	$ 2,763,104	$ 298,754
Operating expenses	(441,312)	(2,431,820)	(622,660)	(343,063)	(2,212,153)	(183,353)
Operating income (loss)	(36,397)	714,032	664,307	(214,582)	550,951	115,401
Non-operating revenues	96,477	17,822	249,554	-	94,806	1,218
Non-operating expenses	-	-	(1,264,523)	-	-	(199,093)
Capital contributions	-	-	-	-	-	72,900
Transfers	-	-	100,000	-	-	608,000
Increase (decrease) in net assets	$ 60,080	$ 731,854	$ (250,662)	$ (214,582)	$ 645,757	$ 598,426

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 $34,458,134 as of June 30, 2012, which represents 52.3% of the current total expenses.

The Governmental Fund information is summarized below:

	Total Governmental Funds	
	2012	**2011**
Assets		
Cash and investments	$ 34,458,134	$ 27,143,524
Accounts receivable	220,076	345,724
Taxes receivable	14,457,220	14,588,471
Grants receivable	1,010,407	731,676
Due from other funds	520,500	949,500
Prepaid expenses	-	1,451
Inventory	560,515	445,454
Total assets	$ 51,226,852	$ 44,205,800
Liabilitites		
Accounts payable	$ 8,745,790	$ 2,659,805
Due to other funds	520,500	314,500
Wages and benefits payable	124,564	1,437,845
Deferred revenue	1,388,831	1,321,279
Compensated absences	273,116	150,790
Total liabilities	11,052,801	5,884,219
Fund Balances		
Nonspendable	560,515	446,905
Restricted	10,835,064	9,228,618
Committed	-	34,733
Assigned	3,767,252	1,924,266
Unassigned	25,011,220	26,687,059
Total fund balances	40,174,051	38,321,581
Total liabilities and fund balances	$ 51,226,852	$ 44,205,800

The Governmental Fund Cash and Investments increased by $7,314,610 from the 2011 FY to the 2012 FY. There are two major causes for this increase. First, the General fund cash increased by approximately $4.8MM due to a large amount of cash being held by the Clerk of District Court for a court case. Second, the Road fund cash increased because fewer road projects were completed and paid for than projected.

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 $59,507 based on the modified accrual basis of accounting.

The General Fund budgeted revenues for the 2012 fiscal year were $45,559,310 while actual revenues were $48,233,625 for a favorable variance of $2,674,315. The General Fund budgeted expenses were $53,111,108 while actual expenses were $43,716,103 for a favorable variance of $9,416,908. These amounts are exclusive of transfers. Some of the major factors influencing these variances are shown below:

	Variation
Revenues	
General Fund-Local	$ +2,513,528
General Fund Transfers	+1,000,000
Expenses	
Miscellaneous General	$ +2,136,095
Inheritance tax	+3,301,444
Landfill Bond Surplus	+1,231,000

Assessed Valuation and Property Taxes

Assessed valuation of $11,197,886,358 represented a 1.1% increase over the preceding year's valuation of $11,076,469,531. Property taxes are assessed on actual valuation. The tax rates are applied to each $100 of actual valuation. The breakdown of tax rates for 2012 fiscal year and the preceding two years are as follows:

	2012	2011	2010
General fund	.2604	.2552	.2591
All other funds	.0395	.0447	.0408
Total	.2999	.2999	.2999
Total valuation	$11,197,886,358	$11,076,469,531	$10,977,324,419
% valuation increase over preceding year	1.1%	0.9%	2.4%

Capital Assets

As of June 30, 2012, the County had $168,788,060 invested in capital assets, including roads, bridges, buildings, machinery, equipment, etc. This is an increase of $954,603 from the previous year amount. The net book value of these assets are summarized below.

Land	$ 5,478,921
Infrastructure	96,490,820
Buildings	59,620,077
Intangible assets	30,465
Machinery and equipment	7,167,777
Net capital assets	$ 168,788,060

The minimal increase in capital assets during the year is due primarily to the fact that there were no significant additions to building projects. In addition, there were less road projects completed than usual. The annual depreciation for the County for 2012 was $5,827,743.

Debt Administration

At the end of the fiscal year, the County had total bonded debt and notes payable outstanding of $45,446,081. During the current year, the County made principal payments on outstanding bonds totaling $3,095,000. 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
2013	$ 4,596,755	$ 1,648,575	$ 6,245,330
2014	5,336,281	1,552,808	6,889,089
2015	2,756,506	1,467,336	4,223,842
2016	2,814,080	1,406,410	4,220,490
2017	2,915,999	1,335,635	4,251,634
2018 and beyond	27,026,460	14,151,678	41,178,138
	$ 45,446,081	$ 21,562,442	$ 67,008,523

Economic Environment

Sarpy County encompasses approximately 241 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 2011 was 82,002. According to Offutt Air Force Base, there are 9,657 military and civilian personnel employed on the base in Bellevue.

In 2011, the per capita personal income of Sarpy County residents was $41,865 which was 98.6 percent of the Nebraska average per capita income of $42,450. The lower per capita income is explained by Sarpy County's 28.5% population under age 18.

In 2011, the median income of households in Sarpy County was $69,018.

Net taxable sales (excluding motor vehicles) within Sarpy County increased from $1,073,751,329 in 2010 to $1,118,043,437 in 2011, representing a 4.1 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
Bellevue Public Schools	Education
Werner Enterprises	Trucking
Papillion-La Vista Schools	Education

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

Year	Population
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
July, 2011 (estimate)	162,561

Information for the number of building permits for single-family dwellings issued for Sarpy County (outside city zoning jurisdictions) from 2007 through 2012 are as follows:

Year	Permits	Value
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
2012	195	38,787,474

Information for the number of building permits for commercial/industrial buildings issued for Sarpy County from 2007 through 2012 are as follows:

Year	Permits	Value
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
2012	17	6,540,526

2011-2012 Budget

For the year ending June 30, 2012, the County adopted a total budget of $110,060,411, which was subsequently amended to a total of $110,564,115. This is a decrease of $27,928,611 over the previous year budget of $138,492,726. This decrease is due mainly to the completion of the Baseball Stadium Project in the 2012 FY budget. The property tax request for the 2011-12 fiscal year is $33,582,461 on assessed valuation of $11,197,886,358 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, 2012

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	$ 34,458,133	$ 4,675,635	$ 39,133,768
Accounts receivable	548,272	469,759	1,018,031
Grants receivable	1,010,407	-	1,010,407
Taxes receivable	14,457,220	-	14,457,220
Inventories	560,515	-	560,515
Restricted cash	-	7,958,960	7,958,960
Capital assets			
Land	4,182,904	1,296,017	5,478,921
Depreciable	203,244,433	37,382,261	240,626,694
Less accumulated depreciation	(72,045,610)	(5,271,945)	(77,317,555)
Bond issue costs	321,162	484,805	805,967
Less accumulated amortization	(127,981)	(49,953)	(177,934)
Total assets	186,609,455	46,945,539	233,554,994
Liabilities			
Accounts payable	9,620,954	165,081	9,786,035
Wages and benefits payable	124,564	5,805	130,369
Interest payable	19,053	52,234	71,287
Deferred revenue	-	1,012,500	1,012,500
Compensated absences			
Current	273,116	-	273,116
Non-current	7,262,866	158,712	7,421,578
Other post-employment benefits			
Current	124,537	-	124,537
Non-current	387,305	11,026	398,331
Landfill closure and post closure costs	-	6,501,148	6,501,148
Bonds payable			
Current	3,275,000	335,000	3,610,000
Non-current	12,949,177	26,534,952	39,484,129
Notes Payable			
Current	986,755	-	986,755
Non-current	1,049,326	-	1,049,326
Total liabilities	36,072,653	34,776,458	70,849,111
Net Assets			
Invested in capital assets, net of related debt	116,574,501	7,313,214	123,887,715
Restricted for:			
Debt service	4,850,486	-	4,850,486
Post closure costs	-	680,979	680,979
Grant stipulations	686,725	-	686,725
Other	5,278,800	-	5,278,800
Unrestricted	23,146,290	4,174,888	27,321,178
Total net assets	$ 150,536,802	$ 12,169,081	$ 162,705,883

Sarpy County, Nebraska

Statement of Activities

Year Ended June 30, 2012

		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	$ 20,786,550	$ 4,287,670	$ 1,099,017	$ -	$ (15,399,863)	$ -	$ (15,399,863)
Public health	406,988	514,003	243,678	-	350,693	-	350,693
Public safety	32,983,444	3,473,845	3,120,207	-	(26,389,392)	-	(26,389,392)
Public welfare and social services	1,176,047	28,234	279	-	(1,147,534)	-	(1,147,534)
Special roads	10,647,285	970,789	7,971,758	4,478	(1,700,260)	-	(1,700,260)
Debt service interest	501,814	-	-	-	(501,814)	-	(501,814)
Total governmental activities	66,502,128	9,274,541	12,434,939	4,478	(44,788,170)	-	(44,788,170)
Business-type activities							
Landfill	2,431,820	3,145,852	-	-	-	714,032	714,032
Stadium	1,887,183	1,271,967	15,000	-	-	(600,216)	(600,216)
Sewer	441,312	404,915	-	-	-	(36,397)	(36,397)
Total business-type activities	4,760,315	4,822,734	15,000	-	-	77,419	77,419
Total	$ 71,262,443	$ 14,097,275	$ 12,449,939	$ 4,478	(44,788,170)	77,419	(44,710,751)
General revenues							
Property taxes and assessments					42,436,910	-	42,436,910
Investment income					419,664	-	419,664
Miscellaneous					3,313,700	363,853	3,677,553
Transfers					(100,000)	100,000	-
Total general revenues and transfers					46,070,274	463,853	46,534,127
Change in net assets					1,282,104	541,272	1,823,376
Net assets - beginning of year (as previously reported)					147,846,696	11,632,581	159,479,277
Adjustments applicable to prior years					1,408,002	(4,772)	1,403,230
Net assets - beginning of year (as restated)					149,254,698	11,627,809	160,882,507
Net assets - end of year					$ 150,536,802	$ 12,169,081	$ 162,705,883

See Notes to Financial Statements

Sarpy County, Nebraska

Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Special Roads Fund	Other Governmental Funds	Total
Assets				
Cash and investments	$ 24,196,453	$ 4,376,156	$ 5,885,525	$ 34,458,134
Accounts receivable	134,441	-	85,635	220,076
Grants receivable	67,235	38,691	904,481	1,010,407
Taxes receivable	12,550,273	-	1,906,947	14,457,220
Due from other funds	520,500	-	-	520,500
Inventories	24,688	535,827	-	560,515
Total assets	$ 37,493,590	$ 4,950,674	$ 8,782,588	$ 51,226,852
Liabilities				
Accounts payable	$ 7,201,689	$ 1,156,334	$ 387,767	$ 8,745,790
Due to other funds	-	-	520,500	520,500
Wages and benefits payable	101,492	798	22,274	124,564
Deferred revenue	762,352	5,527	620,952	1,388,831
Compensated absences	225,558	18,879	28,679	273,116
Total liabilities	8,291,091	1,181,538	1,580,172	11,052,801
Fund balances				
Nonspendable	24,688	535,827	-	560,515
Restricted	187,607	3,233,309	7,414,148	10,835,064
Assigned	3,767,252	-	-	3,767,252
Unassigned	25,222,952	-	(211,732)	25,011,220
Total fund balances	29,202,499	3,769,136	7,202,416	40,174,051
Total liabilities and fund balances	$ 37,493,590	$ 4,950,674	$ 8,782,588	$ 51,226,852

Total fund balance - total governmental funds	$ 40,174,051
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.	1,388,831
Other accounts receivable are not available to pay for current period expenditures and, therefore, are not reported in the governmental funds.	328,196
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	135,381,727
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 $193,181, capital asset additions included in accounts payable of $875,165, interest payable of $19,053, and post employment benefit accruals of $511,842.	(26,736,003)
Net assets of governmental activities	$ 150,536,802

Sarpy County, Nebraska

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012

	General Fund	Special Roads	Other Governmental Funds	Total
Revenues				
Taxes	$ 28,623,335	$ -	$ 4,361,294	$ 32,984,629
Intergovernmental				
Federal	213,594	28,355	1,994,617	2,236,566
State	1,720,627	8,666,968	624,213	11,011,808
Local	17,842,400	349,398	3,391,870	21,583,668
Total revenues	48,399,956	9,044,721	10,371,994	67,816,671
Expenditures				
Current				
General government	15,461,583	-	3,416,840	18,878,423
Special roads	-	5,683,951	-	5,683,951
Public safety	25,199,521	-	5,657,418	30,856,939
Public health	519,972	-	36,022	555,994
Public welfare	1,009,055	-	160,651	1,169,706
Capital outlay	738,220	2,410,420	1,101,294	4,249,934
Debt service				
Debt service principal	239,712	1,452,487	2,294,169	3,986,368
Debt service interest	17,944	61,044	403,898	482,886
Total expenditures	43,186,007	9,607,902	13,070,292	65,864,201
Excess (Deficiency) of Revenues Over Expenditures	5,213,949	(563,181)	(2,698,298)	1,952,470
Other Financing Sources (Uses)				
Operating transfers in	-	2,710,432	2,344,010	5,054,442
Operating transfers out	(5,154,442)	-	-	(5,154,442)
Proceeds from issuance of debt	-	-	4,165,000	4,165,000
Transfer to bond refunding agent	-	-	(4,165,000)	(4,165,000)
Total other financing sources (uses)	(5,154,442)	2,710,432	2,344,010	(100,000)
Net Change in Fund Balances	59,507	2,147,251	(354,288)	1,852,470
Fund Balances - Beginning of Year	29,142,992	1,621,885	7,556,704	38,321,581
Fund Balances - End of Year	$ 29,202,499	$ 3,769,136	$ 7,202,416	$ 40,174,051

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, 2012

Net change in fund balances - total governmental funds	$	1,852,470
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.		67,552
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 depreciation expense exceeded capital outlays.		(3,880,752)
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.		(743,534)
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.		3,986,368
Change in net assets of governmental activities	$	1,282,104

Sarpy County, Nebraska
Balance Sheet
Proprietary Funds
June 30, 2012

	Landfill Fund	Stadium Fund	Sewer Fund	Total
Assets				
Current Assets				
Cash and investments	$ 3,222,992	$ -	$ 1,452,643	$ 4,675,635
Accounts receivable	407,837	61,922	-	469,759
Total current assets	3,630,829	61,922	1,452,643	5,145,394
Noncurrent Assets				
Restricted cash	7,182,127	776,833	-	7,958,960
Bond issue costs	-	484,805	-	484,805
Less accumulated amortization	-	(49,953)	-	(49,953)
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	2,816,983	-	-	2,816,983
Less accumulated depreciation	(3,106,482)	(716,281)	(1,449,182)	(5,271,945)
Total noncurrent assets	8,630,043	29,363,577	3,806,525	41,800,145
Total assets	$ 12,260,872	$ 29,425,499	$ 5,259,168	$ 46,945,539
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$ 139,604	$ -	$ 25,477	$ 165,081
Wages and benefits payable	5,805	-	-	5,805
Interest payable	-	52,234	-	52,234
Current maturities of long-term debt	-	335,000	-	335,000
Total current liabilities	145,409	387,234	25,477	558,120
Noncurrent Liabilities				
Compensated absences	158,712	-	-	158,712
Deferred revenue	-	1,012,500	-	1,012,500
Bonds payable	-	26,534,952	-	26,534,952
Accrued other post-employment benefits	11,026	-	-	11,026
Accrued landfill closure and post-closure costs	6,501,148	-	-	6,501,148
Total noncurrent liabilities	6,670,886	27,547,452	-	34,218,338
Total liabilities	6,816,295	27,934,686	25,477	34,776,458
Net Assets				
Invested in capital assets, net of related debt	1,447,916	2,058,773	3,806,525	7,313,214
Restricted for post closure costs	680,979	-	-	680,979
Unrestricted	3,315,682	(567,960)	1,427,166	4,174,888
Total net assets	5,444,577	1,490,813	5,233,691	12,169,081
Total Liabilities and Net Assets	$ 12,260,872	$ 29,425,499	$ 5,259,168	$ 46,945,539

Sarpy County, Nebraska

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

For the Year Ended June 30, 2012

	Landfill Fund	Stadium Fund	Sewer Fund	Total
Operating Revenues				
Charges for services and facilities	$ 3,145,852	$ 1,271,967	$ 404,915	$ 4,822,734
Operating grants and contributions	-	15,000	-	15,000
Total operating revenues	3,145,852	1,286,967	404,915	4,837,734
Operating Expenses				
Personal services	948,486	-	-	948,486
Operating expenses	707,368	622,660	441,312	1,771,340
Estimated closure and post-closure care costs	138,724	-	-	138,724
Supplies and materials	271,951	-	-	271,951
Equipment rental	1,269	-	-	1,269
Small equipment	364,022	-	-	364,022
Total operating expenses	2,431,820	622,660	441,312	3,495,792
Operating Income (Loss)	714,032	664,307	(36,397)	1,341,942
Non-Operating Revenues (Expenses)				
Federal interest rate subsidy	-	200,780	-	200,780
Miscellaneous	17,822	48,774	96,477	163,073
Interest expense	-	(1,264,523)	-	(1,264,523)
Total non-operating revenues (expenses)	17,822	(1,014,969)	96,477	(900,670)
Income (Loss) Before Transfers	731,854	(350,662)	60,080	441,272
Transfers In	-	100,000	-	100,000
Change in Net Assets	731,854	(250,662)	60,080	541,272
Net Assets - Beginning of Year (as previously reported)	4,712,723	1,741,475	5,178,383	11,632,581
Adjustments Applicable to Prior Years	-	-	(4,772)	(4,772)
Net Assets - Beginning of Year (as restated)	4,712,723	1,741,475	5,173,611	11,627,809
Net Assets - End of Year	$ 5,444,577	$ 1,490,813	$ 5,233,691	$ 12,169,081

Sarpy County, Nebraska
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Landfill Fund	Stadium Fund	Sewer Fund	Total
Cash Flows from Operating Activities				
Receipts from customers	$ 2,951,600	$ 1,194,140	$ 404,915	$ 4,550,655
Payments to suppliers	(1,228,975)	(38,898)	(310,722)	(1,578,595)
Payments to employees	(974,627)	-	-	(974,627)
Other receipts	-	15,000	7,220	22,220
Net cash provided by operating activities	747,998	1,170,242	101,413	2,019,653
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	-	100,000	-	100,000
Repayment of advances from General Fund	-	(595,000)	(40,000)	(635,000)
Other noncapital financing receipts	17,822	48,774	96,477	163,073
Net cash provided by (used in) noncapital financing activities	17,822	(446,226)	56,477	(371,927)
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(410,486)	(297,644)	-	(708,130)
Receipt of federal interest subsidy	-	200,780	-	200,780
Interest payments on capital debt	-	(1,256,151)	-	(1,256,151)
Net cash used in capital and related financing activities	(410,486)	(1,353,015)	-	(1,763,501)
Increase (Decrease) in Cash	355,334	(628,999)	157,890	(115,775)
Cash - Beginning of Year	10,049,785	1,405,832	1,294,753	12,750,370
Cash - End of Year	$ 10,405,119	$ 776,833	$ 1,452,643	$ 12,634,595
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	$ 714,032	$ 664,307	$ (36,397)	$ 1,341,942
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	82,668	583,762	105,114	771,544
Changes in operating assets and liabilities				
Receivables	(194,252)	2,173	7,220	(184,859)
Prepaid expenses	-	-	-	-
Accounts payable	32,967	-	25,476	58,443
Deferred revenue	-	(80,000)	-	(80,000)
Other liabilities	(26,141)	-	-	(26,141)
Landfill closure and post closure costs	138,724	-	-	138,724
Net cash provided by operating activities	$ 747,998	$ 1,170,242	$ 101,413	$ 2,019,653

Sarpy County, Nebraska

Statement of Net Assets

Fiduciary Fund

June 30, 2012

Assets	
Cash and investments	$ 61,668,723
Taxes receivable	92,856,850
Total assets	$ 154,525,573
Liabilities	
Due to employees	$ 114,363
Due to other governmental entities	154,411,210
Total liabilities	$ 154,525,573

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2012

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.

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.

(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.

Note 1: Summary of Significant Accounting Policies - Continued

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, 2012, 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.

Receivables

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

Note 1: Summary of Significant Accounting Policies - Continued

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 2012.

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. No interest costs were capitalized during 2012.

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.

Pursuant to legislation enacted in 2010, the FDIC fully insured all noninterest-bearing transaction accounts beginning December 31, 2010, through December 31, 2012, at all FDIC-insured institutions. This legislation expired on December 31, 2012. Beginning January 1, 2013, noninterest-bearing transaction accounts are subject to the $250,000 limit on FDIC insurance per covered institution. For interest-bearing cash accounts, the County's cash deposits, including nonnegotiable certificates of deposit, are insured up to $250,000 by the FDIC. At June 30, 2012, the County's cash accounts at one financial institution exceeded federally insured limits by approximately $1,520,000.

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. The County has one repurchase agreement for $1,000,000, which matures in July 2013. All other investment securities held at June 30, 2012 have a maturity of less than one year.

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. 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. At June 30, 2012, the County's investment in the NPAIT investment pool comprised approximately 46% of the County's total investments.

Summary of Carrying Values

The carrying values of deposits and investments at June 30, 2012, and reconciliation to amounts shown in the financial statements, are as follows:

Carrying Values	
Cash on hand	$ 656,650
Deposits	
Cash in bank (checking, money market)	52,666,923
Nonnegotiable certificates of deposit	12,346,219
Total deposits	65,013,142
Investments	
Money market mutual funds	846,009
NPAIT investment pool	19,751,006
U.S. Treasury Bills	17,459,564
Negotiable certificates of deposit	2,690,000
Repurchase agreements (with NPAIT)	2,345,080
Total investments	43,091,659
Total cash, deposits and investments	$ 108,761,451
Reconciliation to the Financial Statements	
Government Wide cash and investments	$ 39,133,768
Government Wide restricted cash	7,958,960
Fiduciary fund cash and investments	61,668,723
Total cash and investments	$ 108,761,451

Note 3: Interfund Balances and Transfers

"Due to" and "Due from" balances are recorded as a result of temporary loans from the general fund to cover cash shortages in the other governmental funds. Balances due to/from other funds at June 30, 2012, consisted entirely of $520,500 owed to the general fund by the other governmental funds.

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, 2012, consist of the following:

Transfer To	Transfer From General Fund
Special Roads Fund	$ 2,710,432
Other Governmental Funds	2,344,010
Stadium Fund	100,000
	$ 5,154,442

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance (as restated)	Additions	Disposals	Ending Balance
Governmental Activities				
Nondepreciable capital assets				
Land	$ 4,094,234	$ 88,670	$ -	$ 4,182,904
Total nondepreciable capital assets	4,094,234	88,670	-	4,182,904
Depreciable capital assets				
Intangible assets	101,021	5,617	-	106,638
Infrastructure	138,226,890	2,183,563	(472,977)	139,937,476
Buildings and improvements	42,405,575	262,823	(473,330)	42,195,068
Machinery and equipment	23,035,246	2,280,795	(4,310,790)	21,005,251
Total depreciable capital assets	203,768,732	4,732,798	(5,257,097)	203,244,433
Accumulated Depreciation				
Intangible assets	(27,703)	(48,470)	-	(76,173)
Infrastructure	(44,129,589)	(3,218,557)	94,965	(47,253,181)
Buildings and improvements	(9,621,031)	(837,290)	140,359	(10,317,962)
Machinery and equipment	(17,695,949)	(971,279)	4,268,934	(14,398,294)
Total accumulated depreciation	(71,474,272)	(5,075,596)	4,504,258	(72,045,610)
Capital assets being depreciated, net	132,294,460	(342,798)	(752,839)	131,198,823
Governmental activities capital assets, net	$ 136,388,694	$ (254,128)	$ (752,839)	$ 135,381,727
Business-type Activities				
Nondepreciable capital assets				
Land	$ 1,296,017	$ -	$ -	$ 1,296,017
Total nondepreciable capital assets	1,296,017	-	-	1,296,017
Depreciable capital assets				
Infrastructure	5,255,707	-	-	5,255,707
Buildings and improvements	29,309,571	-	-	29,309,571
Machinery and equipment	2,442,244	410,521	(35,782)	2,816,983
Total depreciable capital assets	37,007,522	410,521	(35,782)	37,382,261
Accumulated Depreciation				
Infrastructure	(1,344,068)	(105,114)	-	(1,449,182)
Buildings and improvements	(992,755)	(573,845)	-	(1,566,600)
Machinery and equipment	(2,218,722)	(73,188)	35,747	(2,256,163)
Total accumulated depreciation	(4,555,545)	(752,147)	35,747	(5,271,945)
Capital assets being depreciated, net	32,451,977	(341,626)	(35)	32,110,316
Business-type activities capital assets, net	$ 33,747,994	$ (341,626)	$ (35)	$ 33,406,333

Note 4: Capital Assets - Continued

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

General government	$ 420,650
Public health	1,487
Public safety	1,037,008
Roads	3,616,451
Total governmental activities depreciation expense	$ 5,075,596
Business-type Activities	
Landfill	$ 82,668
Stadium	564,365
Sewer	105,114
Total business-type activities depreciation expense	$ 752,147

Note 5: Leases

Operating Lease – Stadium

The County leases the stadium property to the Omaha Storm Chasers. 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 lease agreement provided for the County to receive two equal capital contributions of $1,000,000 each from the Omaha Storm Chasers. The first contribution was received during the 2011 fiscal year upon completion of the stadium and the second contribution will be received after the end of the second lease year, during the fiscal year 2013.

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

Year Ending June 30,	Amount
2013	$ 450,000
2014	450,000
2015	450,000
2016	450,000
2017	450,000
Thereafter	8,325,000
	$ 10,575,000

Note 6: Long-term Liabilities

The following is a summary of long-term liability transactions for the year ended June 30, 2012:

	Beginning Balance	Increases	Decreases	Ending Balances	Due Within One Year
Governmental Activities					
General obligation bonds	$ 19,385,000	$ 4,165,000	$ (7,195,000)	$ 16,355,000	$ 3,275,000
Deferred loss from refunding	-	(156,988)	26,165	(130,823)	-
Total general obligation bonds	19,385,000	4,008,012	(7,168,835)	16,224,177	3,275,000
Notes payable	883,463	2,022,661	(870,043)	2,036,081	986,755
Compensated absences	6,874,807	910,328	(249,153)	7,535,982	273,116
Other post-employment benefits	347,417	164,425	-	511,842	124,537
Governmental activities long-term liabilities	$ 27,490,687	$ 7,105,426	$ (8,288,031)	$ 26,308,082	$ 4,659,408
Business-type Activities					
Revenue bonds	$ 27,055,000	$ -	$ -	$ 27,055,000	$ 335,000
Bond issue discount	(193,525)	-	8,477	(185,048)	-
Total revenue bonds	26,861,475	-	8,477	26,869,952	335,000
Compensated absences	160,966	-	(2,254)	158,712	-
Other post-employment benefits	9,249	1,767	-	11,016	-
Landfill closure and post closure costs	6,362,424	138,724	-	6,501,148	-
Governmental activities long-term liabilities	$ 33,394,114	$ 140,491	$ 6,223	$ 33,540,828	$ 335,000

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Original Issue Amount	Date Callable	Outstanding at June 30, 2012
Governmental Activities					
Bonds Payable					
Limited tax refunding bonds	December 2016	0.25% - 1.60%	$ 4,165,000	N/A	$ 3,915,000
Remodel bond	June 2018	2.05% - 3.70%	5,700,000	2013	3,615,000
Highway allocation bond	December 2013	1.00% - 1.90%	6,075,000	2011	2,475,000
Sheriff remodel bond	December 2019	3.35% - 3.80%	7,790,000	2014	6,350,000
					$ 16,355,000
Notes payable					
ENHSA house 3	December 2018	4.65%	$ 153,061	N/A	$ 79,356
ENHSA house 4	June 2019	5.00%	190,000	N/A	106,306
ENHSA house 5	June 2023	4.70%	178,575	N/A	142,535
Equipment notes	Monthly through October 2014	1.75% - 2.10%	2,844,094	Various	1,707,884
					$ 2,036,081
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 2035	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 and business-type activities are shown below:

Governmental Activities – Bonds

Year Ending June 30,	Principal	Interest	Total
2013	$ 3,275,000	$ 354,468	$ 3,629,468
2014	3,345,000	297,356	3,642,356
2015	2,135,000	243,624	2,378,624
2016	2,180,000	197,385	2,377,385
2017	2,230,000	144,470	2,374,470
2018-2020	3,190,000	149,957	3,339,957
	$ 16,355,000	$ 1,387,260	$ 17,742,260

Governmental Activities – Notes Payable

Year Ending June 30,	Principal	Interest	Total
2013	$ 986,755	$ 40,484	$ 1,027,239
2014	651,281	21,236	672,517
2015	176,506	11,898	188,404
2016	39,080	9,857	48,937
2017	40,999	7,937	48,936
2018-2023	141,460	15,746	157,206
	$ 2,036,081	$ 107,158	$ 2,143,239

Business-Type Activities – Bonds

Year Ending June 30,	Principal	Interest	Total
2013	$ 335,000	$ 1,253,623	$ 1,588,623
2014	1,340,000	1,234,216	2,574,216
2015	445,000	1,211,814	1,656,814
2016	595,000	1,199,168	1,794,168
2017	645,000	1,183,228	1,828,228
2018-2022	3,785,000	5,573,538	9,358,538
2023-2027	5,235,000	4,673,104	9,908,104
2028-2032	7,380,000	2,949,689	10,329,689
2033-2036	7,295,000	789,644	8,084,644
	$ 27,055,000	$ 20,068,024	$ 47,123,024

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 $47,123,024, 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 and other sources were $1,256,133 and $1,271,967, respectively.

Bond Refunding

In July 2011, the County issued $4,165,000 in Limited Tax Refunding Bonds, Series 2011, to advance refund $4,470,000 of the County's Limited Tax Building Bonds, Series 2007. The net proceeds of the Series 2011 issuance, together with approximately $460,000 of existing bond reserve funds, were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the Series 2007 bonds are considered defeased and the liability for those bonds has been removed from the financial statements. The County completed the advance refunding to reduce its total debt service payments over the next 4 years by approximately $220,000 for an economic gain (difference between the present values of the old debt and new debt service payments) of approximately $212,000.

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, 2012, the County's payroll for covered employees was $34,252,797 and the total payroll for the County was $34,574,605. The County contributed $2,514,830 to the employees account and paid $1,248 for prior service benefits. The employees contributed $1,742,921 to the plan for the year ended June 30, 2012.

Note 7: Employees' Retirement System - Continued

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. Employees contributed $531,602 to the plan for the year ended June 30, 2012.

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.

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.

Note 7: Employees' Retirement System - Continued

Other Postemployment Benefits - Continued

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

	Governmental	Proprietary
Annual required contribution	$ 271,507	$ 1,911
Interest on net OPEB obligation	14,167	100
Adjustments to annual required contribtuion	(19,590)	(244)
Annual OPEB cost (expense)	266,084	1,767
Contributions made	(101,659)	-
Increase in net OPEB obligation	164,425	1,767
Net OPEB obligation - beginning of year	347,417	9,259
Net OPEB obligation - end of year	$ 511,842	$ 11,026

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	267,852	38.0%	522,868
June 30, 2011	198,641	31.1%	356,676
June 30, 2010	190,491	36.8%	219,880

Funded Status and Funding Progress - As of June 30, 2012, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $2,453,569, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $2,453,569.

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.

Note 7: Employees' Retirement System - Continued

Other Postemployment Benefits - Continued

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 Projected Unit Credit Actuarial Cost Method. In the most current valuation, July 1, 2012, the actuarial assumptions used for the calculation of costs and liabilities are as follows:

Discount rate	4.0% per annum, compounded annually
Annual medical trend rate	8.5% initially, reduced in increments
Participation rate	70% 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, 2012.

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 performed in 2012, closure costs will be $3,994,809 and an additional $2,877,440 will be required for post-closure care. The estimated total of the landfill closure and post-closure care of $6,872,249 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 95% used (filled). The County expects to close the landfill in 2014. The County has accrued 95% of the total landfill closure and post-closure care of $6,501,148 as of June 30, 2012.

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, 2012, investments of $7,182,127 are held for these purposes. These are reported as restricted assets on the proprietary fund statement of net assets.

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.

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 79 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 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

Note 10: Public Entity Risk Pool - Continued

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 provided 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 11: Governmental Fund Balances

Governmental fund balances are classified as follows at June 30, 2012:

	General Fund	Special Roads Fund	Other Governmental Funds	Total
Nonspendable:				
Inventory	$ 24,688	$ 535,827	$ -	$ 560,515
Restricted for:				
Debt service	187,607	1,519,876	3,162,056	4,869,539
Emergency communications	-	-	492,335	492,335
Social services	-	-	44,072	44,072
Tourism	-	-	1,171,363	1,171,363
Public health and welfare	-	-	301,731	301,731
Grant stipulations	-	-	686,725	686,725
Community betterment	-	-	51,429	51,429
Capital projects	-	1,713,433	829,867	2,543,300
Information systems	-	-	674,570	674,570
	187,607	3,233,309	7,414,148	10,835,064

Note 11: Governmental Fund Balances - Continued

	General Fund	Special Roads Fund	Other Governmental Funds	Total
Assigned to:				
Wireless communications	$ 42,569	$ -	$ -	$ 42,569
Public health and welfare	56	-	-	56
Public safety	77,315	-	-	77,315
Future contingencies	3,642,501	-	-	3,642,501
Fleet services	2,102	-	-	2,102
Other purposes	2,709	-	-	2,709
	3,767,252	-	-	3,767,252
Unassigned:	25,222,952	-	(211,732)	25,011,220
Total fund balances	$ 29,202,499	$ 3,769,136	$ 7,202,416	$ 40,174,051

Note 12: Adjustments Applicable to Prior Years

During 2012, the County retroactively restated the 2011 ending net assets to correct computational errors involving capital assets and the related accumulated depreciation. This correction increased the governmental activities beginning net assets in the government-wide statements by $1,408,002 and decreased the business-type activities beginning net assets by $4,772.

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, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Tax	$ 29,156,496	$ 29,156,496	$ 28,481,277	$ (675,219)
Federal	167,233	167,233	228,612	61,379
State	946,000	946,000	1,720,627	774,627
Local	15,289,581	15,289,581	17,803,109	2,513,528
Total revenues	45,559,310	45,559,310	48,233,625	2,674,315
Expenditures				
General government				
County Board	155,680	155,680	152,387	3,293
County Clerk	662,272	670,670	659,462	11,208
County Treasurer	1,437,031	1,462,258	1,451,034	11,224
Register of Deeds	525,090	531,537	507,841	23,696
County Assessor	1,256,559	1,280,044	1,278,553	1,491
Election Commissioner	504,493	508,032	487,444	20,588
Planning and Zoning	262,313	266,624	239,454	27,170
Administration	311,049	314,017	308,818	5,199
Personnel	300,546	302,745	288,252	14,493
Records Management	234,683	237,887	213,160	24,727
Fiscal Administration	232,458	235,666	235,583	83
Board of Equalization	21,117	21,117	15,689	5,428
Facilities Management	1,008,320	1,037,007	1,034,999	2,008
Public Property Utilities	721,000	721,000	591,085	129,915
Jail Maintenance	225,244	225,294	224,509	785
Juvenile Justice Center Maintenance	78,958	72,276	71,279	997
Sheriff Admin Maintenance	102,256	97,530	96,227	1,303
Extension Agent	132,844	133,605	133,561	44
Other Intergovernmental	807,300	807,300	674,797	132,503
Miscellaneous General	7,855,006	7,461,663	5,325,568	2,136,095
Capital Projects	344,000	344,000	235,719	108,281
Wireless Communications	92,500	92,500	42,781	49,719
Inheritance Tax	4,654,500	4,654,500	23,228	4,631,272
Purchasing	145,304	147,534	142,219	5,315
Fleet	1,208,807	1,218,772	1,205,229	13,543
Public Safety				
Sheriff	2,091,589	2,127,589	2,124,197	3,392
County Attorney	2,959,205	3,096,436	3,093,959	2,477
Investigations	1,499,989	1,511,989	1,506,774	5,215
Road Patrol	4,852,852	5,062,852	5,062,347	505
Sheriff Merit Commission	1,758	6,758	6,680	78
Vehicle Inspection	117,383	120,383	119,321	1,062

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, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures - Continued				
Public Safety - Continued				
Tow Lot	$ 283,891	$ 256,891	$ 253,623	$ 3,268
Juvenile Intake	348,671	354,015	342,788	11,227
Victim Witness	198,307	204,061	197,355	6,706
Adult Pre-trial	195,435	225,189	223,306	1,883
Juvenile Justice Center	2,618,762	2,503,762	2,499,324	4,438
County Jail	5,081,483	4,986,483	4,982,729	3,754
Court Services	1,371,580	1,375,580	1,372,584	2,996
Warrants Extradition	529,086	537,086	534,943	2,143
Adult Probation	86,300	86,300	86,055	245
Community Services	153,470	156,348	154,140	2,208
Emergency Management	199,727	203,231	202,005	1,226
Clerk of the District Court	628,670	644,052	643,844	208
County Court	127,221	127,221	113,894	13,327
Juvenile Probation	18,666	18,666	17,205	1,461
Juvenile Court	515,011	518,483	477,766	40,717
District Judge	529,258	564,533	560,625	3,908
Public Defender	1,241,700	1,245,911	1,238,776	7,135
Alcohol Diversion	464,108	471,156	470,081	1,075
Federal Grant - Drug Court	2,000	2,000	328	1,672
STOP Program	85,000	85,000	15,603	69,397
Jury Commissioner	118,437	119,376	118,837	539
CASA	114,898	116,964	116,665	299
Public Health				
Animal Control	430,577	430,577	424,332	6,245
Mental Health	109,032	109,032	35,642	73,390
Landfill Bond Surplus	1,731,000	1,731,000	-	1,731,000
Noxious Weed	58,987	61,647	61,449	198
Public Welfare and Social Services				
Veterans Services	228,825	232,994	232,817	177
Human Services	838,900	840,188	787,231	52,957
Total expenditures	53,111,108	53,133,011	43,716,103	9,416,908
Other Financing Sources (Uses)				
Operating transfer in	2,146,972	2,168,875	3,167,172	998,297
Operating transfer out	(6,062,786)	(6,062,786)	(7,892,614)	(1,829,828)
Total Transfers	(3,915,814)	(3,893,911)	(4,725,442)	(831,531)
Excess (Deficiency) of Revenues Over Expenditures	$(11,467,612)	$(11,467,612)	$ (207,920)	$ 11,259,692

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, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Tax	$ 4,425,965	$ 4,425,965	$ 4,612,687	$ 186,722
Federal	1,944,767	2,064,767	1,814,212	(250,555)
State	693,817	693,817	624,214	(69,603)
Local	2,992,391	3,017,575	4,152,462	1,134,887
Total revenues	10,056,940	10,202,124	11,203,575	1,001,451
Expenditures				
E911 Communications	3,725,582	3,752,257	3,468,882	283,375
E911 Rebanding	127,854	127,854	69,554	58,300
District Court - Child Support	158,140	158,140	157,502	638
County Attorney - Child Support	985,819	998,246	995,147	3,099
Child Support Incentive	169,140	169,140	129,423	39,717
Tourism	784,398	787,057	434,316	352,741
Visitor's Improvement	1,011,808	1,011,808	450,000	561,808
Employment Security Act	50,000	50,000	20,423	29,577
County Medical	239,500	239,500	127,022	112,478
Institutions	40,000	40,000	32,294	7,706
County Drug Enforcement	20,000	20,000	-	20,000
Federal Grant - JAIBG	22,111	22,111	19,752	2,359
Federal Grant - Title 1D	47,847	65,847	55,465	10,382
Federal Grant - Juvenile Pretrial	-	320	-	320
State Education Reimbursement	316,600	486,600	342,063	144,537
FG-ARRA Title 1D	24,574	24,574	114	24,460
Federal Forfeiture	177,500	177,500	26,593	150,907
SCAAP	70,000	70,000	50,162	19,838
Federal Grant - Victim Witness	124,649	124,649	124,149	500
CDBG - Oakdale Park	32,000	32,000	31,186	814
FG-Energy Efficiency	152,391	152,391	127,390	25,001
Federal Grant - Perkins Corrections	80,000	80,000	40,000	40,000
CCP Community Service	12,638	12,638	4,512	8,126
FG-JAG Recruitment	31,646	31,646	31,645	1
Federal Grant - Drug Enforcement	65,884	65,884	51,495	14,389
Juvenile Services LB640	113,089	113,089	113,089	-
County Aid Enhancement	12,280	12,280	5,020	7,260
FG-JAG Equipment	12,080	12,080	10,984	1,096
FG-Traffic Enforcement	177,196	187,196	161,832	25,364

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, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures - Continued				
Federal Grant - Brownfield	$ 35,264	$ 46,264	$ 25,919	$ 20,345
Federal Grant - GIS Transportation	111,161	114,161	107,000	7,161
Federal Grant - Adult Drug Court	37,700	37,700	9,569	28,131
Federal Grant - Buffer Zone	98,341	98,341	54,927	43,414
Federal Grant - Drug Eradication	15,760	15,760	9,854	5,906
Federal Grant - Juv Day/Evening	2,514	2,514	2,514	-
Federal Grant - Accident Reconstruct	1,071	1,071	1,070	1
State Grant - Stormwater	272,807	272,807	5,378	267,429
Keno	244,431	244,431	187,451	56,980
Courthouse Administration	1,607,475	1,607,475	1,509,038	98,437
Courthouse Remodel	736,133	736,133	676,876	59,257
Sheriff Admin Bond	1,650,789	1,650,789	812,921	837,868
Sinking Fund	1,468,024	1,468,024	801,868	666,156
Phase II Stormwater Fees	50,000	50,000	-	50,000
Connection Fee Fund	158,000	158,000	4,725	153,275
Information Systems	2,019,744	2,039,877	1,694,907	344,970
GIS	379,807	384,458	373,726	10,732
Early Retiree Reins	-	120,000	-	120,000
E911 Wireless Service	289,901	289,901	56,912	232,989
E911 Wireless Sinking	227,681	227,681	68,926	158,755
Federal Grant - Truancy	50,970	50,970	40,045	10,925
Learning Comm - Truancy	-	25,184	-	25,184
Total expenditures	18,242,299	18,666,348	13,523,640	5,142,708
Other Financing Sources (Uses)				
Operating transfer in	2,875,150	3,154,015	3,396,190	242,175
Operating transfer out	-	-	(846,180)	(846,180)
Total trasnfers	2,875,150	3,154,015	2,550,010	(604,005)
Excess (Deficiency) of Revenues Over Expenditures	$ (5,310,209)	$ (5,310,209)	$ 229,945	$ 5,540,154

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, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
State	$ 5,970,647	$ 5,970,647	$ 8,666,968	$ 2,696,321
Local	524,558	524,558	349,398	(175,160)
Total revenues	6,495,205	6,495,205	9,016,366	2,521,161
Expenditures				
Personal services	3,140,034	3,184,425	3,199,983	(15,558)
Operating expenses	769,106	769,106	752,250	16,856
Supplies and materials	1,595,300	1,595,300	1,763,875	(168,575)
Equipment and office rental	33,500	33,500	33,555	(55)
Capital outlays	3,871,610	3,871,610	1,846,733	2,024,877
Principal and interest	1,263,038	1,263,038	1,264,114	(1,076)
Total expenditures	10,672,588	10,716,979	8,860,510	1,856,469
Operating transfer in	2,710,432	2,754,823	2,710,432	(44,391)
Excess (Deficiency) of Revenues Over Expenditures	$ (1,466,951)	$ (1,466,951)	$ 2,866,288	$ 4,333,239

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, 2012

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, 2012

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
7/1/2012	-	2,453,569	2,453,569	0.00%	$ 31,001,141	7.9%

Other Supplementary Information

Sarpy County, Nebraska

Tax Certification, Correction and Collections

As of June 30, 2012

	2009	2010	2011
Tax Certified by the Assessor			
Real estate	$ 220,153,177	$ 223,763,709	$ 229,114,944
Personal	6,543,243	6,418,201	5,689,567
Centrally assessed	1,306,095	1,210,009	1,088,752
Total certified tax	$ 228,002,515	$ 231,391,919	$ 235,893,263
Net Tax Collected by the County Treasurer as of June 30, 2012			
Real estate	$ 220,061,421	$ 223,459,975	$ 124,789,534
Personal	6,395,665	6,349,004	3,832,127
Centrally assessed	1,306,095	1,207,451	669,043
Total collected tax	$ 227,763,181	$ 231,016,430	$ 129,290,704
Total Uncollected Tax as of June 30, 2012			
Real estate	$ 91,756	$ 303,734	$ 104,325,410
Personal	147,578	69,197	1,857,440
Centrally assessed	-	2,558	419,709
Total uncollected	$ 239,334	$ 375,489	$ 106,602,559
Percentage Uncollected Tax	0.10%	0.16%	45.19%

Sarpy County, Nebraska

Schedule of Statement of Accountability

County Clerk

For the Year Ended June 30, 2012

Balance on hand, beginning of year		
Cash on hand	$	600
Cash in bank		5,382
		5,982
Collections		
Recording and miscellaneous fees		3,332
Marriage licenses		16,667
Prepaid certified marriage licenses		5,975
Miscellaneous		308
Other licenses		11,875
		38,157
Credits		
Paid to County Treasurer		
Recording and miscellaneous fees		3,323
Marriage licenses		17,265
Prepaid certified marriage licenses		8,215
Miscellaneous		160
Other licenses		11,880
		40,843
Paid to State of Nebraska		
Title fees		-
Balance on hand, end of year	$	3,296
Summary of balance, end of year		
Cash on hand	$	600
Cash in bank		2,696
	$	3,296

Sarpy County, Nebraska

Schedule of Statement of Accountability

Register of Deeds

For the Year Ended June 30, 2012

Balance on hand, beginning of year	
Cash on hand	$ 150
Cash in bank	182,365
Accounts receivable	5,351
	187,866
Collections	
Recording fees	881,210
Copies fees	8,731
Non-credit refunds	203
Federal tax liens	1,134
State tax liens	516
Documentary stamp tax	1,475,006
Interest	321
SID penalties	360
	2,367,481
Credits	
Paid to County Treasurer	
Recording fees	848,665
Copies fees	8,837
Non-credit refunds	196
Federal tax liens	1,257
State tax liens	543
Documentary stamp tax	320,886
Interest	354
SID penalties	360
	1,181,098
Paid to State of Nebraska	
Documentary stamp tax	1,123,243
Balance on hand, end of year	$ 251,006
Summary of balance, end of year	
Cash on hand	$ 150
Cash in bank	246,007
Accounts receivable	4,849
	$ 251,006

Sarpy County, Nebraska

Schedule of Statement of Accountability

Clerk of the District Court

For the Year Ended June 30, 2012

Balance on hand, beginning of year	
Cash on hand	$ 650
Cash in bank	692,437
	693,087
Collections	
Dissolution fees	71,575
State fees	182,498
Regular fees	279,132
Retirement fees	26,258
Law enforcement fees	1,294
Trust	14,235,292
Drug court	
County fees	17,709
State Fees	10,107
Miscellaneous Receipts	31,038
	14,854,903
Credits	
Dissolution fees	73,100
State fees	201,680
Regular fees	279,132
Retirement fees	28,401
Law enforcement fees	1,551
Trust	8,993,282
Drug court	
County fees	17,471
State Fees	9,940
	9,604,557
Balance on hand, end of year	$ 5,943,433
Summary of balance, end of year	
Cash on hand	$ 650
Cash in bank	5,942,783
	$ 5,943,433

Sarpy County, Nebraska

Schedule of Statement of Accountability

County Sheriff

For the Year Ended June 30, 2012

Balance on hand, beginning of year	
Cash on hand	$ 341
Cash in bank	149,565
	149,906
Collections	
Civil process	213,698
Inmate	1,887,206
Distress warrants	162,275
Miscellaneous and administrative	299,543
VIN	106,970
CID	22,034
DARE	2,046
Tow lot	375,945
	3,069,717
Credits	
Paid to County Treasurer	
Civil process	202,398
Inmate	1,886,703
Distress warrants	162,275
Miscellaneous and administrative	299,543
VIN	106,970
CID	26,980
DARE	7,197
Tow lot	381,981
	3,074,047
Balance on hand, end of year	$ 145,576
Summary of balance, end of year	
Cash on hand	$ 246
Cash in bank	145,330
	$ 145,576

Sarpy County, Nebraska

Schedule of Statement of Accountability

County Attorney

For the Year Ended June 30, 2012

Balance on hand, beginning of year	
Cash in bank	$ 15,959
Collections	
Restitution	87,290
Collection on bad checks	59,762
Collection fees	2,070
Law enforcement fund	1,250
Miscellaneous	14,464
	164,836
Credits	
Restitution payment	86,073
Payments on bad checks collected	61,938
Collection fees remitted to the County Treasurer	1,770
Subpoena and miscellaneous expenditures paid	1,455
Miscellaneous	148
	151,384
Summary of balance, end of year	
Cash in bank	$ 29,411

Sarpy County, Nebraska

Schedule of Statement of Accountability

County Surveyor

For the Year Ended June 30, 2012

Balance on hand, beginning of year		
Cash on hand	$	50
Collections		198
Credits		198
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, 2012

Balance on hand, beginning of year	$ -
Collections	
Certification of registration	15
Election cost recoveries	14,030
Registration lists and fees	6,351
	20,396
Credits	
Paid to County Treasurer	20,396
Balance on hand, end of year	$ -

Sarpy County, Nebraska

Schedule of Statement of Accountability

County Building Inspector

For the Year Ended June 30, 2012

Balance on hand, beginning of year	
Cash in bank	$ 895
Contractor deposits	105,003
	105,898
Collections	
Permit fees	413,676
Sewer fees	404,915
Watershed fees	218,362
Tiburon water fees	8,000
Other grading deposits	11,500
Wireless tower fees	17,000
	1,073,453
Credits	
Paid to County Treasurer	
Permit fees	413,454
Sewer fees	404,915
Watershed fees	218,362
Tiburon water fees	8,000
Other grading deposits	11,500
Wireless tower fees	17,000
	1,073,231
Balance on hand, end of year	$ 106,120
Summary of balance, end of year	
Cash in bank	$ 897
Contractor deposits	105,223
	$ 106,120

Sarpy County, Nebraska

Schedule of Statement of Accountability

County Landfill

For the Year Ended June 30, 2012

Balance on hand, beginning of year	
Cash on hand	$ 530
Accounts receivable	213,581
	214,111
Collections	3,159,388
Credits	
Paid to County Treasurer	2,906,933
Delinquent customer accounts	58,249
	2,965,182
Balance on hand, end of year	$ 408,317
Summary of balance, end of year	
Cash on hand	$ 530
Accounts receivable	407,787
	$ 408,317

Sarpy County, Nebraska

Schedule of Statement of Accountability
County Alcohol Diversion
For the Year Ended June 30, 2012

Balance on hand, beginning of year	
Cash on hand	$ 3,695
Collections	
Alcohol diversion	223,860
Adult education	43,376
Adult shoplifters	18,344
Adult community service	1,850
Victim impact panel	4,595
Juvenile intake	59,347
Juvenile community service	2,110
Teen court	4,850
Restitution	1,445
Miscellaneous	47
	359,824
Credits	
Alcohol diversion	226,224
Adult education	43,246
Adult shoplifters	18,372
Adult community service	1,850
Victim impact panel	4,585
Juvenile intake	59,117
Juvenile community service	2,130
Teen court	4,850
Restitution	1,445
Miscellaneous	47
	361,866
Balance on hand, end of year	
Cash on hand	$ 1,653

Sarpy County, Nebraska

Schedule of Statement of Accountability

County Pretrial Diversion

For the Year Ended June 30, 2012

Balance on hand, beginning of year	$ -
Collections	
Drug testing	155
Electronic monitoring	3,366
Supervision	5,080
	8,601
Credits	
Paid to County Treasurer	8,601
Balance on hand, end of year	$ -

Sarpy County, Nebraska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Cluster / Program	Federal Agency/ Pass-Through Entity	CFDA Number	Amount Expended
JAG Program Cluster			
Edward Byrne Memorial Justice Assistance Grant Program - ARRA	U.S. Department of Justice	16.804	$ 31,645
Edward Byrne Memorial Justice Assistance Grant Program	U.S. Deparment of Justice / City of Omaha	16.738	51,495
Edward Byrne Memorial Justice Assistance Grant Program	U.S. Department of Justice	16.738	10,984
			94,124
Highway Planning and Construction Cluster			
Highway Planning and Construction	U.S. Department of Transportation / Nebraska Office of Highway Safety	20.205	14,055
			14,055
Highway Safety Cluster			
State and Community Highway Safety	U.S. Department of Transportation / Nebraska Office of Highway Safety	20.600	161,832
Alcohol Impaired Driving Countermeasures Incentive Grant	U.S. Department of Transportation / Nebraska Office of Highway Safety	20.601	25,441
Occupant Protection Incentive Grants	U.S. Department of Transportation / Nebraska Office of Highway Safety	20.602	4,000
			191,273
Homeland Security Cluster			
Homeland Security Grant Program	U.S. Department of Homeland Security / Nebraska Emergency Management Association	97.067	4,512
Homeland Security Grant Program	U.S. Department of Homeland Security / State of Nebraska / City of Omaha	97.067	16,610
			21,122
Title I, Part A Cluster			
Title 1 Grants to Local Educational Agencies	U.S. Department of Education / Papillion/ La Vista School District	84.010	55,466
			55,466

Sarpy County, Nebraska

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2012

Cluster / Program	Federal Agency/ Pass-Through Entity	CFDA Number	Amount Expended
Juvenile Accountability Block Grants	U.S. Department of Justice / Nebraska Crime Commission	16.523	$ 17,346
Juvenile Justice & Delinquency Prevention - Allocation to States	U.S. Department of Justice / Nebraska Crime Commission	16.540	40,045
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	29,399
State Criminal Alien Assistance Program	U.S. Department of Justice	16.606	50,162
State Criminal Alien Assistance Program	U.S. Department of Homeland Security	16.606	514
Bulletproof Vest Partnership Program	U.S. Department of Justice	16.607	394
Equitable Sharing Program	U.S. Department of Justice	16.922	26,893
Drug Eradication	U.S. Department of Justice	16.xxx	9,855
FBI Overtime Reimbursement - Cyber Crimes Task Force	U.S. Department of Justice	16.xxx	4,558
Prisoner Housing - Military Prisoner	U.S. Department of Justice	16.xxx	216
Prisoner Housing - U.S. Marshall	U.S. Department of Justice	16.xxx	1,296
Metropolitan Transportation Planning	U.S. Department of Transportation / Metropolitan Area Planning Agency	20.505	107,000
Brownfields Assessment and Cleanup Cooperative Agreements	U.S. Environmental Protection Agency	66.818	25,919
Energy Efficiency and Conservation Block Grants - ARRA	U.S. Department of Energy	81.128	127,390
Career and Technical Education - Basic Grants to States	U.S. Department. of Education / Nebraska Department of Education	84.048	40,000
Child Support Enforcement	U.S. Department of Health and Human Services / Nebraska Department of Health and Human Services	93.563	1,066,604
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	U.S. Department of Homeland Security / Nebraska Emergency Management Agency	97.036	44,149
Emergency Management Performance Grants	U.S. Department of Homeland Security / Nebraska Emergency Management Agency	97.042	114,791
Buffer Zone Protection Program	U.S. Department of Homeland Security / Nebraska Emergency Management Agency	97.078	54,927
			$ 2,261,647

Sarpy County, Nebraska

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

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	$ 5,905
State and Community Highway Safety	20.600	City of Bellevue	49,812
			$ 55,717

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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, the business-type activities, each major fund and the aggregate remaining fund information of Sarpy County, Nebraska (the "County") as of and for the year ended June 30, 2012, which collectively comprise its basic financial statements and have issued our report thereon dated February 8, 2013 which contained an explanatory paragraph regarding corrections of computational errors involving capital assets and related accumulated depreciation. 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

Management of the County is responsible for establishing and maintaining effective 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.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 12-01, that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 8, 2013.

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 8, 2013

BKD LLP
CPAs & Advisors

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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, 2012. 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, 2012.

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 our 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 8, 2013

Sarpy County, Nebraska

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

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
Child Support Enforcement	93.563
Energy Efficiency and Conservation Block Grants - ARRA	81.128

Sarpy County, Nebraska

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2012

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, 2012

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
12-01	**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 current year 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 – A prior period adjustment was identified and proposed by management and significant current year adjustments were identified and proposed in connection with the financial statement audit.

Cause – Capital asset records were being maintained in spreadsheet form and several audit adjustments were identified by the auditor.

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 begun the process of converting all capital asset records to asset tracking software. Management has also reviewed the proposed adjustments and will ensure that the recommended procedures are incorporated in future fiscal year financial statements.

Sarpy County, Nebraska

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2012

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
	No matters are reportable	

Sarpy County, Nebraska

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2012

Reference Number	Summary of Finding	Status
	No matters are reportable	