

**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 2012), 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 2012), 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 SARPY COUNTY BOARD OF COMMISSIONERS, that the attached financial audit report of Sarpy County is hereby accepted and the Sarpy County Clerk is hereby directed to file such report.

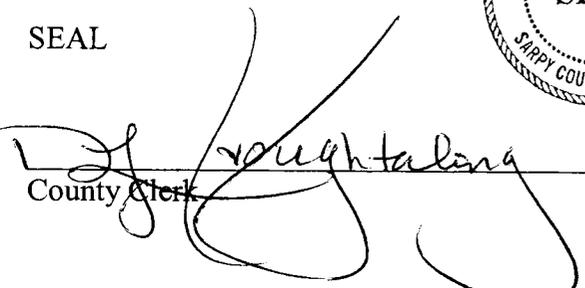
The above Resolution was approved by a vote of the Sarpy County Board of Commissioners at a public meeting duly held in accordance with applicable law on the 25<sup>th</sup> day of February, 2014.

  
 Sarpy County Board Chairman

Attest:

SEAL



  
 County Clerk

# *Sarpy County Board of Commissioners*

1210 GOLDEN GATE DRIVE  
PAPILLION, NE  
593-4155  
[www.sarpy.com](http://www.sarpy.com)

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



<p><u>COMMISSIONERS</u> Don Kelly District 1 Jim Thompson District 2 Tom Richards District 3 Brenda Carlisle District 4 Jim Warren District 5</p>
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## **Memo**

To: Sarpy County Board

From: Brian Hanson

Re: Acceptance of Financial Audit Report

At the February 25, 2014 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 "unmodified opinion" stating, "In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sarpy County, Nebraska as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America." This opinion should be taken in context with the full report.
2. Management's Discussion and Analysis (MD&A) on pages 4-15 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 73-75 indicate the following:
  - The report on internal control over financial reporting disclosed no significant deficiencies or material weaknesses.
  - The audit did not disclose non-compliance considered to be material to the financial statements.
  - The report on internal control over 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) indicated a deficiency related to audit adjustments (see page 4).
5. Chris Lindner from BKD will be in attendance to answer questions.

February 12, 2014

  
\_\_\_\_\_  
Brian E. Hanson

BEH/mg

cc: Mark Wayne  
Deb Houghtaling  
Scott Bovick

Members of the County Board and Management  
Sarpy County, 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, 2013, 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 position/fund balance classifications*

### Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- *Government fund balances*
- *Subsequent events*

## **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. One adjustment proposed was not recorded because the effect is not currently material; however, it involves an area in which adjustments in the future could be material, individually, or in the aggregate.

Areas in which adjustments were proposed and recorded include:

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

The proposed adjustment not recorded consisted of:

- A prior period adjustment was identified and proposed by management, related to compensated absences for employees at one of the County's offices. This prior period adjustment, which is shown on the attached schedule, affected beginning net position and expense. Management determined this adjustment to be immaterial to the County's financial statements as a whole.

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

During the course of the audit, we made the following observations regarding the County's application of accounting principles:

The County implemented the following accounting standards:

- GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*
- GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*

### **Disagreements with Management**

No matters are reportable

### **Difficulties Encountered in Performing the Audit**

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, 2013, 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 opinions 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.

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

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

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

We observed the following matter that we consider to be a deficiency.

### **Deficiency**

#### *Audit Adjustments*

Audit adjustments were proposed and recorded for certain financial statement areas, as noted above. A prior period adjustment was also identified and proposed by management. We recommend management closely review year-end financial statement balances and also schedules and reconciliations supporting financial statement amounts to ensure the accuracy of the County's year-end financial statements.

### **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.

#### *Employee Timecard Maintenance*

During the audit period and in prior years, not all employee timecards were being maintained in a central location. As the County Clerk's office handles the central processing of payroll for all County offices, we recommend all employee timecards be obtained by the County Clerk's office, to ensure consistent treatment amongst all County offices and to further strengthen internal controls related to the payroll transaction cycle. It is our understanding that the County Clerk's office has subsequently implemented a policy which requires all County offices to submit employee timecards to the Clerk's office.

### *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.

### *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.

### *Periodic Review of User Access Privileges (IT)*

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

### *Establishing an Antifraud Culture*

Recent reports indicate that fraud is rapidly growing in the United States. In its "2012 Report to the Nation on Occupational Fraud and Abuse," the Association of Certified Fraud Examiners estimates that 5% of revenue is lost to fraud and abuse. A proven and effective deterrent to fraud and abuse is the establishment of an antifraud culture within the organization. A strong and highly ethical "tone at the top" can provide significant strength to deter fraud. We suggest the following:

- Define the role of the Board of Commissioners as they relate to fraud and abuse
- Management and supervisors should set an example
- Management and supervisors should be aware of fraud risks and indicators
- Internal controls should be given high priority
- Fraud-related policies should be enforced
- Reports of potential fraud and abuse should be investigated promptly

One key element of a fraud and abuse prevention and detection system is the implementation of a third-party hotline. Hotlines have proven to be effective in the communication of the appropriate "tone at the top" and in the early discovery of fraud and abuse within an organization, thereby reducing the financial impact of the fraud. We recommend the County consider implementing a hotline.

The above practices provide an organization with a significantly enhanced system for prevention of fraud and abuse. The related costs and efforts to put these policies and procedures in place will seem insignificant to the security and benefits they will provide.

*New Accounting Standards*

**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.

*Accounting Standards Currently Being Proposed by GASB*

**Lease Accounting**

The objective of this project is to reexamine issues associated with lease accounting, considering improvements to existing guidance. This project will provide a basis for the GASB Board to consider whether current operating leases meet the definitions of assets or liabilities. The GASB Board has approved a formal work plan for this project and deliberations are expected to continue throughout 2014.

**Other Postemployment Benefit (OPEB) Accounting and Financial Reporting**

This project will assess the effectiveness of the existing OPEB standards, and consider many of the same developments and issues encompassed by the GASB's pension project. For many governments, this may require recording a larger liability related to OPEB, and also require expanded disclosures. This project is currently being deliberated and an Exposure Draft is expected during 2014.

\* \* \* \*

This communication 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 3, 2014

# Sarpy County Board of Commissioners

1210 GOLDEN GATE DRIVE #1250  
PAPILLION, NE 68046-2895  
593-4155

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## COMMISSIONERS

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

February 3, 2014

## **BKD, LLP**

Certified Public Accountants  
1120 S. 101<sup>st</sup> 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, 2013 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, 2013. 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. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated July 25, 2013, and the addendum to the engagement letter dated October 28, 2013, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (for each opinion unit included therein).
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. 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.
5. We have made available to you:
  - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
  - (b) Additional information that you have requested from us for the purpose of the audit.
  - (c) Unrestricted access to persons within the County from whom you determined it necessary to obtain audit evidence.
  - (d) All significant contracts and grants.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. 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 position.
8. We believe the effects of the uncorrected financial statement misstatement summarized in the attached schedule are immaterial to the financial statements taken as a whole.
9. 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.
10. 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.

11. We are not aware of any related party relationships or transactions. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the County may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.
  
12. 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) Agreements to purchase assets previously sold.
  - (f) Restrictions on cash balances or compensating balance agreements.
  - (g) Guarantees, whether written or oral, under which the County is contingently liable.
  
13. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
  
14. We have disclosed to you all known actual or possible litigation and claims that our attorneys have advised us are probable of assertion except as provided in the January 10, 2014 letter from Deputy County Attorney Michael A. Smith. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
  
15. 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.
16. 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.
17. 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.
18. 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.
19. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
20. We have made available 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.
21. 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.

22. 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.
23. We have a process to track the status of audit findings and recommendations.
24. 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.
25. 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.
- (i) We have taken appropriate corrective action on a timely basis after receipt of any subrecipient's auditor's report that identified findings and questioned costs pertaining to federal awards programs passed through to the subrecipient by us.
- (j) We have considered the results of any subrecipient's audits received and made any necessary adjustments to our books and records.
- (k) 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.
- (l) 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.
- (m) We are responsible for taking corrective action on any audit findings.

26. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

27. 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.
28. 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.
  - (e) If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.
29. 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, 2013, as estimated remediation costs would not materially affect the financial statements.

Brian Hanson  
Brian Hanson,  
Fiscal Administrator

**Sarpy County**  
**ATTACHMENT**

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

**Governmental Activities (Government-Wide Statements)**

**QUANTITATIVE ANALYSIS**

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	49,063,176		49,063,176	
Non-Current Assets	135,448,397		135,448,397	
Current Liabilities	(10,928,125)		(10,928,125)	
Non-Current Liabilities	(18,062,453)		(18,062,453)	
Current Ratio	4.490		4.490	
Total Assets	184,511,573		184,511,573	
Invest in CA, net of Debt	(120,443,841)		(120,443,841)	
Restricted Net Assets	(10,769,342)		(10,769,342)	
Unrestricted Net Assets	(24,307,812)		(24,307,812)	
Total Net Position	(155,520,995)		(155,520,995)	
General Revenues & Transfers	(47,315,486)		(47,315,486)	
Net Program Revenues/ Expenses	42,331,293	213,675	42,544,968	0.50%
Change in Net Position	(4,984,193)	213,675	(4,770,518)	-4.29%

Client: Sarpy County  
 Period Ending: June 30, 2013

Governmental Activities (Government-Wide Statements)  
 SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F) Judgmental (J) Projected (P)	Assets				Liabilities				General Revenues & Transfers	Net Program Revenues/ Expenses	Net Position (Beg. of year)	Invest in CA, net of Debt	Restricted Net Assets	Unrestricted Net Assets	Net Effect on Following Year	
			Current		Non-Current		Current		Non-Current								Change in Net	
			DR	CR	DR	CR	DR	CR	DR	CR							Position	Net Position
To record corrected compensated absences balances for FY2012		F	0	0	0	0	0	0	0	213,675	(213,675)	0	0	0	0	0		
	Net Position										(213,675)							
	Public Safety expense									213,675								
			0	0	0	0	0	0	0	0	0	0	0	0	0	0		
			0	0	0	0	0	0	0	0	0	0	0	0	0	0		
			0	0	0	0	0	0	0	0	0	0	0	0	0	0		
			0	0	0	0	0	0	0	0	0	0	0	0	0	0		
<b>Total passed adjustments</b>			0	0	0	0	0	0	0	213,675	(213,675)	0	0	0	0	0		
											213,675							

Impact on Change in Net Position 213,675  
 Impact on Net Assets 0



# Office of the Sarpy County Treasurer

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Papillion, Nebraska 68046-2893  
Telephone: 402-593-2138  
Fax: 402-593-4438

Rich James  
February 3, 2014  
Treasurer

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Rene Dreiling  
Chief Deputy Treasurer  
[rdreiling@sarpy.com](mailto:rdreiling@sarpy.com)

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1120 S. 101<sup>st</sup> 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, 2013 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, 2013. 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.

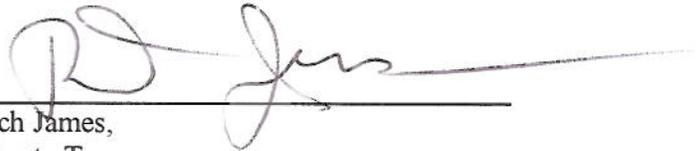
We confirm, to the best of our knowledge and belief, the following:

1. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
2. We have provided you with:
  - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
  - (b) Additional information that you have requested from us for the purpose of the audit.
  - (c) Unrestricted access to persons within the County from whom you determined it necessary to obtain audit evidence.

- (d) All minutes of meetings of the governing body held through the date of this letter.
  - (e) All significant contracts and grants.
3. 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 position.
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. We have disclosed to you the identity of the County's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the County may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.
7. 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) Agreements to purchase assets previously sold.
  - (f) Restrictions on cash balances or compensating balance agreements.
  - (g) Guarantees, whether written or oral, under which the County is contingently liable.
8. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
9. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
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.
  - (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 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.
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.

A handwritten signature in black ink, appearing to read 'Rich James', written over a horizontal line.

Rich James,  
County Treasurer

February 3, 2014

**BKD, LLP**  
Certified Public Accountants  
1120 S. 101<sup>st</sup> 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, 2013 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, 2013. 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.

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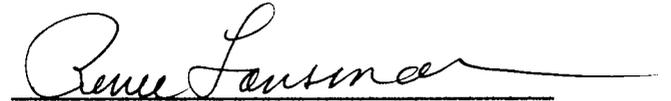
We confirm, to the best of our knowledge and belief, the following:

1. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
2. We have provided you with:
  - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
  - (b) Additional information that you have requested from us for the purpose of the audit.
  - (c) Unrestricted access to persons within the County from whom you determined it necessary to obtain audit evidence.

- (d) All minutes of meetings of the governing body held through the date of this letter.
  - (e) All significant contracts and grants.
3. 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 position.
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. We have disclosed to you the identity of the County's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the County may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.
7. 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) Agreements to purchase assets previously sold.
  - (f) Restrictions on cash balances or compensating balance agreements.
  - (g) Guarantees, whether written or oral, under which the County is contingently liable.
8. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
  9. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
  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.
    - (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. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
  13. 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.
  14. 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,  
County Clerk

  
~~Fred Uhe~~, Renee Lonsman  
Deputy County Clerk

# **Sarpy County, Nebraska**

Independent Auditor's Report and Financial Statements

June 30, 2013



**Sarpy County, Nebraska**  
**June 30, 2013**

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**Sarpy County, Nebraska**  
**June 30, 2013**

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## Independent Auditor's Report

Board of Commissioners  
Sarpy County, Nebraska

### Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sarpy County, Nebraska as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Required Supplementary Information***

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 our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards required by OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the schedule of receipts and disbursements for the non-major special revenue funds, as 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 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Statements of Accountability, schedule of revenues, expenditures and changes in fund balances-budget and actual for the non-major special revenue funds 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January \_\_, 2014, 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* in considering the County's internal control over financial reporting and compliance.

*BKD, LLP*

Omaha, Nebraska  
February 3, 2014

## **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, 2013. 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 blended 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, 2013, the County's total assets exceeded its total liabilities by \$169,571,940.

Total net position is comprised of the following:

- Net investment in capital assets, of \$128,425,600. 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 position of \$11,142,949
- Unrestricted net position of \$30,003,391

The County's total revenues exceeded its total expenses by \$6,866,057.

The County's governmental activities reported a net increase in net position of \$4,984,193 and a total ending net position balance of \$155,520,995.

The County's proprietary funds reported a net increase in net position of \$1,881,864 and a total ending net position balance of \$14,050,945.

For the year ending June 30, 2013, the General Fund reported revenues in excess of expenditures before transfers of \$6,327,284 and had an ending fund balance of \$30,929,224.

The County's total debt decreased by \$4,281,811 during the current fiscal year to a total debt balance of \$41,164,270 as of June 30, 2013.

### ***Overview of the Financial Statements***

This discussion and analysis is 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 Position. This is the County-wide statement of position presenting information that includes the County's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position 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 position 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, public welfare and 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 enterprise funds. 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 position 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 \$169,571,940, as of June 30, 2013.

A significant portion of Sarpy County, Nebraska's net position (75.7%) 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 position:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current and other assets	\$ 49,211,827	\$ 16,952,170	\$ 66,163,997
Capital assets	135,300,046	32,848,013	168,148,059
Total assets	<u>184,511,873</u>	<u>49,800,183</u>	<u>234,312,056</u>
Current liabilities	10,928,125	3,579,305	14,507,430
Long-term liabilities	18,062,753	32,169,933	50,232,686
Total liabilities	<u>28,990,878</u>	<u>35,749,238</u>	<u>64,740,116</u>
Net position			
Net investment in capital assets	120,443,841	7,981,759	128,425,600
Restricted	10,769,342	373,607	11,142,949
Unrestricted	24,307,812	5,695,579	30,003,391
Total net position	<u>\$ 155,520,995</u>	<u>\$ 14,050,945</u>	<u>\$ 169,571,940</u>

This reflects an increase in net position of \$6,866,057 or 4.2% for the County from the previous year net position balance of \$162,705,883; an indication that the County's overall financial position remained stable during the fiscal year 2013.

The governmental activities had an increase in net position of \$4,984,193 and the business-type activities had an increase of \$1,881,864 for a total increase in net position for the County of \$6,866,057. A summary of the government-wide operations is presented below:

	<b>2013</b>	<b>2012</b>	<b>Increase (Decrease)</b>
General revenues and transfers	\$ 48,216,680	\$ 46,534,127	\$ 1,682,553
Charges for services	16,142,020	14,097,275	2,044,745
Operating grants and contributions	13,286,979	12,449,939	837,040
Capital grants and contributions	157,681	4,478	153,203
Total revenues	<u>77,803,360</u>	<u>73,085,819</u>	<u>4,717,541</u>
Expenses	<u>(70,937,303)</u>	<u>(71,262,443)</u>	<u>325,140</u>
Change in net position	<u>\$ 6,866,057</u>	<u>\$ 1,823,376</u>	<u>\$ 5,042,681</u>

The \$5MM increase in the change in net position from the 2012 FY to the 2013 FY was caused by a number of factors:

1. General revenues increased by approximately \$1.7MM. Factors contributing to that are:
  - a. Property tax collections increased as a result of higher tax dollars levied.
  - b. Miscellaneous income increased in 2013 due to a refund in 2012 that decreased miscellaneous income.
2. Charges for service increased by approximately \$2.0MM mostly in the business-type activities.
  - a. The landfill fund had higher revenues as the County moves to fill the final cells.
  - b. Several governmental activity revenues also increased, such as Register of Deeds revenue, building permit revenue and juveniles held for Douglas County.
3. Operating grants and contributions increased by approximately \$.8MM due to increases in a CDBG grant, child support-county attorney reimbursement and highway allocation revenues.

### GOVERNMENTAL ACTIVITY REVENUES

General revenues from governmental activities totaled \$47,315,486 in 2013, an increase of \$1,245,212 or 2.7% from 2012. The amount of general revenues by source and increase or decrease from the prior year is summarized below:

	<b>2013</b>	<b>2012</b>	<b>Increase (Decrease)</b>
Property taxes	\$ 43,962,808	\$ 42,436,910	\$ 1,525,898
Investment income	227,089	419,664	(192,575)
Miscellaneous	3,799,589	3,313,700	485,889
Transfers	(674,000)	(100,000)	(574,000)
Total general revenues	<b>\$ 47,315,486</b>	<b>\$ 46,070,274</b>	<b>\$ 1,245,212</b>

The County relies heavily on property taxes to support its governmental operations. Tax revenue provided approximately 61.9% of the County's total governmental revenues.

## GOVERNMENTAL ACTIVITY EXPENDITURES

Expenditures of governmental activities totaled \$66,055,062 for 2013, a decrease of \$447,066 from 2012 expenditures of \$66,502,128. As shown below, there are a variety of offsetting factors affecting the decrease in governmental activity expenditures such as a larger amount of road fund expenditures that were capitalized in the 2013 FY.

These expenditures, by function, are summarized below:

	<b>2013</b>	<b>2012</b>	<b>Increase (Decrease)</b>
General government	\$ 20,400,444	\$ 20,786,550	\$ (386,106)
Public health	1,397,099	406,988	990,111
Public safety	33,627,373	32,983,444	643,929
Public health and social services	1,196,841	1,176,047	20,794
Special roads	9,024,222	10,647,285	(1,623,063)
Debt service interest	409,083	501,814	(92,731)
	<u>\$ 66,055,062</u>	<u>\$ 66,502,128</u>	<u>\$ (447,066)</u>

## 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, 2013, landfill revenues exceeded expenditures by \$2,220,728. Sewer expenditures exceeded revenues by \$105,375 for the 2013 FY. Stadium activity is also shown as a business-type activity for the 2013 fiscal year and the expenditures exceeded revenues by \$233,489. A summary of this activity is presented below.

	<b>2013</b>			<b>2012</b>		
	<b>Sewer</b>	<b>Landfill</b>	<b>Stadium</b>	<b>Sewer</b>	<b>Landfill</b>	<b>Stadium</b>
Operating revenues	\$ 138,769	\$ 4,925,105	\$ 799,037	\$ 404,915	\$ 3,145,852	\$ 1,286,967
Operating expenses	(244,144)	(2,739,539)	(637,264)	(441,312)	(2,431,820)	(622,660)
Operating income (loss)	(105,375)	2,185,566	161,773	(36,397)	714,032	664,307
Non-operating revenues	-	35,162	192,032	96,477	17,822	249,554
Non-operating expenses	-	-	(1,261,294)	-	-	(1,264,523)
Transfers	-	-	674,000	-	-	100,000
Increase (decrease) in net position	<u>\$ (105,375)</u>	<u>\$ 2,220,728</u>	<u>\$ (233,489)</u>	<u>\$ 60,080</u>	<u>\$ 731,854</u>	<u>\$ (250,662)</u>

## Financial Analysis of the County's Funds

### Governmental Funds

As previously discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending cash balances and investments of \$32,876,124 as of June 30, 2013, which represents 50.8% of the current total expenditures.

The Governmental Fund information is summarized below:

	<b>Total Governmental Funds</b>	
	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Cash and investments	\$ 32,876,124	\$ 34,458,134
Accounts receivable	210,510	220,076
Taxes receivable	14,392,920	14,457,220
Grants receivable	752,912	1,010,407
Due from other funds	359,000	520,500
Inventory	512,386	560,515
	<u>512,386</u>	<u>560,515</u>
Total assets	<u>\$ 49,103,852</u>	<u>\$ 51,226,852</u>
<b>Liabilities</b>		
Accounts payable	\$ 5,220,634	\$ 8,745,790
Due to other funds	335,000	520,500
Wages and benefits payable	245,905	124,564
Deferred revenue	1,396,502	1,388,831
Compensated absences	147,783	273,116
	<u>147,783</u>	<u>273,116</u>
Total liabilities	<u>7,345,824</u>	<u>11,052,801</u>
<b>Fund Balances</b>		
Nonspendable	512,386	560,515
Restricted	10,767,758	10,835,064
Assigned	1,027,253	3,767,252
Unassigned	29,450,631	25,011,220
	<u>29,450,631</u>	<u>25,011,220</u>
Total fund balances	<u>41,758,028</u>	<u>40,174,051</u>
Total liabilities and fund balances	<u>\$ 49,103,852</u>	<u>\$ 51,226,852</u>

The Governmental Funds cash and investments decreased by \$1,582,010 from the 2012 FY to the 2013 FY. A major cause for this decrease is that the General fund cash decreased by approximately \$1.1MM due to a large decrease in cash being held by the Clerk of District Court for a court case.

**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 \$1,726,725 based on the modified accrual basis of accounting.

The General Fund budgeted revenues (cash basis) for the 2013 fiscal year were \$46,677,095 while actual revenues (cash basis) were \$50,518,387 for a favorable variance of \$3,841,292. The General Fund budgeted expenses (cash basis) were \$53,881,594 while actual expenses (cash basis) were \$44,815,111 for a favorable variance of \$9,066,483. Some of the major factors influencing these variances are shown below:

	<u>Variation</u>
<u>Revenues</u>	
General Fund - Local	\$ 3.6 MM
General Fund - Taxes	(600k)
General Fund - State	800k
<u>Expenditures</u>	
Miscellaneous General	\$ 2.1MM
Inheritance Tax	4.4MM
Landfill Bond Surplus	1.3MM
Capital Projects	.4MM

**Assessed Valuation and Property Taxes**

Assessed valuation of \$11,451,696,861 represented a 2.3% increase over the preceding year’s valuation of \$11,197,886,358. Property taxes are assessed on actual valuation. The tax rates are applied to each \$100 of actual valuation. The breakdown of tax rates for 2013 fiscal year and the preceding two years are as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
General fund	.2596	.2604	.2552
All other funds	<u>.0403</u>	<u>.0395</u>	<u>.0447</u>
Total	<u>.2999</u>	<u>.2999</u>	<u>.2999</u>
Total valuation	\$11,451,696,861	\$11,197,886,358	\$11,076,469,531
% valuation increase over preceding year	2.3%	1.1%	0.9%

**Capital Assets**

As of June 30, 2013, the County had \$168,148,059 invested in capital assets, including roads, bridges, buildings, machinery, equipment, etc. This is a decrease of \$640,001 from the previous year amount. The net book value of these assets are summarized below.

Land	\$ 5,906,122
Infrastructure	96,933,614
Buildings	58,362,003
Intangible assets	36,841
Machinery and equipment	<u>6,909,479</u>
Net investment in capital assets	<u>\$ 168,148,059</u>

The minimal decrease in capital assets during the year is due primarily to the fact that asset additions were offset by increases in depreciation. The annual depreciation for the County for 2013 was \$6,005,573.

**Debt Administration**

At the end of the fiscal year, the County had total bonded debt and notes payable outstanding of \$41,164,270. During the current year, the County made principal payments on outstanding bonds totaling \$3,610,000. The County’s total future debt service requirements for bonded debt and notes payable are presented below.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2014	\$ 5,538,052	\$ 1,556,923	\$ 7,094,975
2015	2,869,680	1,468,364	4,338,044
2016	2,814,080	1,406,410	4,220,490
2017	2,915,999	1,335,635	4,251,634
2018	2,218,001	1,262,492	3,480,493
2019 and beyond	<u>24,808,458</u>	<u>12,889,187</u>	<u>37,697,645</u>
	<u>\$ 41,164,270</u>	<u>\$ 19,919,011</u>	<u>\$ 61,083,281</u>

**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 165,853.

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 2012 was 83,941. According to Offutt Air Force Base, there are 9,980 military and civilian personnel employed on the base in Bellevue.

In 2012, the per capita personal income of Sarpy County residents was \$44,323 which was 98.5 percent of the Nebraska average per capita income of \$45,012. The lower per capita income is explained by Sarpy County's 28.2% population under age 18.

Net taxable sales (excluding motor vehicles) within Sarpy County increased from \$1,118,043,437 in 2011 to \$1,316,902,534 in 2012, representing a 17.79 percent increase over the prior year.

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

<b>Company</b>	<b>Industry</b>
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 2007 through 2012 are as follows:

<b>Year</b>	<b>Population</b>
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
July, 2012 (estimate)	165,853

Information for the number of building permits for single-family dwellings issued for Sarpy County (outside city zoning jurisdictions) from 2008 through 2013 are as follows:

<b>Year</b>	<b>Permits</b>	<b>Value</b>
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
2013	318	63,519,462

Information for the number of building permits for commercial/industrial buildings issued for Sarpy County from 2008 through 2013 are as follows:

<b>Year</b>	<b>Permits</b>	<b>Value</b>
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
2013	33	3,354,267

### ***2012-2013 Budget***

For the year ending June 30, 2013, the County adopted a total budget of \$116,493,527, which was subsequently amended to a total of \$116,757,927. This is an increase of \$6,193,812 over the previous year budget of \$110,564,115. This increase is due mainly to a \$4.8MM increase in the Public Works budget. The property tax request for the 2012-13 fiscal year is \$34,343,753 on assessed valuation of \$11,451,696,861 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 Position**  
**June 30, 2013**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 32,876,124	\$ 6,773,744	\$ 39,649,868
Accounts receivable	504,834	893,238	1,398,072
Grants receivable	752,912	-	752,912
Taxes receivable	14,392,920	-	14,392,920
Internal balances	24,000	(24,000)	-
Inventory	512,386	-	512,386
Restricted cash	-	8,896,132	8,896,132
Capital assets			
Land	4,610,105	1,296,017	5,906,122
Depreciable	207,573,100	37,570,251	245,143,351
Less accumulated depreciation	(76,883,159)	(6,018,255)	(82,901,414)
Bond issue costs	321,162	484,805	805,967
Less accumulated amortization	(172,511)	(71,749)	(244,260)
Total assets	<u>184,511,873</u>	<u>49,800,183</u>	<u>234,312,056</u>
<b>Liabilities</b>			
Accounts payable	6,171,134	248,170	6,419,304
Wages and benefits payable	245,905	7,209	253,114
Interest payable	13,955	51,426	65,381
Deferred revenue	-	1,932,500	1,932,500
Compensated absences			
Current	147,783	-	147,783
Non-current	7,419,580	145,217	7,564,797
Other post-employment benefits			
Current	151,296	-	151,296
Non-current	496,380	12,765	509,145
Landfill closure and post closure costs	-	6,808,520	6,808,520
Bonds payable			
Current	3,345,000	1,340,000	4,685,000
Non-current	9,635,575	25,203,431	34,839,006
Notes Payable			
Current	853,052	-	853,052
Non-current	511,218	-	511,218
Total liabilities	<u>28,990,878</u>	<u>35,749,238</u>	<u>64,740,116</u>
<b>Net Position</b>			
Net investment in capital assets	120,443,841	7,981,759	128,425,600
Restricted for:			
Debt service	4,518,483	-	4,518,483
Post closure costs	-	373,607	373,607
Grant stipulations	817,531	-	817,531
Other	5,433,328	-	5,433,328
Unrestricted	<u>24,307,812</u>	<u>5,695,579</u>	<u>30,003,391</u>
Total net position	<u>\$ 155,520,995</u>	<u>\$ 14,050,945</u>	<u>\$ 169,571,940</u>

**Sarpy County, Nebraska**  
**Statement of Activities**  
**Year Ended June 30, 2013**

	<u>Program Revenues</u>				<u>Net Revenues (Expenses) and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Primary government</b>							
<b>Governmental activities</b>							
General government	\$ 20,400,444	\$ 5,024,470	\$ 1,366,392	\$ 8,340	\$ (14,001,242)	\$ -	\$ (14,001,242)
Public health	1,397,099	513,581	205,760	-	(677,758)	-	(677,758)
Public safety	33,627,373	3,659,515	3,310,642	-	(26,657,216)	-	(26,657,216)
Public welfare and social services	1,196,841	22,814	215	-	(1,173,812)	-	(1,173,812)
Special roads	9,024,222	1,058,729	8,403,970	149,341	587,818	-	587,818
Debt service interest	409,083	-	-	-	(409,083)	-	(409,083)
Total governmental activities	<u>66,055,062</u>	<u>10,279,109</u>	<u>13,286,979</u>	<u>157,681</u>	<u>(42,331,293)</u>	<u>-</u>	<u>(42,331,293)</u>
<b>Business-type activities</b>							
Landfill	2,739,539	4,925,105	-	-	-	2,185,566	2,185,566
Stadium	1,898,558	799,037	-	-	-	(1,099,521)	(1,099,521)
Sewer	244,144	138,769	-	-	-	(105,375)	(105,375)
Total business-type activities	<u>4,882,241</u>	<u>5,862,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>980,670</u>	<u>980,670</u>
Total	<u>\$ 70,937,303</u>	<u>\$ 16,142,020</u>	<u>\$ 13,286,979</u>	<u>\$ 157,681</u>	<u>(42,331,293)</u>	<u>980,670</u>	<u>(41,350,623)</u>
General revenues							
Property taxes and assessments					43,962,808	-	43,962,808
Investment income					227,089	-	227,089
Miscellaneous					3,799,589	227,194	4,026,783
Transfers					(674,000)	674,000	-
Total general revenues and transfers					<u>47,315,486</u>	<u>901,194</u>	<u>48,216,680</u>
Change in net position					4,984,193	1,881,864	6,866,057
Net position - beginning of year					<u>150,536,802</u>	<u>12,169,081</u>	<u>162,705,883</u>
Net position - end of year					<u>\$ 155,520,995</u>	<u>\$ 14,050,945</u>	<u>\$ 169,571,940</u>

# Sarpy County, Nebraska

## Balance Sheet Governmental Funds

June 30, 2013

	General Fund	Special Roads Fund	Other Governmental Funds	Total
<b>Assets</b>				
Cash and investments	\$ 23,056,701	\$ 4,620,016	\$ 5,199,407	\$ 32,876,124
Accounts receivable	116,067	5,527	88,916	210,510
Grants receivable	84,888	25,007	643,017	752,912
Taxes receivable	12,456,871	-	1,936,049	14,392,920
Due from other funds	359,000	-	-	359,000
Inventory	19,873	492,513	-	512,386
	<u>36,093,400</u>	<u>5,143,063</u>	<u>7,867,389</u>	<u>49,103,852</u>
Total assets	<u>\$ 36,093,400</u>	<u>\$ 5,143,063</u>	<u>\$ 7,867,389</u>	<u>\$ 49,103,852</u>
<b>Liabilities</b>				
Accounts payable	\$ 4,125,912	\$ 836,279	\$ 258,443	\$ 5,220,634
Due to other funds	-	-	335,000	335,000
Wages and benefits payable	147,655	4,771	93,479	245,905
Deferred revenue	768,503	25,007	602,992	1,396,502
Compensated absences	122,106	9,581	16,096	147,783
	<u>5,164,176</u>	<u>875,638</u>	<u>1,306,010</u>	<u>7,345,824</u>
Total liabilities	<u>5,164,176</u>	<u>875,638</u>	<u>1,306,010</u>	<u>7,345,824</u>
<b>Fund balances</b>				
Nonspendable	19,873	492,513	-	512,386
Restricted	241,825	3,774,912	6,751,021	10,767,758
Assigned	1,027,253	-	-	1,027,253
Unassigned	29,640,273	-	(189,642)	29,450,631
	<u>30,929,224</u>	<u>4,267,425</u>	<u>6,561,379</u>	<u>41,758,028</u>
Total fund balances	<u>30,929,224</u>	<u>4,267,425</u>	<u>6,561,379</u>	<u>41,758,028</u>
Total liabilities and fund balances	<u>\$ 36,093,400</u>	<u>\$ 5,143,063</u>	<u>\$ 7,867,389</u>	<u>\$ 49,103,852</u>

Total fund balance - total governmental funds \$ 41,758,028

Amounts reported for governmental activities in the statement of net position are different because:

Deferred revenues represent funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds. 1,396,502

Other accounts receivable are not available to pay for current period expenditures and, therefore, are not reported in the governmental funds. 294,233

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 135,300,046

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 \$148,651, capital asset additions included in accounts payable of \$950,500, interest payable of \$13,955, and post employment benefit accruals of \$647,676. (23,227,814)

Net position of governmental activities \$ 155,520,995

**Sarpy County, Nebraska**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2013**

	<b>General Fund</b>	<b>Special Roads</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Revenues</b>				
Taxes	\$ 29,103,863	\$ -	\$ 4,530,226	\$ 33,634,089
Intergovernmental				
Federal	168,268	149,341	2,441,539	2,759,148
State	1,732,678	9,117,131	652,240	11,502,049
Local	19,703,739	424,442	3,682,114	23,810,295
Total revenues	<u>50,708,548</u>	<u>9,690,914</u>	<u>11,306,119</u>	<u>71,705,581</u>
<b>Expenditures</b>				
Current				
General government	15,658,460	-	2,912,909	18,571,369
Special roads	-	5,376,910	-	5,376,910
Public safety	25,929,603	-	5,893,087	31,822,690
Public health	626,053	-	622,494	1,248,547
Public welfare and social services	1,057,474	-	131,230	1,188,704
Capital outlay	844,369	4,515,407	1,141,859	6,501,635
Debt service				
Debt service principal	260,862	1,541,018	2,552,492	4,354,372
Debt service interest	4,443	40,605	338,329	383,377
Total expenditures	<u>44,381,264</u>	<u>11,473,940</u>	<u>13,592,400</u>	<u>69,447,604</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>6,327,284</u>	<u>(1,783,026)</u>	<u>(2,286,281)</u>	<u>2,257,977</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	520,534	2,281,315	2,739,778	5,541,627
Operating transfers out	(5,121,093)	-	(1,094,534)	(6,215,627)
Total other financing sources (uses)	<u>(4,600,559)</u>	<u>2,281,315</u>	<u>1,645,244</u>	<u>(674,000)</u>
<b>Net Change in Fund Balances</b>	1,726,725	498,289	(641,037)	1,583,977
<b>Fund Balances - Beginning of Year</b>	<u>29,202,499</u>	<u>3,769,136</u>	<u>7,202,416</u>	<u>40,174,051</u>
<b>Fund Balances - End of Year</b>	<u>\$ 30,929,224</u>	<u>\$ 4,267,425</u>	<u>\$ 6,561,379</u>	<u>\$ 41,758,028</u>

**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, 2013**

Net change in fund balances - total governmental funds	\$ 1,583,977
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.	7,671
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.	(598,449)
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.	(363,378)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. 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 position.	<u>4,354,372</u>
Change in net position of governmental activities	<u>\$ 4,984,193</u>

**Sarpy County, Nebraska**  
**Balance Sheet**  
**Proprietary Funds**  
**June 30, 2013**

	<b>Landfill Fund</b>	<b>Stadium Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and investments	\$ 5,343,525	\$ -	\$ 1,430,219	\$ 6,773,744
Accounts receivable	822,811	70,427	-	893,238
Total current assets	<u>6,166,336</u>	<u>70,427</u>	<u>1,430,219</u>	<u>7,666,982</u>
<b>Noncurrent Assets</b>				
Restricted cash	7,182,127	1,714,005	-	8,896,132
Bond issue costs	-	484,805	-	484,805
Less accumulated amortization	-	(71,749)	-	(71,749)
Capital assets				
Land	676,017	620,000	-	1,296,017
Land improvements	586,898	18,284	-	605,182
Infrastructure	-	-	5,255,707	5,255,707
Buildings	474,500	28,284,996	-	28,759,496
Machinery and equipment	2,943,556	6,310	-	2,949,866
Less accumulated depreciation	<u>(3,183,265)</u>	<u>(1,280,694)</u>	<u>(1,554,296)</u>	<u>(6,018,255)</u>
Total noncurrent assets	<u>8,679,833</u>	<u>29,775,957</u>	<u>3,701,411</u>	<u>42,157,201</u>
Total assets	<u>\$ 14,846,169</u>	<u>\$ 29,846,384</u>	<u>\$ 5,131,630</u>	<u>\$ 49,824,183</u>
<b>Liabilities and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 207,153	\$ 37,703	\$ 3,314	\$ 248,170
Wages and benefits payable	7,209	-	-	7,209
Interest payable	-	51,426	-	51,426
Due to other funds	-	24,000	-	24,000
Current maturities of long-term debt	-	1,340,000	-	1,340,000
Total current liabilities	<u>214,362</u>	<u>1,453,129</u>	<u>3,314</u>	<u>1,670,805</u>
<b>Noncurrent Liabilities</b>				
Compensated absences	145,217	-	-	145,217
Deferred revenue	-	1,932,500	-	1,932,500
Bonds payable	-	25,203,431	-	25,203,431
Accrued other post-employment benefits	12,765	-	-	12,765
Accrued landfill closure and post-closure costs	<u>6,808,520</u>	<u>-</u>	<u>-</u>	<u>6,808,520</u>
Total noncurrent liabilities	<u>6,966,502</u>	<u>27,135,931</u>	<u>-</u>	<u>34,102,433</u>
Total liabilities	<u>7,180,864</u>	<u>28,589,060</u>	<u>3,314</u>	<u>35,773,238</u>
<b>Net Position</b>				
Net investment in capital assets	1,497,706	2,782,642	3,701,411	7,981,759
Restricted for post closure costs	373,607	-	-	373,607
Unrestricted	<u>5,793,992</u>	<u>(1,525,318)</u>	<u>1,426,905</u>	<u>5,695,579</u>
Total net position	<u>7,665,305</u>	<u>1,257,324</u>	<u>5,128,316</u>	<u>14,050,945</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 14,846,169</u>	<u>\$ 29,846,384</u>	<u>\$ 5,131,630</u>	<u>\$ 49,824,183</u>

**Sarpy County, Nebraska**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

	<b>Landfill Fund</b>	<b>Stadium Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>Operating Revenues</b>				
Charges for services and facilities	\$ 4,925,105	\$ 799,037	\$ 138,769	\$ 5,862,911
Total operating revenues	<u>4,925,105</u>	<u>799,037</u>	<u>138,769</u>	<u>5,862,911</u>
<b>Operating Expenses</b>				
Personal services	949,743	-	-	949,743
Operating expenses	850,549	637,264	244,144	1,731,957
Estimated closure and post-closure care costs	307,372	-	-	307,372
Supplies and materials	353,987	-	-	353,987
Small equipment	277,888	-	-	277,888
Total operating expenses	<u>2,739,539</u>	<u>637,264</u>	<u>244,144</u>	<u>3,620,947</u>
<b>Operating Income (Loss)</b>	<u>2,185,566</u>	<u>161,773</u>	<u>(105,375)</u>	<u>2,241,964</u>
<b>Non-Operating Revenues (Expenses)</b>				
Federal interest rate subsidy	-	192,032	-	192,032
Miscellaneous	35,162	-	-	35,162
Interest expense	-	(1,261,294)	-	(1,261,294)
Total non-operating revenues (expenses)	<u>35,162</u>	<u>(1,069,262)</u>	<u>-</u>	<u>(1,034,100)</u>
<b>Income (Loss) Before Transfers</b>	2,220,728	(907,489)	(105,375)	1,207,864
<b>Transfers In</b>	<u>-</u>	<u>674,000</u>	<u>-</u>	<u>674,000</u>
<b>Change in Net Position</b>	2,220,728	(233,489)	(105,375)	1,881,864
<b>Net Position - Beginning of Year</b>	<u>5,444,577</u>	<u>1,490,813</u>	<u>5,233,691</u>	<u>12,169,081</u>
<b>Net Position - End of Year</b>	<u>\$ 7,665,305</u>	<u>\$ 1,257,324</u>	<u>\$ 5,128,316</u>	<u>\$ 14,050,945</u>

**Sarpy County, Nebraska**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

	<b>Landfill Fund</b>	<b>Stadium Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 4,510,131	\$ 1,710,532	\$ 138,769	\$ 6,359,432
Payments to suppliers	(1,318,895)	(50,180)	(161,193)	(1,530,268)
Payments to employees	(960,095)	-	-	(960,095)
	<u>2,231,141</u>	<u>1,660,352</u>	<u>(22,424)</u>	<u>3,869,069</u>
Net cash provided by (used in) operating activities				
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers from other funds	-	674,000	-	674,000
Advances from General Fund	-	24,000	-	24,000
Other noncapital financing receipts	35,162	-	-	35,162
	<u>35,162</u>	<u>698,000</u>	<u>-</u>	<u>733,162</u>
Net cash provided by noncapital financing activities				
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of capital assets	(145,770)	(24,589)	-	(170,359)
Receipt of federal interest subsidy	-	192,032	-	192,032
Principal payments on capital debt	-	(335,000)	-	(335,000)
Interest payments on capital debt	-	(1,253,623)	-	(1,253,623)
	<u>(145,770)</u>	<u>(1,421,180)</u>	<u>-</u>	<u>(1,566,950)</u>
Net cash used in capital and related financing activities				
<b>Increase (Decrease) in Cash</b>	2,120,533	937,172	(22,424)	3,035,281
<b>Cash - Beginning of Year</b>	<u>10,405,119</u>	<u>776,833</u>	<u>1,452,643</u>	<u>12,634,595</u>
<b>Cash - End of Year</b>	<u>\$ 12,525,652</u>	<u>\$ 1,714,005</u>	<u>\$ 1,430,219</u>	<u>\$ 15,669,876</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>				
Operating income (loss)	\$ 2,185,566	\$ 161,773	\$ (105,375)	\$ 2,241,964
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	95,980	586,209	105,114	787,303
Changes in operating assets and liabilities:				
Receivables	(414,974)	(8,505)	-	(423,479)
Accounts payable	67,549	875	(22,163)	46,261
Deferred revenue	-	920,000	-	920,000
Other liabilities	(10,352)	-	-	(10,352)
Landfill closure and post closure costs	307,372	-	-	307,372
	<u>\$ 2,231,141</u>	<u>\$ 1,660,352</u>	<u>\$ (22,424)</u>	<u>\$ 3,869,069</u>
Net cash provided by (used in) operating activities				
<b>Supplemental Cash Flows Information</b>				
Capital asset acquisitions included in accounts payable	\$ -	\$ 36,828	\$ -	\$ 36,828

**Sarpy County, Nebraska**  
**Statement of Net Position**  
**Fiduciary Fund**  
**June 30, 2013**

**Assets**

Cash and investments	\$ 64,627,183
Taxes receivable	<u>93,318,643</u>
Total assets	<u><u>\$ 157,945,826</u></u>

**Liabilities**

Due to employees	\$ 57,017
Due to other governmental entities	<u>157,888,809</u>
Total liabilities	<u><u>\$ 157,945,826</u></u>

# **Sarpy County, Nebraska**

## **Notes to Financial Statements**

### **June 30, 2013**

#### **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’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.

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 1: Summary of Significant Accounting Policies - Continued**

***Government-Wide Financial Statements***

The government-wide financial statements include a statement of net position 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 position. The statement of activities presents changes in net position 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 position, 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.

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**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 position and changes in net position 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 balance sheet, a statement of revenues, expenses, and changes in net position, 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 balance sheet. 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.

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 1: Summary of Significant Accounting Policies - Continued**

***Fiduciary Fund***

Fiduciary fund financial statements include a statement of net position. 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, 2013, 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.

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**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 principal 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 \$0.50 limitation for 2013.

Additionally, \$.05 of the \$0.50 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.

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**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 2013.

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.

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**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 Position Classification***

Net position is required to be classified into three components: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. These classifications are defined as follows:

*Net investment in capital assets* – This component of net position 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 net investment in capital assets.

*Restricted* – This component of net position consists of restrictions placed on net position 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 position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 1: Summary of Significant Accounting Policies - Continued**

***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.

***Implementation of New Accounting Principles***

In 2013, the County implemented the provisions of the following accounting principles:

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This standard was created 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 do not conflict with or contradict GASB pronouncements.

GASB 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.

The implementation of these standards did not have a significant impact on the County's financial statements.

**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. The County's cash deposits, including nonnegotiable certificates of deposit, are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2013, the County's cash accounts at one financial institution exceeded federally insured limits by approximately \$116,000.

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 2: Deposits and Investments - Continued**

***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 two repurchase agreements for \$1,000,000 and \$1,377,273, which mature in July 2013 and March 2015, respectively, and is invested in nonnegotiable certificates of deposit totaling \$10,370,792 that are scheduled to mature during the 2015 fiscal year. All other investment securities held at June 30, 2013 have a maturity of less than one year.

*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, 2013, the County's investment in the NPAIT investment pool comprised approximately 64% of the County's total investments.

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 2: Deposits and Investments - Continued**

***Summary of Carrying Values***

The carrying values of deposits and investments at June 30, 2013, and reconciliation to amounts shown in the financial statements, are as follows:

<b>Carrying Values</b>	
Cash on hand	<u>\$ 1,010,446</u>
<b>Deposits</b>	
Cash in bank (checking, money market)	49,998,294
Nonnegotiable certificates of deposit	<u>19,379,786</u>
Total deposits	<u>69,378,080</u>
<b>Investments</b>	
Money market mutual funds	1,683,077
NPAIT investment pool	27,330,849
U.S. Treasury Bills	6,982,451
Negotiable certificates of deposit	4,411,007
Repurchase agreements (with NPAIT)	<u>2,377,273</u>
Total investments	<u>42,784,657</u>
Total cash, deposits and investments	<u><u>\$ 113,173,183</u></u>
<b>Reconciliation to the Financial Statements</b>	
Government Wide cash and investments	\$ 39,649,868
Government Wide restricted cash	8,896,132
Fiduciary fund cash and investments	<u>64,627,183</u>
Total cash and investments	<u><u>\$ 113,173,183</u></u>

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**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 other County funds. Balances due to/from other funds at June 30, 2013, consisted of \$359,000 owed to the general fund, of which \$335,000 is owed by the other governmental funds and \$24,000 owed is by the stadium fund.

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, 2013, consist of the following:

<b>Transfer To</b>	<b>Transfer From General Fund</b>	<b>Transfer From Other Governmental Funds</b>
General Fund	\$ -	\$ 520,534
Special Roads Fund	2,281,315	-
Other Governmental Funds	2,739,778	-
Stadium Fund	100,000	574,000
	\$ 5,121,093	\$ 1,094,534

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 4: Capital Assets**

Capital asset activity for the year ended June 30, 2013 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Nondepreciable capital assets				
Land	\$ 4,182,904	\$ 427,201	\$ -	\$ 4,610,105
Total nondepreciable capital assets	<u>4,182,904</u>	<u>427,201</u>	<u>-</u>	<u>4,610,105</u>
Depreciable capital assets				
Intangible assets	106,638	-	-	106,638
Infrastructure	139,937,476	3,829,885	-	143,767,361
Buildings and improvements	42,195,068	103,373	-	42,298,441
Machinery and equipment	21,005,251	832,735	(437,326)	21,400,660
Total depreciable capital assets	<u>203,244,433</u>	<u>4,765,993</u>	<u>(437,326)</u>	<u>207,573,100</u>
Accumulated depreciation				
Intangible assets	(76,173)	(21,328)	27,704	(69,797)
Infrastructure	(47,253,181)	(3,281,977)	-	(50,535,158)
Buildings and improvements	(10,317,962)	(842,660)	-	(11,160,622)
Machinery and equipment	(14,398,294)	(1,094,101)	374,813	(15,117,582)
Total accumulated depreciation	<u>(72,045,610)</u>	<u>(5,240,066)</u>	<u>402,517</u>	<u>(76,883,159)</u>
Capital assets being depreciated, net	<u>131,198,823</u>	<u>(474,073)</u>	<u>(34,809)</u>	<u>130,689,941</u>
Governmental activities capital assets, net	<u>\$ 135,381,727</u>	<u>\$ (46,872)</u>	<u>\$ (34,809)</u>	<u>\$ 135,300,046</u>
<b>Business-type Activities</b>				
Nondepreciable capital assets				
Land	\$ 1,296,017	\$ -	\$ -	\$ 1,296,017
Total nondepreciable capital assets	<u>1,296,017</u>	<u>-</u>	<u>-</u>	<u>1,296,017</u>
Depreciable capital assets				
Infrastructure	5,255,707	-	-	5,255,707
Buildings and improvements	29,309,571	55,107	-	29,364,678
Machinery and equipment	2,816,983	152,099	(19,216)	2,949,866
Total depreciable capital assets	<u>37,382,261</u>	<u>207,206</u>	<u>(19,216)</u>	<u>37,570,251</u>
Accumulated depreciation				
Infrastructure	(1,449,182)	(105,114)	-	(1,554,296)
Buildings and improvements	(1,566,600)	(573,894)	-	(2,140,494)
Machinery and equipment	(2,256,163)	(86,499)	19,197	(2,323,465)
Total accumulated depreciation	<u>(5,271,945)</u>	<u>(765,507)</u>	<u>19,197</u>	<u>(6,018,255)</u>
Capital assets being depreciated, net	<u>32,110,316</u>	<u>(558,301)</u>	<u>(19)</u>	<u>31,551,996</u>
Business-type activities capital assets, net	<u>\$ 33,406,333</u>	<u>\$ (558,301)</u>	<u>\$ (19)</u>	<u>\$ 32,848,013</u>

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 4: Capital Assets - Continued**

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

General government	\$ 410,294
Public health	1,487
Public safety	1,166,116
Roads	<u>3,662,169</u>
Total governmental activities depreciation expense	<u><u>\$ 5,240,066</u></u>
 <b>Business-type Activities</b>	
Landfill	\$ 95,980
Stadium	564,413
Sewer	<u>105,114</u>
Total business-type activities depreciation expense	<u><u>\$ 765,507</u></u>

**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 was received in the 2013 fiscal year, after the end of the second lease year.

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

<b>Year Ending June 30,</b>	<b>Amount</b>
2014	\$ 450,000
2015	450,000
2016	450,000
2017	450,000
2018	450,000
Thereafter	<u>7,875,000</u>
	<u><u>\$ 10,125,000</u></u>

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 6: Long-term Liabilities**

The following is a summary of long-term liability transactions for the year ended June 30, 2013:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>	<b>Due Within One Year</b>
<u>Governmental Activities</u>					
General obligation bonds	\$ 16,355,000	\$ -	\$ (3,275,000)	\$ 13,080,000	\$ 3,345,000
Deferred loss from refunding	(130,823)	-	31,398	(99,425)	-
Total general obligation bonds	16,224,177	-	(3,243,602)	12,980,575	3,345,000
Notes payable	2,036,081	429,241	(1,101,052)	1,364,270	853,052
Compensated absences	7,535,982	178,551	(147,170)	7,567,363	147,783
Other post-employment benefits	511,842	135,834	-	647,676	151,296
Governmental activities long-term liabilities	<u>\$ 26,308,082</u>	<u>\$ 743,626</u>	<u>\$ (4,491,824)</u>	<u>\$ 22,559,884</u>	<u>\$ 4,497,131</u>
<u>Business-type Activities</u>					
Revenue bonds	\$ 27,055,000	\$ -	\$ (335,000)	\$ 26,720,000	\$ 1,340,000
Bond issue discount	(185,048)	-	8,479	(176,569)	-
Total revenue bonds	26,869,952	-	(326,521)	26,543,431	1,340,000
Compensated absences	158,712	-	(13,495)	145,217	-
Other post-employment benefits	11,016	1,749	-	12,765	-
Landfill closure and post closure costs	6,501,148	307,372	-	6,808,520	-
Business-type activities long-term liabilities	<u>\$ 33,540,828</u>	<u>\$ 309,121</u>	<u>\$ (340,016)</u>	<u>\$ 33,509,933</u>	<u>\$ 1,340,000</u>

<b>Type of Indebtedness (Purpose)</b>	<b>Maturity</b>	<b>Interest Rates</b>	<b>Original Issue Amount</b>	<b>Date Callable</b>	<b>Outstanding at June 30, 2013</b>
<u>Governmental Activities</u>					
Bonds Payable					
Limited tax refunding bonds	December 2016	0.25% - 1.60%	\$ 4,165,000	N/A	\$ 3,150,000
Remodel bond	June 2018	2.05% - 3.70%	5,700,000	2013	3,060,000
Highway allocation bond	December 2013	1.00% - 1.90%	6,075,000	2011	1,250,000
Sheriff remodel bond	December 2019	3.35% - 3.80%	7,790,000	2014	5,620,000
					<u>\$ 13,080,000</u>
<u>Notes payable</u>					
ENHSA house 3	December 2018	4.65%	\$ 153,061	N/A	\$ 68,637
ENHSA house 4	June 2019	5.00%	190,000	N/A	93,289
ENHSA house 5	June 2023	4.70%	178,575	N/A	132,398
Equipment notes	Monthly through October 2014	1.75% - 2.10%	2,844,094	Various	1,069,946
					<u>\$ 1,364,270</u>
<u>Business-Type Activities</u>					
Bonds Payable					
Stadium revenue bonds - Series A	June 2025	1.50% - 3.75%	\$ 4,195,000	2019	\$ 3,860,000
Stadium revenue bonds - Series B	June 2036	6.05% - 6.25%	9,290,000	2019	9,290,000
Stadium revenue 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
					<u>\$ 26,720,000</u>

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**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**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,475,000	92,720	1,567,720
2019-2020	1,715,000	57,238	1,772,238
	<u>\$ 13,080,000</u>	<u>\$ 1,032,793</u>	<u>\$ 14,112,793</u>

**Governmental Activities – Notes Payable**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 853,052	\$ 25,351	\$ 878,403
2015	289,680	12,926	302,606
2016	39,080	9,857	48,937
2017	40,999	7,937	48,936
2018	43,001	5,934	48,935
2019-2023	98,458	9,812	108,270
	<u>\$ 1,364,270</u>	<u>\$ 71,817</u>	<u>\$ 1,436,087</u>

**Business-Type Activities – Bonds**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	700,000	1,163,838	1,863,838
2019-2023	3,990,000	5,433,350	9,423,350
2024-2028	5,650,000	4,399,944	10,049,944
2029-2033	7,770,000	2,538,249	10,308,249
2034-2036	5,585,000	450,594	6,035,594
	<u>\$ 26,720,000</u>	<u>\$ 18,814,401</u>	<u>\$ 45,534,401</u>

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 6: Long-term Liabilities - Continued**

Compensated absences and other post-employment benefit obligations in the governmental activities are primarily liquidated by the General Fund.

The 2009 Series A and B Stadium revenue bonds, the 2009 Series C Stadium revenue bonds and the 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 \$45,534,401, 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 \$1,588,623 and \$1,581,966, respectively.

The 2009 Series B Stadium revenue bonds were issued as direct pay Build America Bonds in accordance with the American Recovery and Reinvestment Act of 2009, which allows the County to receive a U.S. Treasury subsidy equal to 35% of the amount of interest payable on those bonds. Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, refund payments to certain state and local government filers claiming refundable credits under section 6341 of the Internal Revenue Code applicable to certain qualified bonds are subject to sequestration. The refund payments processed on or after October 1, 2013 and on or before September 30, 2014 will be reduced by the fiscal year 2014 sequestration rate of 7.2%.

**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, 2013, the County's payroll for covered employees was \$34,594,556 and the total payroll for the County was \$34,897,857. The County contributed \$2,538,183 to the employees account and paid \$1,248 for prior service benefits during 2013. The employees contributed \$1,759,247 to the plan for the year ended June 30, 2013.

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**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 \$533,180 to the plan for the year ended June 30, 2013.

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.

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 7: Employees' Retirement System - Continued**

***Other Postemployment Benefits - Continued***

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

	<b>Governmental</b>	<b>Proprietary</b>
Annual required contribution	\$ 271,507	\$ 1,911
Interest on net OPEB obligation	20,769	146
Adjustments to annual required contribution	(28,767)	(318)
Annual OPEB cost (expense)	<u>263,509</u>	<u>1,739</u>
Contributions made	(127,675)	-
Increase in net OPEB obligation	135,834	1,739
Net OPEB obligation - beginning of year	<u>511,842</u>	<u>11,026</u>
Net OPEB obligation - end of year	<u><u>\$ 647,676</u></u>	<u><u>\$ 12,765</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

<b>Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
June 30, 2013	265,248	48.1%	660,441
June 30, 2012	267,852	38.0%	522,868
June 30, 2011	198,641	31.1%	356,676

*Funded Status and Funding Progress* - As of July 1, 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.

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**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, 2013.

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**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 2013, closure costs will be \$4,065,517 and an additional \$2,913,286 will be required for post-closure care. The estimated total of the landfill closure and post-closure care of \$6,978,803 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 98% used (filled). The County expects to close the landfill in 2014. The County has accrued 98% of the total landfill closure and post-closure care of \$6,808,520 as of June 30, 2013.

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, 2013, investments of \$7,182,127 are held for these purposes. These are reported as restricted assets on the proprietary fund statement of net position.

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

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**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, 2013:

	<b>General Fund</b>	<b>Special Roads Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Nonspendable:</b>				
Inventory	\$ 19,873	\$ 492,513	\$ -	\$ 512,386
<b>Restricted for:</b>				
Debt service	241,825	1,374,013	2,901,061	4,516,899
Emergency communications	-	-	385,986	385,986
Social services	-	-	46,421	46,421
Tourism	-	-	1,285,575	1,285,575
Public health and welfare	-	-	292,290	292,290
Grant stipulations	-	-	817,531	817,531
Community betterment	-	-	77,030	77,030
Capital projects	-	2,400,899	243,405	2,644,304
Information systems	-	-	701,722	701,722
	<u>241,825</u>	<u>3,774,912</u>	<u>6,751,021</u>	<u>10,767,758</u>

**Sarpy County, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2013**

**Note 11: Governmental Fund Balances - Continued**

	<b>General Fund</b>	<b>Special Roads Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Assigned to:</b>				
Wireless communications	\$ 91,126	\$ -	\$ -	\$ 91,126
Public health and welfare	57	-	-	57
Public safety	74,883	-	-	74,883
Future contingencies	769,734	-	-	769,734
Fleet services	85,005	-	-	85,005
Other purposes	6,448	-	-	6,448
	<u>1,027,253</u>	<u>-</u>	<u>-</u>	<u>1,027,253</u>
<b>Unassigned:</b>	<u>29,640,273</u>	<u>-</u>	<u>(189,642)</u>	<u>29,450,631</u>
Total fund balances	<u><u>\$ 30,929,224</u></u>	<u><u>\$ 4,267,425</u></u>	<u><u>\$ 6,561,379</u></u>	<u><u>\$ 41,758,028</u></u>

**Note 12: Subsequent Events**

In September 2013, the County issued \$2,900,000 of Limited Tax Refunding Building Bonds, Series 2013, to refund the outstanding principal of \$3,060,000 of the Limited Tax Building Bonds, Series 2008. Interest rates range on the Series 2013 bonds from 0.35% to 1.7% and have a final maturity of June 15, 2018. The County completed the refunding to reduce its total debt service payments by \$159,014, which resulted in an economic gain of \$152,968.

## **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, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Tax	\$ 29,724,653	\$ 29,724,653	\$ 29,177,604	\$ (547,049)
Federal	201,787	201,787	176,427	(25,360)
State	926,000	926,000	1,732,678	806,678
Local	15,804,655	15,824,655	19,431,678	3,607,023
	<u>46,657,095</u>	<u>46,677,095</u>	<u>50,518,387</u>	<u>3,841,292</u>
<b>Total revenues</b>				
<b>Expenditures</b>				
General government				
County Board	152,016	152,016	149,513	2,503
County Clerk	673,370	673,370	668,608	4,762
County Treasurer	1,475,847	1,475,847	1,446,788	29,059
Register of Deeds	487,911	487,911	479,117	8,794
County Assessor	1,278,613	1,278,613	1,253,100	25,513
Election Commissioner	526,955	520,855	519,770	1,085
Planning and Zoning	311,808	311,808	304,380	7,428
Administration	316,266	316,266	314,404	1,862
Personnel	315,822	315,822	296,369	19,453
Records Management	189,723	189,723	188,892	831
Fiscal Administration	238,886	238,886	236,523	2,363
Board of Equalization	23,000	23,000	20,975	2,025
Facilities Management	1,051,283	1,028,283	1,026,578	1,705
Public Property Utilities	696,225	696,225	574,305	121,920
Jail Maintenance	219,500	230,500	230,034	466
Juvenile Justice Center Maintenance	77,061	92,561	91,871	690
Sheriff Admin Maintenance	94,519	91,019	87,999	3,020
Extension Agent	134,500	134,500	134,449	51
Other Intergovernmental	836,000	836,000	698,124	137,876
Miscellaneous General	7,929,381	7,815,338	5,704,542	2,110,796
Capital Projects	498,000	498,000	101,717	396,283
Wireless Communications	65,000	65,000	49,945	15,055
Inheritance Tax	5,100,000	5,100,000	644,771	4,455,229
Purchasing	148,800	148,800	142,897	5,903
Fleet	1,227,338	1,227,338	1,100,079	127,259
Public Safety				
Sheriff	2,102,118	2,141,118	2,139,783	1,335
County Attorney	3,070,639	3,083,639	3,083,331	308
Investigations	1,494,512	1,494,512	1,490,121	4,391
Road Patrol	5,069,435	5,069,435	5,069,373	62
Sheriff Merit Commission	11,758	11,758	1,792	9,966
Vehicle Inspection	118,395	118,695	118,667	28

**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, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Expenditures - Continued</b>				
Public Safety - Continued				
Tow Lot	\$ 273,897	\$ 255,097	\$ 250,277	\$ 4,820
Juvenile Diversion	330,546	332,546	331,091	1,455
Victim Witness	226,259	224,259	222,297	1,962
Pre-Trial/Community Service	344,297	412,340	411,440	900
Juvenile Justice Center	2,451,873	2,381,873	2,376,078	5,795
County Jail	5,051,269	5,065,769	5,062,462	3,307
Court Services	1,378,497	1,386,497	1,385,181	1,316
Warrants Extradition	544,837	571,837	571,647	190
Adult Probation	89,240	89,240	78,405	10,835
Adult Diversion	527,101	530,601	509,791	20,810
Emergency Management	220,550	220,550	181,548	39,002
Clerk of the District Court	594,140	594,140	585,397	8,743
County Court	118,390	125,390	125,186	204
Juvenile Probation	19,050	19,050	17,366	1,684
Juvenile Court Judge	541,382	541,382	535,502	5,880
District Judge	566,700	566,700	550,012	16,688
Public Defender	1,298,647	1,298,647	1,290,600	8,047
Federal Grant - Drug Court	1,000	1,000	-	1,000
STOP Program	93,000	93,000	7,432	85,568
Jury Commissioner	120,413	126,513	126,433	80
CASA	140,107	140,107	139,497	610
Public Health				
Animal Control	498,055	498,055	485,421	12,634
Mental Health	116,778	116,778	76,211	40,567
Landfill Bond Surplus	1,274,108	1,274,108	-	1,274,108
Connection Fee	-	20,000	475	19,525
Noxious Weed	64,221	65,421	65,078	343
Public Welfare and Social Services				
Veterans Services	235,999	235,999	235,414	585
Human Services	801,857	827,857	826,053	1,804
Total expenditures	<u>53,856,894</u>	<u>53,881,594</u>	<u>44,815,111</u>	<u>9,066,483</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfer in	1,726,652	1,731,352	3,240,186	1,508,834
Operating transfer out	<u>(5,686,545)</u>	<u>(5,686,545)</u>	<u>(7,679,245)</u>	<u>(1,992,700)</u>
Total transfers	<u>(3,959,893)</u>	<u>(3,955,193)</u>	<u>(4,439,059)</u>	<u>(483,866)</u>
<b>Excess (Deficiency) of Revenues</b>				
Over Expenditures	<u>(11,159,692)</u>	<u>(11,159,692)</u>	<u>1,264,217</u>	<u>12,423,909</u>
<b>Fund Balance - Beginning of Year</b>	<u>17,259,692</u>	<u>17,259,692</u>	<u>17,259,692</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 6,100,000</u>	<u>\$ 6,100,000</u>	<u>\$ 18,523,909</u>	<u>\$ 12,423,909</u>

**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, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Positive – (Negative)</b>
<b>Revenues</b>				
Federal	\$ 164,600	\$ 164,600	\$ 182,505	\$ 17,905
State	7,870,741	7,870,741	9,117,131	1,246,390
Local	1,088,616	1,088,616	418,913	(669,703)
Total revenues	<u>9,123,957</u>	<u>9,123,957</u>	<u>9,718,549</u>	<u>594,592</u>
<b>Expenditures</b>				
Personal services	3,272,246	3,272,246	3,301,325	(29,079)
Operating expenses	801,808	801,808	819,043	(17,235)
Supplies and materials	1,172,500	1,172,500	1,326,789	(154,289)
Equipment and office rental	34,250	34,250	30,260	3,990
Capital outlays	9,198,850	9,198,850	5,018,856	4,179,994
Principal and interest	1,258,856	1,258,856	1,259,478	(622)
Total expenditures	<u>15,738,510</u>	<u>15,738,510</u>	<u>11,755,751</u>	<u>3,982,759</u>
Operating transfer in	<u>2,281,315</u>	<u>2,281,315</u>	<u>2,281,315</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(4,333,238)</u>	<u>(4,333,238)</u>	<u>244,113</u>	<u>4,577,351</u>
<b>Fund Balance - Beginning of Year</b>	<u>4,333,238</u>	<u>4,333,238</u>	<u>4,333,238</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,577,351</u></u>	<u><u>\$ 4,577,351</u></u>

**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, 2013**

**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 Benefits**  
**Schedule of Funding Progress**  
**For the Year Ended June 30, 2013**

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)
7/1/2009	\$ -	\$ 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, 2013**

	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Tax Certified by the Assessor</b>			
Real estate	\$ 223,669,089	\$ 228,991,725	\$ 234,965,835
Personal	6,415,192	5,752,590	6,135,521
Centrally assessed	<u>1,210,009</u>	<u>1,088,752</u>	<u>1,291,352</u>
Total certified tax	<u><u>\$ 231,294,290</u></u>	<u><u>\$ 235,833,067</u></u>	<u><u>\$ 242,392,708</u></u>
<b>Net Tax Collected by the County Treasurer as of June 30, 2013</b>			
Real estate	\$ 223,571,720	\$ 228,867,146	\$ 130,423,402
Personal	6,360,572	5,721,235	3,985,614
Centrally assessed	<u>1,207,451</u>	<u>1,088,752</u>	<u>750,017</u>
Total collected tax	<u><u>\$ 231,139,743</u></u>	<u><u>\$ 235,677,133</u></u>	<u><u>\$ 135,159,033</u></u>
<b>Total Uncollected Tax as of June 30, 2013</b>			
Real estate	\$ 97,369	\$ 124,579	\$ 104,542,433
Personal	54,620	31,355	2,149,907
Centrally assessed	<u>2,558</u>	<u>-</u>	<u>541,335</u>
Total uncollected	<u><u>\$ 154,547</u></u>	<u><u>\$ 155,934</u></u>	<u><u>\$ 107,233,675</u></u>
<b>Percentage Uncollected Tax</b>	0.07%	0.07%	44.24%

**Sarpy County, Nebraska**  
**Schedule of Statement of Accountability**  
**County Clerk**  
**For the Year Ended June 30, 2013**

Balance on hand, beginning of year		
Cash on hand	\$	600
Cash in bank		2,696
		3,296
Collections		
Recording and miscellaneous fees		3,023
Marriage licenses		16,401
Prepaid certified marriage licenses		6,090
Miscellaneous		77
Other licenses		13,504
		39,095
Credits		
Paid to County Treasurer		
Recording and miscellaneous fees		3,004
Marriage licenses		16,575
Prepaid certified marriage licenses		6,120
Miscellaneous		229
Other licenses		13,504
		39,432
Paid to State of Nebraska		
Title fees		-
		-
Balance on hand, end of year	\$	2,959
Summary of balance, end of year		
Cash on hand	\$	600
Cash in bank		2,359
		2,959
	\$	2,959

**Sarpy County, Nebraska**  
**Schedule of Statement of Accountability**  
**Register of Deeds**  
**For the Year Ended June 30, 2013**

Balance on hand, beginning of year	
Cash on hand	\$ 150
Cash in bank	246,007
Accounts receivable	<u>4,849</u>
	<u>251,006</u>
 Collections	
Recording fees	1,242,331
Copies fees	7,110
Non-credit refunds	159
Federal tax liens	2,591
State tax liens	1,024
Documentary stamp tax	1,654,902
Interest	207
SID penalties	<u>440</u>
	<u>2,908,764</u>
 Credits	
Paid to County Treasurer	
Recording fees	1,206,531
Copies fees	7,005
Non-credit refunds	168
Federal tax liens	2,269
State tax liens	918
Documentary stamp tax	362,241
Interest	204
SID penalties	<u>440</u>
	<u>1,579,776</u>
 Paid to State of Nebraska	
Documentary stamp tax	<u>1,268,007</u>
 Balance on hand, end of year	<u><u>\$ 311,987</u></u>
 Summary of balance, end of year	
Cash on hand	\$ 150
Cash in bank	308,228
Accounts receivable	<u>3,609</u>
	<u><u>\$ 311,987</u></u>

**Sarpy County, Nebraska**  
**Schedule of Statement of Accountability**  
**Clerk of the District Court**  
**For the Year Ended June 30, 2013**

Balance on hand, beginning of year	
Cash on hand	\$       650
Cash in bank	<u>5,942,783</u>
	<u>5,943,433</u>
Collections	
Dissolution fees	66,575
State fees	171,462
Regular fees	352,375
Retirement fees	23,740
Law enforcement fees	1,352
Trust	8,161,919
Drug court	
County fees	16,478
State fees	10,155
Miscellaneous receipts	<u>28,090</u>
	<u>8,832,146</u>
Credits	
Dissolution fees	70,850
State fees	201,471
Regular fees	352,375
Retirement fees	25,526
Law enforcement fees	1,904
Trust	10,940,187
Drug court	
County fees	16,723
State fees	<u>10,082</u>
	<u>11,619,118</u>
Balance on hand, end of year	<u><u>\$ 3,156,461</u></u>
Summary of balance, end of year	
Cash on hand	\$       650
Cash in bank	<u>3,155,811</u>
	<u><u>\$ 3,156,461</u></u>

**Sarpy County, Nebraska**  
**Schedule of Statement of Accountability**  
**County Sheriff**  
**For the Year Ended June 30, 2013**

Balance on hand, beginning of year	
Cash on hand	\$ 246
Cash in bank	<u>145,330</u>
	<u>145,576</u>
 Collections	
Civil process	241,389
Inmate	1,772,583
Distress warrants	161,663
Miscellaneous and administrative	164,410
VIN	103,916
CID	5,522
DARE	6,271
Tow lot	<u>399,664</u>
	<u>2,855,418</u>
 Credits	
Paid to County Treasurer	
Civil process	230,215
Inmate	1,763,584
Distress warrants	161,663
Miscellaneous and administrative	164,411
VIN	103,916
CID	8,550
DARE	6,377
Tow lot	<u>397,124</u>
	<u>2,835,840</u>
 Balance on hand, end of year	<u><u>\$ 165,154</u></u>
 Summary of balance, end of year	
Cash on hand	\$ 200
Cash in bank	<u>164,954</u>
	<u><u>\$ 165,154</u></u>

**Sarpy County, Nebraska**  
**Schedule of Statement of Accountability**  
**County Attorney**  
**For the Year Ended June 30, 2013**

Balance on hand, beginning of year	
Cash in bank	<u>\$ 29,411</u>
Collections	
Restitution	115,687
Collection on bad checks	53,147
Collection fees	1,630
Law enforcement fund	1,503
Miscellaneous	<u>88</u>
	<u>172,055</u>
Credits	
Restitution payment	113,720
Payments on bad checks collected	53,972
Collection fees remitted to the County Treasurer	1,570
Subpoena and miscellaneous expenditures paid	1,582
Miscellaneous	<u>260</u>
	<u>171,104</u>
Summary of balance, end of year	
Cash in bank	<u><u>\$ 30,362</u></u>

**Sarpy County, Nebraska**  
**Schedule of Statement of Accountability**  
**County Surveyor**  
**For the Year Ended June 30, 2013**

Balance on hand, beginning of year	
Cash on hand	\$ 50
Collections	39
Credits	<u>39</u>
Balance on hand, end of year	<u>\$ 50</u>
Summary of balance, end of year	
Cash on hand	<u>\$ 50</u>

**Sarpy County, Nebraska**  
**Schedule of Statement of Accountability**  
**County Election Commissioner**  
**For the Year Ended June 30, 2013**

Balance on hand, beginning of year	<u>\$ -</u>
Collections	
Certification of registration	15
Election cost recoveries	<u>135,793</u>
	<u>135,808</u>
Credits	
Paid to County Treasurer	<u>135,808</u>
Balance on hand, end of year	<u><u>\$ -</u></u>

**Sarpy County, Nebraska**  
**Schedule of Statement of Accountability**  
**County Building Inspector**  
**For the Year Ended June 30, 2013**

Balance on hand, beginning of year		
Cash in bank	\$	897
Contractor deposits		105,223
		<u>106,120</u>
 Collections		
Permit fees		629,529
Sewer fees		113,392
Watershed fees		246,010
Tiburon water fees		13,500
Other grading deposits		32,450
Wireless tower fees		101,706
		<u>1,136,587</u>
 Credits		
Paid to County Treasurer		
Permit fees		630,627
Sewer fees		122,764
Watershed fees		228,512
Tiburon water fees		16,256
Other grading deposits		14,442
Wireless tower fees		101,706
		<u>1,114,307</u>
 Balance on hand, end of year	\$	<u><u>128,400</u></u>
 Summary of balance, end of year		
Cash in bank	\$	23,571
Contractor deposits		104,829
		<u>128,400</u>
	\$	<u><u>128,400</u></u>

**Sarpy County, Nebraska**  
**Schedule of Statement of Accountability**  
**County Landfill**  
**For the Year Ended June 30, 2013**

Balance on hand, beginning of year		
Cash on hand	\$	530
Accounts receivable		<u>407,787</u>
		<u>408,317</u>
 Collections		 <u>4,995,259</u>
 Credits		
Paid to County Treasurer		<u>4,580,235</u>
 Balance on hand, end of year	 \$	 <u><u>823,341</u></u>
 Summary of balance, end of year		
Cash on hand	\$	530
Accounts receivable		<u>822,811</u>
	 \$	 <u><u>823,341</u></u>

**Sarpy County, Nebraska**  
**Schedule of Statement of Accountability**  
**County Alcohol Diversion**  
**For the Year Ended June 30, 2013**

Balance on hand, beginning of year	
Cash on hand	\$ 1,653
Collections	
Alcohol diversion	232,823
Adult education	41,852
Adult shoplifters	14,522
Adult community service	1,895
Victim impact panel	5,685
Juvenile intake	61,511
Juvenile community service	2,820
Teen court	5,323
Restitution	6,050
Miscellaneous	2,940
	375,421
Credits	
Alcohol diversion	232,709
Adult education	41,767
Adult shoplifters	14,614
Adult community service	1,870
Victim impact panel	5,675
Juvenile intake	61,821
Juvenile community service	2,830
Teen court	5,273
Restitution	6,050
Miscellaneous	2,940
	375,549
Balance on hand, end of year	
Cash on hand	\$ 1,525

**Sarpy County, Nebraska**  
**Schedule of Statement of Accountability**  
**County Pretrial Diversion**  
**For the Year Ended June 30, 2013**

Balance on hand, beginning of year	\$	<u>-</u>
Collections		
Drug testing		90
Electronic monitoring		1,907
Supervision		<u>10,740</u>
		<u>12,737</u>
Credits		
Paid to County Treasurer		<u>12,737</u>
Balance on hand, end of year	\$	<u><u>-</u></u>

**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, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Tax	\$ 4,618,986	\$ 4,618,986	\$ 4,499,378	\$ (119,608)
Federal	2,483,656	2,483,656	2,686,789	203,133
State	792,227	792,227	652,240	(139,987)
Local	<u>3,320,805</u>	<u>3,320,805</u>	<u>3,986,255</u>	<u>665,450</u>
 Total revenues	 <u>11,215,674</u>	 <u>11,215,674</u>	 <u>11,824,662</u>	 <u>608,988</u>
<b>Expenditures</b>				
E911 Communications	3,650,091	3,650,091	3,513,438	136,653
E911 Rebanding	67,300	67,300	-	67,300
District Court - Child Support	231,346	231,346	176,869	54,477
County Attorney - Child Support	1,063,754	1,063,754	1,000,779	62,975
Child Support Incentive	170,283	170,283	144,981	25,302
Tourism	937,165	937,165	449,510	487,655
Visitor's Improvement	1,145,000	1,145,000	897,000	248,000
Employment Security Act	50,000	50,000	23,779	26,221
County Medical	245,500	245,500	87,737	157,763
Institutions	40,000	45,500	43,541	1,959
County Drug Enforcement	10,000	10,000	5,000	5,000
Federal Grant - JAIBG	21,437	21,437	16,728	4,709
Federal Grant - Title 1D	60,970	60,970	46,374	14,596
State Education Reimbursement	529,557	529,557	286,618	242,939
Federal Grant -Juvenile Detention - JDAI	25,000	25,000	7,956	17,044
Federal Forfeiture	165,000	165,000	49,320	115,680
SCAAP	60,000	60,000	36,858	23,142
Federal Grant - Victim Witness	107,527	107,527	107,527	-
Federal Grant -Energy Efficiency	68,000	68,000	-	68,000
Federal Grant - Perkins Corrections	76,000	76,000	40,000	36,000
CCP Community Service	3,000	3,000	-	3,000
Federal Grant - Drug Enforcement	51,495	51,495	50,422	1,073
Juvenile Services LB640	113,089	134,089	134,011	78
County Aid Enhancement	11,045	11,045	11,045	-
Federal Grant -JAG Equipment	10,855	12,055	11,951	104
Federal Grant-Traffic Enforcement	217,694	217,694	163,444	54,250

**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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Expenditures - Continued</b>				
Federal Grant - GIS Transportation	\$ 130,745	\$ 130,745	\$ 110,745	\$ 20,000
Federal Grant - Adult Drug Court	52,400	52,400	9,808	42,592
Federal Grant - Buffer Zone	49,100	49,100	-	49,100
Federal Grant - Drug Eradication	20,250	20,250	19,458	792
State Grant - Stormwater	272,000	272,000	138,502	133,498
Keno	205,500	205,500	135,775	69,725
Courthouse Administration	1,596,350	1,596,350	803,293	793,057
Courthouse Remodel	746,719	746,719	676,610	70,109
Sheriff Admin Bond	1,554,642	1,554,642	730,000	824,642
Sinking Fund	1,336,155	1,336,155	876,563	459,592
Phase II Stormwater Fees	50,000	50,000	-	50,000
Watershed Fee Fund	416,000	466,000	464,839	1,161
Information Systems	2,069,637	2,069,637	1,705,082	364,555
CDBG - Revolving Loan Fund	546,700	546,700	508,340	38,360
GIS	389,846	389,846	382,407	7,439
Social Security Incentive	15,000	15,000	4,800	10,200
Register of Deeds Tech	80,000	80,000	-	80,000
Early Retiree Reinsurance	120,000	120,000	120,000	-
E911 Wireless Service	219,000	272,000	197,506	74,494
E911 Wireless Sinking	233,000	233,000	95,301	137,699
Federal Grant - Truancy	33,957	44,957	44,478	479
Learning Comm - Truancy	75,552	75,552	61,542	14,010
	<u>19,343,661</u>	<u>19,485,361</u>	<u>14,389,937</u>	<u>5,095,424</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfer in	2,587,830	2,729,530	2,922,830	193,300
Operating transfer out	-	-	(889,086)	(889,086)
	<u>2,587,830</u>	<u>2,729,530</u>	<u>2,033,744</u>	<u>(695,786)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	<u>(5,540,157)</u>	<u>(5,540,157)</u>	<u>(531,531)</u>	<u>5,008,626</u>
<b>Fund Balance - Beginning of Year</b>				
	<u>5,540,157</u>	<u>5,540,157</u>	<u>5,540,157</u>	<u>-</u>
<b>Fund Balance - End of Year</b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,008,626</u>	<u>\$ 5,008,626</u>

**Sarpy County, Nebraska**  
**Schedule of Receipts and Disbursements (Cash Basis)**  
**All Special Revenue Funds**  
**For the Year Ended June 30, 2013**

	Fund Balance July 1, 2012	Receipts	Disbursements	Fund Balance June 30, 2013
<b>Special Revenue Funds</b>				
E911 Communications	\$ 259,386	\$ 3,479,132	\$ 3,513,439	\$ 225,079
E911 Rebanding	723	9,000	9,000	723
District Court - Child Support	1,055	223,589	223,869	775
County Attorney - Child Support	3,025	1,335,841	1,058,779	280,087
Child Support Incentive	37,523	131,904	144,981	24,446
Tourism	482,858	566,318	449,510	599,666
Visitor's Improvement	693,144	889,318	897,000	685,462
Employment Security Act	24,252	36,045	23,779	36,518
County Medical	142,156	105,949	87,736	160,369
Institutions	4,985	39,744	43,541	1,188
County Drug Enforcement	9,109	-	5,000	4,109
Federal Grant - JAIBG	2,359	14,369	16,728	-
Federal Grant - Title 1D	1,669	48,437	47,874	2,232
State Education Reimbursement	6,069	464,206	466,619	3,656
FG-Juvenile Detention - JDAI	-	8,294	7,955	339
Federal Forfeiture	154,187	80,074	49,320	184,941
SCAAP	2,800	36,858	36,858	2,800
Federal Grant - Victim Witness	-	107,626	107,527	99
FG-Energy Efficiency	781	67,219	68,000	-
Federal Grant - Perkins Corrections	1,114	75,012	76,000	126
CCP Community Service	471	2,529	3,000	-
Federal Grant - Drug Enforcement	388	50,416	50,422	382
Juvenile Services LB640	-	134,011	134,011	-
County Aid Enhancement	-	11,045	11,045	-
FG-JAG Equipment	-	12,095	11,951	144
FG-Traffic Enforcement	13,810	192,873	188,443	18,240
Federal Grant - GIS Transportation	1,462	129,334	130,745	51
Federal Grant - Adult Drug Court	38,526	16,723	9,808	45,441
Federal Grant - Buffer Zone	49,034	-	49,034	-
Federal Grant - Drug Eradication	7,741	23,010	19,458	11,293
State Grant - Stormwater	137,158	175,449	138,503	174,104
Keno	51,429	161,376	135,775	77,030
Courthouse Administration	1,079,630	541,539	803,293	817,876
Courthouse Remodel	7,746	771,933	695,610	84,069
Sheriff Admin Bond	834,233	648,866	730,000	753,099
Sinking Fund	808,135	537,867	876,563	469,439
Phase II Stormwater Fees	29,500	2,500	-	32,000
Watershed Fee Fund	253,282	244,788	464,839	33,231
Information Systems	45,145	2,006,093	2,004,634	46,604
CDBG - Revolving Loan Fund	-	508,340	508,340	-
GIS	31,561	355,364	382,407	4,518
Social Security Incentive	-	6,400	4,800	1,600
Register of Deeds Technology	-	75,426	-	75,426
Early Retiree Reinsurance	120,000	-	120,000	-
E911 Wireless Service	19,369	252,137	271,506	-
E911 Wireless Sinking	158,755	74,000	95,301	137,454
Federal Grant - Truancy	403	44,075	44,478	-
Learning Comm - Truancy	25,184	50,368	61,542	14,010
<b>Totals</b>	<b>\$ 5,540,157</b>	<b>\$ 14,747,492</b>	<b>\$ 15,279,023</b>	<b>\$ 5,008,626</b>

**Sarpy County, Nebraska**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2013**

Cluster / Program	Federal Agency/ Pass-Through Entity	CFDA Number	Amount Expended
<b>CDBG - State-Administered Small Cities Program Cluster</b>			
Community Development Block Grants	U.S. Department of Housing & Urban Development / NE Department of Economic Development	14.228	\$ 504,500
			<u>504,500</u>
<b>JAG Program Cluster</b>			
Edward Byrne Memorial Justice Assistance Grant Program	U.S. Department of Justice / City of Omaha	16.738	50,416
Edward Byrne Memorial Justice Assistance Grant Program	U.S. Department of Justice / NE Crime Commission & Heartland Family Services	16.738	11,951
			<u>62,367</u>
<b>Highway Planning and Construction Cluster</b>			
Recreational Trails Program	U.S. Department of Transportation / NE Game & Parks Commission	20.219	9,113
Highway Planning and Construction	U.S. Department of Transportation / Stae of Nebraska	20.205	165,235
Highway Planning and Construction	U.S. Department of Transportation / Nebraska Office of Highway Safety	20.205	18,455
			<u>192,803</u>
<b>Highway Safety Cluster</b>			
State and Community Highway Safety	U.S. Department of Transportation / Nebraska Office of Highway Safety	20.600	163,444
Alcohol Impaired Driving Countermeasures Incentive Grant	U.S. Department of Transportation / Nebraska Office of Highway Safety	20.601	21,158
			<u>184,602</u>
<b>Title I, Part A Cluster</b>			
Title I Grants to Local Educational Agencies	U.S. Department of Education / Papillion/ La Vista School District	84.010	46,374
			<u>46,374</u>
<b>Medicaid Cluster</b>			
Medical Assistance Program	U.S. Department of Health and Human Services / Nebraska Department of Health and Human Services	93.778	16,366
			<u>16,366</u>

**Sarpy County, Nebraska**  
**Schedule of Expenditures of Federal Awards - Continued**  
**Year Ended June 30, 2013**

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	\$ 16,100
Juvenile Justice & Delinquency Prevention - Allocation to States	U.S. Department of Justice / Nebraska Crime Commission	16.540	44,458
Crime Victim Assistance	U.S. Department of Justice / Nebraska Crime Commission	16.575	107,527
Violence Against Women Formula Grants	U.S. Department of Justice / Nebraska Crime Commission & Heartland Family Services	16.588	28,200
State Criminal Alien Assistance Program	U.S. Department of Justice	16.606	41,658
Bulletproof Vest Partnership Program	U.S. Department of Justice	16.607	1,595
Equitable Sharing Program	U.S. Department of Justice	16.922	49,320
Drug Eradication	U.S. Department of Justice	16.xxx	19,458
FBI Overtime Reimbursement - Cyber Crimes Task Force	U.S. Department of Justice	16.xxx	4,152
Prisoner Housing - Military Prisoner	U.S. Department of Justice	16.xxx	1,512
Juvenile Detention Alternatives Initiative	U.S. Department of Justice	16.xxx	7,955
Metropolitan Transportation Planning	U.S. Department of Transportation / Metropolitan Area Planning Agency	20.505	110,738
U.S. Immigrations - Juveniles	Immigration & Customs Enforcement	16.xxx	3,147
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	1,175,764
Homeland Security Grant Program	U.S. Department of Homeland Security / State of Nebraska / City of Omaha	97.067	16,981
Emergency Management Performance Grants	U.S. Department of Homeland Security / Nebraska Emergency Management Agency	97.042	<u>100,204</u>
			<u>\$ 2,775,781</u>

**Sarpy County, Nebraska**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2013**

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:

<b>Program</b>	<b>CFDA Number</b>	<b>Subrecipient</b>	<b>Amount Provided</b>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	City of Bellevue	\$ 5,570
State and Community Highway Safety	20.600	City of Bellevue	<u>67,478</u>
			<u>\$ 73,048</u>

**Independent Auditor's 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, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 3, 2014.

***Internal Control Over Financial Reporting***

Management of Sarpy County, Nebraska is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the County's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

### ***Compliance***

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*.

### ***Other Matters***

We noted certain matters that we reported to the County's management in a separate letter dated February 3, 2014.

The purpose of this communication is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BKD, LLP**

Omaha, Nebraska  
February 3, 2014

## **Independent Auditor's 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

### **Report on Compliance for Each Major Federal Program**

We have audited the compliance of Sarpy County, Nebraska (the County) with the types of compliance requirements described in the 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, 2013. 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.

#### ***Management's Responsibility***

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.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above.

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

### ***Opinion on Each Major Federal Program***

In our opinion, Sarpy County, Nebraska complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

The management of Sarpy County, Nebraska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 or corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*BKD, LLP*

Omaha, Nebraska  
February 3, 2014



**Sarpy County, Nebraska**  
**Schedule of Findings and Questioned Costs - Continued**  
**Year Ended June 30, 2013**

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, 2013**

**Findings Required to be Reported by *Government Auditing Standards***

Reference Number	Finding	Questioned Costs
No matters are reportable		

**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, 2013**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
No matters are reportable		