

SARPY COUNTY, NEBRASKA

JUNE 30, 2006

SARPY COUNTY, NEBRASKA

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December 1, 2006

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Sarpy County, Nebraska

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sarpy County, Nebraska (the County) as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2006, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 11 and the budgetary comparison schedules on pages 35 through 42 are not a required part of the basic financial statements but are supplementary information required by generally accepted accounting principles in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

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

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

Orizon CPAs LLC
ORIZON CPAs LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Sarpy County, Nebraska, we offer readers of Sarpy County, Nebraska's financial statements this narrative overview and analysis of the financial activities of Sarpy County, Nebraska for the fiscal year ended June 30, 2006. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes to the financial statements.

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

Financial Highlights

As of June 30, 2006 the County's total assets exceeded its total liabilities by \$117,623,062.

Total net assets are comprised of the following:

- Capital assets, net of related debt, of \$92,079,009. This represents the property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of the County's capital assets.
- Restricted net assets of \$3,638,145.
- Unrestricted net assets of \$21,905,908.

The County's total revenues exceeded its total expenses by \$10,629,893.

The County's governmental activities reported a net increase in net assets of \$10,581,231 and a total ending net asset balance of \$112,692,082.

The County's proprietary funds reported a net increase in net assets of \$48,662 and a total ending net asset balance of \$4,930,980.

For the year ending June 30, 2006, the General Fund reported revenues in excess of expenditures of \$2,793,087 and had an ending fund balance of \$18,155,545.

The County's total debt decreased by \$1,923,360 during the current fiscal year to a total debt balance of \$6,172,944 as of June 30, 2006.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Sarpy County, Nebraska, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Sarpy County, Nebraska can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Sarpy County, Nebraska maintains over fifty 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, special roads fund, courthouse bond fund, and the landfill bond surplus fund, each of which are considered to be major funds. All other special revenue funds are combined and are shown as non-major funds.

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

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

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

Notes to the financial statements

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

Other information

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Sarpy County, Nebraska, assets exceeded liabilities by \$117,623,062, as of June 30, 2006.

A significant portion of Sarpy County, Nebraska's net assets (78 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Sarpy County, Nebraska's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Government Activities	Business-Type Activities	Total
Current and other assets	\$ 30,624,721	\$ 9,349,475	\$ 39,974,196
Capital assets	<u>97,236,483</u>	<u>1,015,473</u>	<u>98,251,956</u>
Total Assets	<u>127,861,204</u>	<u>10,364,948</u>	<u>138,226,152</u>
Current liabilities	7,248,152	126,662	7,374,814
Long-term liabilities	<u>7,920,970</u>	<u>5,307,306</u>	<u>13,228,276</u>
Total Liabilities	<u>15,169,122</u>	<u>5,433,968</u>	<u>20,603,090</u>
Net Assets:			
Invested in capital assets, Net of related debt	91,063,536	1,015,473	92,079,009
Restricted	2,337,580	1,300,565	3,638,145
Unrestricted	<u>19,290,966</u>	<u>2,614,942</u>	<u>21,905,908</u>
Total Net Assets	<u>\$112,692,082</u>	<u>\$ 4,930,980</u>	<u>\$117,623,062</u>

This reflects an increase in net assets of \$10,629,893 or 10% for the County from the previous year restated balance of \$106,993,169; an indication that the County's overall financial position improved during the fiscal year 2006. It should be noted that the liability for compensated absences decreased from \$6,171,830 to \$4,347,548. This largely is due to a more accurate reporting of a portion of sick leave liability for County Sheriff's employees at a 4:1 conversion ratio instead of the previously reported 2:1 conversion ratio.

The governmental activities had an increase in net assets of \$10,581,231 and the business-type activities had an increase of \$48,662 for a total increase in net assets for the County of \$10,629,893. A summary of the government-wide operations is presented below:

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>
General revenues and transfers	\$ 34,559,342	\$ 24,117,923	\$10,441,419
Charges for services	17,121,744	23,832,795	(6,711,051)
Operating grants and contributions	8,922,276	10,463,547	(1,541,271)
Capital grants and contributions	<u>1,297,047</u>	<u>2,023,945</u>	<u>(726,898)</u>
Total Revenues	61,900,409	60,438,210	1,462,199
Expenses	<u>(51,270,516)</u>	<u>(56,676,078)</u>	<u>(5,405,562)</u>
Changes in Net Assets	<u>\$ 10,629,893</u>	<u>\$ 3,762,132</u>	<u>\$ 6,867,761</u>

The total revenues increased by \$1,462,199 with a large increase relating to General revenues increase of \$10,441,419. This is primarily because certain revenues were reclassified to more accurately reflect the category of revenues. For example, \$5,092,279 of motor vehicle taxes shown as Charges for Service on the 2005 fiscal year financial statements are shown as General revenues in the 2006 fiscal year financial statements.

GOVERNMENTAL ACTIVITY REVENUES

General revenues from governmental activities totaled \$35,621,689 in 2006, an increase of \$10,689,939 or 43% from 2005. The amount of General revenues by source and increase or decrease from the prior year are summarized below:

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>
Property taxes	\$31,475,999	\$22,521,614	\$ 8,954,385
Investment Income	2,200,086	884,745	1,315,341
Miscellaneous	678,027	225,391	452,636
Operating Transfers	<u>1,267,577</u>	<u>1,300,000</u>	<u>(32,423)</u>
Total General Revenues	<u>\$35,621,689</u>	<u>\$24,931,750</u>	<u>\$10,689,939</u>

The County relies heavily on property taxes to support its governmental operations. Tax revenue provided approximately 50.0% of the County's total governmental revenues.

GOVERNMENTAL EXPENDITURES

Expenditures of governmental activities totaled \$48,443,783 for 2006, a decrease of \$3,391,638 from 2005 expenditures of \$51,835,421. While there are a number of factors related to this decrease the major factors relate to the decrease in accruals for compensated absences liability discussed earlier and a decrease in accrual for bonds payable due to retirement of debt. These expenditures, by function, are summarized below:

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>
General government	\$17,764,653	\$17,987,502	\$ (222,849)
Public Health	2,170,348	3,722,897	(1,552,549)
Public Safety	18,937,885	21,574,079	(2,636,194)
Public Health & Social Services	950,511	950,315	196
Special Roads	8,342,206	7,244,435	1,097,771
Debt Service Interest	<u>278,180</u>	<u>356,193</u>	<u>(78,013)</u>
	<u>\$48,443,783</u>	<u>\$51,835,421</u>	<u>\$(3,391,638)</u>

BUSINESS-TYPE ACTIVITIES

Business-type activities are shown comparing costs to revenues generated by related services. The landfill functions are designated to be self-supporting with user charges and other revenues designed to recover costs. For the year ending June 30, 2006, these functions generated a profit from operations; however, transfers from the Landfill functions were made to the General fund and Special Revenue funds that offset the profit. A summary of this activity is presented below.

	<u>2006</u>	<u>2005</u>
Operating revenues	\$ 3,937,742	\$ 4,604,713
Operating expenses	<u>(2,826,733)</u>	<u>(4,840,657)</u>
Operating income (loss)	1,111,009	(235,944)
Non-operating revenues	205,230	486,173
Non-operating expenses	<u>(1,267,577)</u>	<u>(1,300,000)</u>
Increase (decrease) in net assets	<u>\$ 48,662</u>	<u>\$(1,049,771)</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 of \$18,206,342 as of June 30, 2006, which represents 33% of the current total expenses. The Governmental Fund information is summarized below:

	Total Governmental Funds	
	<u>2006</u>	<u>2005</u>
ASSETS		
Cash and cash equivalents	\$ 18,206,342	\$ 15,036,972
Accounts receivable	204,803	
Taxes receivable	11,078,566	10,009,837
Prepaid expenses	362,977	615,071
Inventory	<u>502,911</u>	<u>552,747</u>
Total assets	<u>\$ 30,355,599</u>	<u>\$ 26,214,627</u>
LIABILITIES		
Accounts payable	\$ 4,181,207	\$ 2,582,458
Wages and benefits payable	564,886	498,184
Deferred revenue	672,176	658,510
Compensated absences	<u>164,478</u>	<u>221,308</u>
Total Liabilities	<u>5,582,747</u>	<u>3,960,460</u>
FUND BALANCES		
Reserved		
Inventory	502,911	552,747
Debt Services	2,337,580	2,212,053
Compensated absences	164,478	221,308
Prepaid Expenses	362,977	
Unreserved	<u>21,404,906</u>	<u>19,268,059</u>
Total fund balances	<u>24,772,852</u>	<u>22,254,167</u>
Total liabilities and fund balances	<u>\$30,355,599</u>	<u>\$26,214,627</u>

The General Fund is the County's primary operating fund and largest source of day-to-day service delivery. The General Fund had a Net Fund Balance increase of \$2,793,087 based on the modified accrual basis of accounting.

Proprietary funds

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

General Fund Budgetary Highlights

The General Fund budgeted revenues for the 2006 fiscal year were \$35,069,282 while actual revenues were \$37,589,089 for a favorable variance of \$2,519,807. The General Fund budgeted expenses were \$32,658,566 while actual expenses were \$30,957,951 for a favorable variance of \$1,700,615. These amounts are exclusive of transfers.

Prior Period Adjustment

The County analyzed cash and investment amounts held by individual office holders at year-end and determined that these amounts should be included in the County's financial statements although the revenues had not been provided to the County Treasurer. Accordingly, an adjustment of \$1,215,800 was made to account for the change in cash. The correction had no effect on current income.

Assessed Valuation and Property Taxes

Assessed valuation of \$8,105,260,699 represented a 11.6% increase over the preceding year's valuation of \$7,262,349,503. Property taxes are assessed on actual valuation. The tax rates are applied to each \$100 of actual valuation. The breakdown of tax rates for 2006 fiscal year and the preceding two years are as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
General fund	.2665	.2624	.2591
All other funds	<u>.0334</u>	<u>.0375</u>	<u>.0408</u>
Total	<u>.2999</u>	<u>.2999</u>	<u>.2999</u>
Total Valuation	\$8,105,260,699	\$7,262,349,503	\$6,693,775,606
% Valuation Increase over preceding year	11.6%	8.5%	7.8%

Capital Assets

As of June 30, 2006, the County had \$98,251,956 invested in capital assets, including roads, bridges, buildings, machinery, equipment, etc. This is an increase of \$5,207,407 from the previous year amount. The net book value of these assets are summarized below.

Land	\$ 3,569,234
Infrastructure	73,261,972
Buildings	16,785,937
Machinery & Equipment	4,502,307
Land Improvements	<u>132,506</u>
Net capital assets	<u>\$ 98,251,956</u>

The increase in capital assets during the year is due primarily to significant additions to the County's road system in excess of the current year depreciation and asset disposals. The annual depreciation for the County for 2006 was \$4,384,472.

Debt Administration

At the end of the fiscal year, the County had total bonded debt and notes payable outstanding of \$6,172,947. During the current year, the County issued no new bonds and made principal payments on outstanding bonds totaling \$1,610,000. The County's total future debt service requirements are presented below.

<u>Year ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2007	\$2,337,581	\$204,721	\$2,542,302
2008	1,960,310	129,768	2,090,078
2009	1,308,266	54,984	1,363,250
2010	430,988	16,911	447,899
2011	17,128	6,324	23,452
2012 through 2016	68,541	21,607	90,148
2017 through 2019	<u>50,133</u>	<u>3,957</u>	<u>54,090</u>
	<u>\$6,172,947</u>	<u>\$438,272</u>	<u>\$6,611,219</u>

Economic Environment

Sarpy County encompasses approximately 249 square miles, or 159,360 acres in area, and is located on the eastern border of Nebraska. Papillion, the county seat of Sarpy County, is located ten miles from Omaha, Nebraska, and 45 miles from Lincoln, Nebraska. The current population of Sarpy County is estimated at 139,371.

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 2005 was 72,083. Approximately 9,708 additional people are members of the military assigned to Offutt Air Force Base in Bellevue.

In 2004, the per capita personal income of Sarpy County residents was \$30,833, which was 95.3 percent of the Nebraska average per capita income of \$32,341. The lower per capita income is explained by Sarpy County's 28.7% population under age 18.

In 2005, the median income of households in Sarpy County was \$59,816. Ninety percent of the households received earnings and 18 percent received retirement income other than Social Security. Seventeen percent of the households received Social Security. The average income from Social Security was \$14,084. These income sources are not mutually exclusive; that is, some households received income from more than one source.

Net taxable sales (excluding motor vehicles) within Sarpy County increased from \$790,731,873 in 2005 to \$840,660,751 in 2006, representing a 6.3 percent growth rate over the prior year.

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

<u>Company</u>	<u>Employees</u>	<u>Industry</u>
Offutt Air Force Base	9,537	Military
Werner Enterprises	1,720	Trucking
PayPal, Inc.	1,500	Service
Bellevue Public Schools	1,300	Education
Papillion-Lavista Schools	1,287	Education

Sarpy County's population figures from 2000 through 2005 are as follows:

<u>Year</u>	<u>Population</u>
July 1, 2000 (census)	122,595
October, 2002 (estimate)	125,836
July, 2003 (estimate)	132,476
July, 2004 (estimate)	135,973
July, 2005 (estimate)	139,371

Information for the number of building permits for single family dwellings issued for Sarpy County from 2001 through 2006 are as follows.

<u>Year</u>	<u>Permits</u>	<u>Value</u>
2001	281	\$28,562,177
2002	340	\$35,253,309
2003	467	\$49,115,417
2004	696	\$71,447,719
2005	685	\$72,518,595
2006	689	\$75,054,119

Information for the number of building permits for commercial/industrial dwellings issued for Sarpy County from 2001 through 2006 are as follows.

<u>Year</u>	<u>Permits</u>	<u>Value</u>
2001	20	\$15,780,009
2002	18	\$10,553,549
2003	16	\$8,074,954
2004	10	\$6,265,000
2005	29	\$20,637,828
2006	25	\$15,496,200

2005-2006 Budget

The County adopted a total budget for the year ending June 30, 2006 of \$88,447,245. This is a decrease of \$192,934 over the previous year budget of \$88,640,179. The property tax request for the 2005-06 fiscal year is \$24,307,677 on assessed valuation of \$8,105,260,699 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, NE 68046.

SARPY COUNTY, NEBRASKA

**STATEMENT OF NET ASSETS
JUNE 30, 2006**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 18,206,342	\$ 2,492,057	\$ 20,698,399
Accounts receivable	473,925	330,465	804,390
Taxes receivable	11,078,566		11,078,566
Prepaid expense	362,977	16,548	379,525
Inventory	502,911		502,911
Restricted cash		6,510,405	6,510,405
Capital assets			
Land	3,278,234	291,000	3,569,234
Depreciable assets	147,980,137	3,545,010	151,525,147
Less accumulated depreciation	(54,021,888)	(2,820,537)	(56,842,425)
 Total assets	 127,861,204	 10,364,948	 138,226,152
 LIABILITIES			
Accounts payable	4,181,207	114,179	4,295,386
Wages and benefits payable	564,886	12,483	577,369
Compensated absences			
Current	164,478		164,478
Non-current	4,085,604	97,466	4,183,070
Accrued landfill closure and post closure costs		5,209,840	5,209,840
Bonds payable			
Current	1,625,000		1,625,000
Non-current	3,360,000		3,360,000
Notes payable			
Current	712,581		712,581
Non-current	475,366		475,366
 Total liabilities	 15,169,122	 5,433,968	 20,603,090
 NET ASSETS			
Invested in capital assets, net of related debt	91,063,536	1,015,473	92,079,009
Restricted for:			
Debt service	2,337,580		2,337,580
Post closure costs		1,300,565	1,300,565
Unrestricted	19,290,966	2,614,942	21,905,908
 Total net assets	 \$ 112,692,082	 \$ 4,930,980	 \$ 117,623,062

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

SARPY COUNTY, NEBRASKA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

	Program Revenues			Change in Net Assets			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 17,764,653	\$ 6,947,327	\$ 1,703,663	\$ 43,609	\$ (9,070,054)		\$ (9,070,054)
Public health	2,170,348	1,291,454	6,444		(872,450)		(872,450)
Public safety	18,937,885	2,643,103	1,982,866		(14,311,916)		(14,311,916)
Public health and social services	950,511	177,824	485		(772,202)		(772,202)
Special roads	8,342,206	2,124,294	5,228,818	1,253,438	264,344		264,344
Debt service interest	278,180				(278,180)		(278,180)
Total governmental activities	<u>48,443,783</u>	<u>13,184,002</u>	<u>8,922,276</u>	<u>1,297,047</u>	<u>(25,040,458)</u>		<u>(25,040,458)</u>
Business-type activities							
Landfill	2,826,733	3,937,742				\$ 1,111,009	1,111,009
Total business-type activities	<u>2,826,733</u>	<u>3,937,742</u>				<u>1,111,009</u>	<u>1,111,009</u>
	\$ 51,270,516	\$ 17,121,744	\$ 8,922,276	\$ 1,297,047	(25,040,458)	1,111,009	\$ (23,929,449)
General revenues							
Property taxes and assessments					31,475,999		31,475,999
Investment income					2,200,086	188,877	2,388,963
Miscellaneous					678,027	16,353	694,380
Operating transfers					1,267,577	(1,267,577)	
Total general revenues and transfers					<u>35,621,689</u>	<u>(1,062,347)</u>	<u>34,559,342</u>
Change in net assets					10,581,231	48,662	10,629,893
Net assets, beginning of year					100,895,051	4,882,089	105,777,140
Prior period adjustment					1,215,800	229	1,216,029
Net assets, restated					<u>102,110,851</u>	<u>4,882,318</u>	<u>106,993,169</u>
Net assets, end of year					<u>\$ 112,692,082</u>	<u>\$ 4,930,980</u>	<u>\$ 117,623,062</u>

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

SARPY COUNTY, NEBRASKA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2006

	General Fund	Special Roads	Courthouse Bond-Debt	Landfill Bond Surplus	Non-major Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 10,376,690	\$ 665,376	\$ 657,470	\$ 2,534,683	\$ 3,972,123	\$ 18,206,342
Accounts receivable	21,203				183,600	204,803
Taxes receivable	9,843,027		340,469		895,070	11,078,566
Prepaid expenses	225,039	46,561			91,377	362,977
Inventory		485,827			17,084	502,911
Total assets	\$ 20,465,959	\$ 1,197,764	\$ 997,939	\$ 2,534,683	\$ 5,159,254	\$ 30,355,599
LIABILITIES						
Accounts payable	\$ 1,162,079	\$ 2,644,361			\$ 374,767	\$ 4,181,207
Wages and benefits payable	421,294	39,563			104,029	564,886
Deferred revenue	595,900.00		\$ 20,603		55,673.00	672,176
Compensated absences	131,141	11,966			21,371	164,478
Total liabilities	2,310,414	2,695,890	20,603		555,840	5,582,747
FUND BALANCES						
Reserved						
Prepaid expenses	225,039	46,561			91,377	362,977
Inventory		485,827			17,084	502,911
Compensated absences	131,141	11,966			21,371	164,478
Debt services	169,559	885,885	675,000		607,136	2,337,580
Unreserved	17,629,806	(2,928,365)	302,336	\$ 2,534,683	3,866,446	21,404,906
Total fund balances	18,155,545	(1,498,126)	977,336	2,534,683	4,603,414	24,772,852
Total liabilities and fund balances	\$ 20,465,959	\$ 1,197,764	\$ 997,939	\$ 2,534,683	\$ 5,159,254	\$ 30,355,599
RECONCILIATION						
Total fund balances - Governmental Funds						\$ 24,772,852
Amounts reported for governmental activities in the statement of net assets are different because:						
Deferred revenues represents funds not available in the current period and therefore are not recognized as revenue in the governmental funds.						941,298
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						97,236,483
Some liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.						(10,258,551)
Net assets of Governmental Activities						\$ 112,692,082

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

SARPY COUNTY, NEBRASKA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	General Fund	Special Roads	Courthouse Bond	Landfill Bond Surplus	Non-major Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 21,338,992		\$ 985,926		\$ 1,702,178	\$ 24,027,096
Intergovernmental						
Federal	259,409	\$ 1,253,356			1,765,443	3,278,208
State	1,568,057	5,763,192	15,016		205,259	7,551,524
Local	15,482,735	2,057,484	10,298	\$ 64,683	5,271,743	22,886,943
Total revenues	<u>38,649,193</u>	<u>9,074,032</u>	<u>1,011,240</u>	<u>64,683</u>	<u>8,944,623</u>	<u>57,743,771</u>
EXPENDITURES						
Current						
Personal services	22,900,295	2,491,035			6,122,098	31,513,428
Operating expenses	5,259,458	408,980	2,000		3,147,476	8,817,914
Supplies and materials	1,076,641	1,276,572			253,404	2,606,617
Equipment and office rentals	146,165	30,849			31,302	208,316
Capital outlay	719,119	10,246,494			1,067,394	12,033,007
Debt service						
Debt service principal	289,088	832,685	575,000		577,279	2,274,052
Debt service interest	8,520	59,031	105,002		62,570	255,129
Total expenditures	<u>30,399,286</u>	<u>15,345,646</u>	<u>682,002</u>		<u>11,281,529</u>	<u>57,708,463</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>8,249,907</u>	<u>(6,271,614)</u>	<u>329,238</u>	<u>64,683</u>	<u>(2,336,906)</u>	<u>35,308</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	1,925,532	4,924,893		317,577	2,774,253	9,942,255
Operating transfers out	(7,382,355)				(1,292,323)	(8,674,678)
Net other financing sources (uses)	<u>(5,456,823)</u>	<u>4,924,893</u>		<u>317,577</u>	<u>1,481,930</u>	<u>1,267,577</u>
NET CHANGE IN FUND BALANCES	<u>2,793,084</u>	<u>(1,346,721)</u>	<u>329,238</u>	<u>382,260</u>	<u>(854,976)</u>	<u>1,302,885</u>
FUND BALANCES, BEGINNING OF YEAR	14,148,230	(151,455)	648,098	2,152,423	5,456,871	22,254,167
PRIOR PERIOD ADJUSTMENT	1,214,231	50			1,519	1,215,800
FUND BALANCES, AS RESTATED	<u>15,362,461</u>	<u>(151,405)</u>	<u>648,098</u>	<u>2,152,423</u>	<u>5,458,390</u>	<u>23,469,967</u>
FUND BALANCES, END OF YEAR	<u>\$ 18,155,545</u>	<u>\$ (1,498,126)</u>	<u>\$ 977,336</u>	<u>\$ 2,534,683</u>	<u>\$ 4,603,414</u>	<u>\$ 24,772,852</u>
RECONCILIATION						
Total net change in fund balances for the governmental funds.						\$ 1,302,885
Amounts reported in the governmental activities in the government-wide statement of activities are different because:						
Deferred revenues represent funds not available in the current period and therefore are not recognized as revenues in the governmental funds.						13,666
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense.						5,299,205
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.						2,042,115
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net assets.						1,923,360
Changes in net assets of governmental activities.						<u>\$ 10,581,231</u>

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

SARPY COUNTY, NEBRASKA

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2006

CURRENT ASSETS	
Cash and investments	\$ 2,492,057
Accounts receivable	330,465
Prepaid expenses	<u>16,548</u>
Total current assets	<u>2,839,070</u>
NON-CURRENT ASSETS	6,510,405
Restricted cash	
Capital assets	291,000
Land	586,898
Land improvements	474,500
Buildings	2,483,612
Machinery and equipment	<u>(2,820,537)</u>
Less accumulated depreciation	<u>7,525,878</u>
Total non-current assets	
TOTAL ASSETS	<u>\$ 10,364,948</u>
CURRENT LIABILITIES	\$ 114,179
Accounts payable	12,483
Wages and benefits payable	<u>126,662</u>
Total current liabilities	
NON-CURRENT LIABILITIES	97,466
Compensated absences	5,209,840
Accrued landfill closure and post closure costs	<u>5,307,306</u>
Total non-current liabilities	
Total liabilities	<u>5,433,968</u>
NET ASSETS	1,015,473
Invested in capital assets, net of related debt	2,614,942
Unrestricted	1,300,565
Restricted for post closure costs	<u>4,930,980</u>
Total net assets	
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,364,948</u>

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

SARPY COUNTY, NEBRASKA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
 PROPRIETARY FUND
 FOR THE YEAR ENDED JUNE 30, 2006**

OPERATING REVENUES	
Charges for services	<u>\$ 3,937,742</u>
OPERATING EXPENSES	
Personal services	748,170
Operating expenses	1,448,880
Supplies/materials	308,108
Equipment rental	10,700
Capital outlay	<u>310,875</u>
Total operating expenses	<u>2,826,733</u>
OPERATING INCOME	<u>1,111,009</u>
NON-OPERATING REVENUES	
Investment income	188,877
Miscellaneous income	<u>16,353</u>
Total non-operating revenues	<u>205,230</u>
NET INCOME BEFORE TRANSFERS OUT	1,316,239
OPERATING TRANSFERS OUT	<u>(1,267,577)</u>
CHANGE IN NET ASSETS	<u>48,662</u>
NET ASSETS, BEGINNING OF YEAR	4,882,089
PRIOR PERIOD ADJUSTMENT	<u>229</u>
NET ASSETS, AS RESTATED	<u>4,882,318</u>
NET ASSETS, END OF YEAR	<u>\$ 4,930,980</u>

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

SARPY COUNTY, NEBRASKA

STATEMENT OF CASH FLOWS - PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating Income	\$ 1,111,009
Adjustment to reconcile operating income to net cash provided by operating activities	
Depreciation	129,704
Change in accounts receivable	121,345
Change in prepaid expenses	(396)
Change in accounts payable	(179,827)
Change in compensated absences	5,541
Change in accrued salaries, wages, and pension	2,496
Change in accrued landfill closure and post closure costs	610,267
Net cash provided by operating activities	<u>1,800,139</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	<u>(37,906)</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	
Miscellaneous cash received not related to operating or capital activities	16,581
Cash payments to other funds	<u>(1,267,577)</u>
Net cash used by non-capital and related financing activities	<u>(1,250,996)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income received for landfill closure and post closure costs	<u>188,877</u>
NET INCREASE IN CASH AND INVESTMENTS	700,114
CASH AND INVESTMENTS, BEGINNING OF YEAR	<u>8,302,348</u>
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 9,002,462</u>
CASH AND INVESTMENTS ON THE STATEMENT OF NET ASSETS	
Cash and investments	\$ 2,492,057
Restricted cash	<u>6,510,405</u>
Total cash and investments	<u>\$ 9,002,462</u>

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

SARPY COUNTY, NEBRASKA

STATEMENT OF NET ASSETS - FIDUCIARY FUND
JUNE 30, 2006

ASSETS

Cash and investments	\$ 85,226,913
Taxes receivable	<u>68,881,275</u>

Total assets	<u>\$ 154,108,188</u>
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LIABILITIES

Due to other governmental entities	<u>\$ 154,108,188</u>
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The accompanying notes are an integral part of the financial statements.

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices of Sarpy County, Nebraska (the "County") are discussed in the subsequent section of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended June 30, 2006.

ORGANIZATION

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

REPORTING ENTITY

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the County are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). The County's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

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

GOVERNMENT-WIDE STATEMENTS

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

GOVERNMENT- WIDE STATEMENTS, CONTINUED

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

FUND FINANCIAL STATEMENTS

The financial transactions of the County are reported in major funds and aggregate non-major funds in the fund financial statements. A fund is considered major if it is the primary operating fund of the County, meets specific mathematical criteria set forth by GASB or is identified as a major fund by the County's management. In addition to the County's funds meeting the required criteria, the County's management has designated the Courthouse Bond-Debt and Landfill Bond Surplus funds to be presented as major funds for financial reporting purposes.

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

Governmental Funds

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

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental Funds, Continued

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

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

Proprietary Fund

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

Fiduciary Fund

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

Budgets and Budgetary Accounting

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

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

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Budgets and Budgetary Accounting, Continued

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

Investments

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

Receivables

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

Property Taxes

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

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

Counties are permitted by the State Constitution to levy a tax up to \$0.50 per \$100 of assessed valuation for general governmental services other than the payment of principle and interest on bonded debt. They may levy taxes in addition to the \$.50 limitation upon a vote of the people. The tax levy remained below the \$.50 limitation for 2006.

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

Inventories

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets

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

Compensated Absence

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

Use of Restricted Unrestricted Net Assets

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

Interfund Transactions

Following is a description of the types of interfund transactions made during the year and the related accounting policies:

Operating transfers - these transactions include all other transactions not classified as quasi-external transactions or reimbursements.

Use of Estimates

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

For purposes of classifying categories of custodial risk, the bank balances (deposits) of \$17,119,208 as of June 30, 2006 are either entirely insured or collateralized with securities held by the County's agent in the County's name.

Investments

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

Credit Risk

Credit risk is the risk that the County will not recover its investments due to the ability of the counterparty to fulfill their obligation. State statute limits investment options to certain specific investment vehicles. There is no statutory requirement for investments to meet a certain quality rating.

The County's investments, totaling \$95,016,923 consisted of U.S. Government Securities, U.S. Treasury Bills, Fannie Mae, Federal Loan Home Notes, Certificates of Deposit, and the Nebraska Public Agency Investment Trust (NPAIT), which is an external investment pool not subject to custodial credit risk disclosure. NPAIT is similar to a mutual fund. Its portfolio consists of investments in which public entities are permitted to invest under Nebraska State Statutes. The NPAIT investment is carried at fair value, which was \$3,334,628 as of June 30, 2006. The Fannie Mae investments were rated AAA by Standard and Poors and NPAIT was not rated.

Concentrations of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. State statute does not restrict the concentration of investment in any issuer. The County places no limit on the amount the County may invest in any one issuer. More than 5 percent of the County's investments are in Federal National Mortgage Association. This investment is 8.55%.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the County will not be able to recover the value of the investments, but would collect collateral securities in the possession of the outside party.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the County's investments will decrease as a result of increase in interest rates. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

2. DEPOSITS AND INVESTMENTS, CONTINUED

Investments, Continued

The County's investments, including fiduciary fund, at June 30, 2006 are:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Included income internal investment pool:		
NPAIT - Certificates of deposit	Various	\$ 3,334,628
U. S .treasury bills	Various	25,975,582
Federal National Mortgage Association	Various	8,125,963
Federal Home Loan Notes	Various	2,988,600
Governmental Securities	Various	31,417,237
Certificates of deposit	Various	<u>23,174,913</u>
		<u>\$ 95,016,923</u>

Summary of Cash and Investments

The carrying value (fair value) for cash and investments for the governmental funds, proprietary fund, and fiduciary fund at June 30, 2006 consists of the following:

	<u>Carrying Value</u>
Cash:	
Cash on hand	\$ 299,586
Cash in bank (checking, money market)	<u>17,119,208</u>
Total cash	<u>17,418,794</u>
Investments:	
NPAIT – Certificates of Deposit	3,334,628
U.S. Treasury Bills	25,975,582
Federal National Mortgage Association	8,125,963
Federal Home Loan Notes	2,988,600
U.S. Governmental Securities (held in trust)	31,417,237
Certificates of deposit	<u>23,174,913</u>
Total investments	<u>95,016,923</u>
Total cash and investments	<u>\$112,435,717</u>
Governmental funds	\$ 18,206,342
Proprietary fund	2,492,057
Proprietary fund – restricted for landfill post closure costs	6,510,405
Fiduciary funds	<u>85,226,913</u>
Total cash and investments	<u>\$112,435,717</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental Activities</u>				
Not being depreciated				
Land and improvements	\$ 3,278,234			\$ 3,278,234
Subtotal	<u>3,278,234</u>			<u>3,278,234</u>
Other capital assets				
Infrastructure	95,486,957	\$ 8,728,317		104,215,274
Buildings	23,267,847	50,649		23,318,496
Machines and equipment	19,978,241	816,888	\$(348,762)	20,446,367
Subtotal	<u>138,733,045</u>	<u>9,595,854</u>	<u>(348,762)</u>	<u>147,980,137</u>
Accumulated depreciation				
Infrastructure	(28,451,855)	(2,501,447)		(30,953,302)
Buildings	(6,334,537)	(465,397)		(6,799,934)
Machines and equipment	(15,287,609)	(1,287,847)	306,804	(16,268,652)
Subtotal	<u>(50,074,001)</u>	<u>(4,254,691)</u>	<u>306,804</u>	<u>(54,021,888)</u>
Net other capital assets	<u>88,659,044</u>	<u>5,341,163</u>	<u>(41,958)</u>	<u>93,958,249</u>
Net capital assets	<u>\$ 91,937,278</u>	<u>\$ 5,341,163</u>	<u>\$ (41,958)</u>	<u>\$ 97,236,483</u>
<u>Business-Type Activities</u>				
Not being depreciated				
Land and improvements	\$ 291,000			\$ 291,000
Subtotal	<u>291,000</u>			<u>291,000</u>
Other capital assets				
Land Improvements	586,898			586,898
Buildings	474,500			474,500
Machines and equipment	2,445,706	\$ 37,906		2,483,612
Subtotal	<u>3,507,104</u>	<u>37,906</u>		<u>3,545,010</u>
Accumulated depreciation				
Land improvements	(425,076)	(29,316)		(454,392)
Buildings	(197,722)	(9,480)	\$ 77	(207,125)
Machines and equipment	(2,068,035)	(90,985)		(2,159,020)
Subtotal	<u>(2,690,833)</u>	<u>(129,781)</u>	<u>77</u>	<u>(2,820,537)</u>
Net other capital assets	<u>816,271</u>	<u>(91,875)</u>	<u>77</u>	<u>724,473</u>
Net capital assets	<u>\$ 1,107,271</u>	<u>\$ (91,875)</u>	<u>\$ 77</u>	<u>\$ 1,015,473</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. CAPITAL ASSETS, CONTINUED

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

General government	\$ 356,578
Public health	105,543
Public safety	1,038,394
Special roads	<u>2,754,174</u>
Total governmental activities depreciation expense	<u>\$ 4,254,689</u>

Construction Commitments

The County has active construction projects of approximately \$8,778,000 at June 30, 2006 for the construction of road projects.

4. LEASES

Operating Leases

The County has non-cancelable operating lease agreements for equipment and vehicles and rental property with unrelated parties. These leases expire on various dates through February 2009.

Future minimum lease payments for all leases, which will be paid by the general fund, are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2007	\$ 73,174
2008	55,345
2009	<u>36,286</u>
	<u>\$ 164,805</u>

Lease payments for these operating leases were approximately \$55,570 during the year ended June 30, 2006.

5. LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2006:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities				
Compensated absences	\$ 6,079,905		\$ 1,829,823	\$ 4,250,082
General obligation bonds	6,595,000		1,610,000	4,985,000
Notes payable	<u>1,501,307</u>	<u>\$ 436,275</u>	<u>749,635</u>	<u>1,187,947</u>
Governmental activities long-term liabilities	<u>\$14,176,212</u>	<u>\$ 436,275</u>	<u>\$ 4,189,458</u>	<u>\$10,423,029</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

5. LONG-TERM LIABILITIES, CONTINUED

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business – Type Activities				
Compensated absences	\$ 91,925	\$ 5,541		\$ 97,466
Business-type activities long-term liabilities	<u>\$ 91,925</u>	<u>\$ 5,541</u>		<u>\$ 97,466</u>

Long-term debt consisted of the following at June 30, 2006:

<u>Type of indebtedness (purpose)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2006</u>
<u>Bonds Payable</u>					
Highway Allocation Bonds	Sept 2008	2.60 - 2.90%	\$450,000 -615,000	\$2,840,000	\$1,215,000
Communication Bonds	Dec. 2009	4.60 - 5.00%	325,000-375,000	2,690,000	1,495,000
Juvenile Justice Center	Dec. 2009	3.35 - 4.35%	475,000-850,000	4,200,000	2,275,000
<u>Notes Payable</u>					
Upgrade 911	Oct. 2008	2.70%	\$159,252	\$744,110	\$351,909
2 Motor Graders	June 2007	2.00%	116,280	335,092	114,086
Accounting software	June 2007	2.50%	8,127	190,065	89,410
8 Cruisers	July 2007	3.00%	4,620	158,812	96,466
ENSA House 1	June 2010	5.60%	8,800-11,000	97,610	45,668
ENSA House 2	Nov. 2010	5.10%	9,000-11,000	101,782	51,369
ENSA House 3	June 2019	5.00%	8,700-17,500	190,000	172,085
Hydraulic Excavator	July 2007	3.00%	54,500	158,812	58,861
Freightliner	Aug. 2007	3.25%	49,386	97,188	53,316
3 Chassis & Equipment	Oct. 2007	3.35%	117,290	232,507	146,190
8 Cruisers	May 2008	2.50%	8,587	26,110	8,587

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2007	\$ 2,337,581	\$ 204,721	\$ 2,542,302
2008	1,960,310	129,768	2,090,078
2009	1,308,266	54,984	1,363,250
2010	430,988	16,911	447,899
2011	17,128	6,324	23,452
2012 through 2016	68,541	21,607	90,148
2017 through 2019	50,133	3,957	54,090
	<u>\$ 6,172,947</u>	<u>\$ 438,272</u>	<u>\$ 6,611,219</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

6. NET ASSETS\FUND BALANCE

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

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

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions. As of June 30, 2006, reservations of fund balances are described below:

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

7. EMPLOYEES' RETIREMENT SYSTEM

Pension Plan

The County has adopted the provisions of Sections 23-2301 to 23-2331, R.R.S. 1942, known as the County Employees Retirement Act. The retirement system for Nebraska counties is administered by the Public Employees Retirement Board and is a defined contribution cost-sharing multi-employer plan. The plan covers substantially all permanent employees who have been employed for twelve (12) continuous months and are twenty-five years of age or older. Participating noncommissioned employees contribute 4.5% and the County contributes 6.75% on their behalf. Commissioned officers of the Sheriffs department contribute 6.75% and the County contributes 8.75% on their behalf. The employee's account is fully vested, while the employer's account is fully vested after three (3) years in the plan. Employees over age 55 are vested immediately upon eligibility to participate in the retirement plan. Prior service benefits are paid by the County on a pay-as-you-go basis directly to the retired employee. No actuarial calculation has been made of the plan because future service benefits are on a money purchase basis and prior service benefits are on a pay-as-you-go basis.

For the year ended June 30, 2006, the County's payroll for covered employees was \$23,505,116, and the total payroll for the County was \$25,094,281. The County contributed \$1,733,193 to the employees account and paid \$1,729 for prior service benefits. The employees contributed \$1,204,272 to the plan for the year ended June 30, 2006.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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.

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.

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, 2006.

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 postclosure 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 postclosure care costs as an operating expense in each period based on landfill capacity used during the year. Based on a cost estimate done in 2004 closure costs will be \$3,880,454 and an additional \$2,248,770 will be required for post-closure care. The estimated total of the landfill closure and postclosure care of \$6,129,224 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 85 percent used (filled). The County expects to close the landfill in 2012. The County has accrued 85 percent of the total landfill closure and postclosure care costs as of June 30, 2006.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

9. LANDFILL CLOSURE AND POST CLOSURE CARE COSTS, CONTINUED

However, the actual cost of closure and postclosure 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 postclosure care. The County is in compliance with these requirements and at June 30, 2006, investments of \$6,510,405 are held for these purposes. These are reported as restricted assets on the proprietary fund statement of net assets.

10. PUBLIC ENTITY RISK POOL

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

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

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

10. PUBLIC ENTITY RISK POOL, CONTINUED

The following schedule is a summary of the NIRMA AND NIRMA II coverage in effect for the period August 1, 2005 through July 30, 2006 similar coverage will be in effect for the period August 1, 2006 through July 30, 2007:

<u>Type of Coverage</u>	<u>Insurance Carrier</u>	<u>Total Coverage Per Occurrence</u>	<u>County Deductible</u>	<u>Pool S.I.R.</u>
General Liability Auto Liability Police Professional Employee Benefits Liability	County Reinsurance, LTD	\$5,000,000 (No Annual Aggregate)	-0-	\$300,000
Public Officials and Employment Practices Liability	County Reinsurance, LTD	\$5,000,000 \$7,000,000 Aggregate	\$25,000	\$300,000
Personal & Real Property	Travelers Indemnity Co.	100% replacement cost Plus \$20 mil. fld & quake \$650,000 extra expense \$650,000 valuable papers \$500,000 EDP media \$500,000 EDP extra expense	\$500	\$25,000
Auto Phys. Dmg.	Travelers Indemnity Co.	Actual Cash Value	\$250	\$100,000
Inland Marine	Travelers Indemnity Co.	Actual Cash Value	\$500	\$25,000
Boiler & Machinery	Travelers Indemnity Co.	\$50,000,000	\$11,000	\$25,000
Crime w/faithful Performance of duty	NIRMA	\$300,000	\$1,000	\$300,000
Crime/Money & Securities/Deposits Forgery	NIRMA	\$50,000 Money & Securities \$100,000 dep. Forgery	\$1,000	\$50,000 \$100,000
Worker's Comp.	County Reinsurance,LTD	Statutory	-0-	\$300,000
Employer's Liability	County Reinsurance, LTD	\$2,000,000	-0-	\$300,000

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

11. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

<u>Name of Fund</u>	<u>Amount of Net Asset Deficit</u>
Special Roads	\$1,498,126
FG-Title 1D	3,940
SG-Juvenile Justice	899
FG-Drug Enforcement	1,344
Juvenile Services – LB 640	1,022
FG-Universal Hiring	922
FG-GIS Transportation	780
FG-Adult Drug Court	5,875
Fleet Services	20,208

12. PRIOR PERIOD ADJUSTMENT

The County analyzed cash amounts held by offices submitting statements of accountability and determined that it had understated cash and revenues previously reported. Accordingly, an adjustment of \$1,216,029 was made to account for the change in revenues and cash. The correction had no effect on the operating results of the current year.

13. SUBSEQUENT EVENTS

On January 23, 2007, the Sarpy County Board approved the issuance of \$7,000,000 of General Obligation Limited Tax Bonds for an addition to the Sarpy County Courthouse.

REQUIRED SUPPLEMENTARY INFORMATION

SARPY COUNTY, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budget Amounts		Actual	Favorable (Unfavorable)
	Original	Final		Variance
REVENUES COLLECTED				
Tax	\$ 21,600,274	\$ 21,600,274	\$ 20,275,175	\$ (1,325,099)
Federal	266,596	266,596	259,409	(7,187)
State	1,126,596	1,126,596	1,568,057	441,461
Local	12,075,816	12,075,816	15,486,448	3,410,632
Total revenues collected	<u>35,069,282</u>	<u>35,069,282</u>	<u>37,589,089</u>	<u>2,519,807</u>
EXPENDITURES PAID				
General Government				
County Board	138,834	138,834	137,488	1,346
County Clerk	924,434	924,434	915,512	8,922
County Treasurer	870,085	870,085	839,048	31,037
Register of Deeds	424,239	424,239	419,777	4,462
County Assessor	986,667	986,667	969,365	17,302
Election Commissioner	438,517	443,470	405,470	38,000
Planning and Building	325,465	325,465	310,715	14,750
Administration	149,520	150,659	147,956	2,703
Personnel	162,240	165,240	165,097	143
Fiscal Administration	157,423	157,423	157,388	35
Board of Equalization	11,724	11,724	6,286	5,438
Clerk of the District Court	493,978	493,978	490,687	3,291
County Court	159,060	159,060	158,786	274
Juvenile Probation	30,763	30,763	20,864	9,899
Juvenile Court	351,410	351,410	345,666	5,744
District Judge	386,290	395,290	395,239	51
Public Defender	727,840	727,840	725,995	1,845
Jury Commissioner	76,648	76,648	57,946	18,702
CASA	74,972	74,972	74,970	2
Building and Grounds	731,832	731,832	731,605	227
Public Property Utilities	450,000	450,000	404,936	45,064
Jail Maintenance	273,361	273,361	273,183	178
Juvenile Justice Center Maintenance	94,976	94,976	94,904	72
Extension Agent	99,711	99,711	99,553	158
Other Intergovernmental	631,307	631,307	616,408	14,899
Sheriff Merit Commission	16,250	29,550	29,289	261
Animal Control	304,889	318,389	318,353	36
Miscellaneous General	4,533,000	4,236,002	3,722,970	513,032
Capital Projects	865,000	865,000	145,082	719,918

SARPY COUNTY, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - CONTINUED
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
EXPENDITURES PAID - CONTINUED				
Public Safety				
Sheriff	\$ 1,532,718	\$ 1,545,843	\$ 1,545,829	\$ 14
County Attorney	1,930,408	2,006,408	2,006,091	317
Investigations	1,405,690	1,450,667	1,450,377	290
Road Patrol	3,463,516	3,499,929	3,499,888	41
Vehicle Inspection	87,825	88,512	88,434	78
Tow Lot	185,694	207,154	206,758	396
Juvenile Intake	202,238	202,238	198,822	3,416
Victim Witness	85,018	85,038	85,035	3
Adult Pre-trial	86,836	86,836	75,189	11,647
Adult Drug Court		28,609	13,500	15,109
Juvenile Justice Center	1,848,776	1,812,692	1,756,406	56,286
County Jail	4,156,063	4,203,735	4,203,668	67
Work Release	469,582	474,936	440,551	34,385
Court Services	997,263	1,008,636	1,004,673	3,963
Adult Probation	73,380	73,380	61,862	11,518
Community Services	104,434	104,434	102,240	2,194
Emergency Management	134,145	134,145	133,686	459
Public Health				
Mental Health	139,092	139,092	36,821	102,271
Public Welfare				
Veterans Services	134,316	134,316	134,301	15
Human Services	731,137	733,637	733,282	355
Total expenditures paid	<u>32,658,566</u>	<u>32,658,566</u>	<u>30,957,951</u>	<u>1,700,615</u>
Operating transfer in	1,925,532	1,925,532	1,925,532	
Operating transfer out	<u>(7,382,355)</u>	<u>(7,382,355)</u>	<u>(7,382,355)</u>	
	<u>(5,456,823)</u>	<u>(5,456,823)</u>	<u>(5,456,823)</u>	
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(3,046,107)	(3,046,107)	1,174,315	4,220,422
FUND BALANCE, BEGINNING OF YEAR	<u>7,171,107</u>	<u>7,171,107</u>	<u>7,171,107</u>	
FUND BALANCE, END OF YEAR	<u>\$ 4,125,000</u>	<u>\$ 4,125,000</u>	<u>\$ 8,345,422</u>	<u>\$ 4,220,422</u>

SARPY COUNTY, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES COLLECTED				
Tax	\$ 2,707,402	\$ 2,707,402	2,696,776	\$ (10,626)
Federal	2,890,142	3,010,222	3,018,881	8,659
State	5,398,387	5,969,259	5,983,467	14,208
Local	6,388,928	5,913,196	7,226,910	1,313,714
Total revenues collected	17,384,859	17,600,079	18,926,034	1,325,955
EXPENDITURES PAID				
Special Road	14,607,698	14,607,698	14,121,478	486,220
E911	3,047,518	3,064,618	3,060,338	4,280
District Court - Child Support	150,025	150,225	150,175	50
County Attorney - Child Support	769,378	773,878	773,605	273
Tourism	140,077	140,077	123,778	16,299
Visitors Improvement	221,521	221,521	106,356	97,743
Employment Security Act	18,000	18,000	12,487	5,513
County Medical	142,500	142,500	68,332	74,168
Institutions	45,000	45,000	20,388	24,612
Alcohol Diversion	323,725	337,725	337,447	278
County Drug Enforcement	5,000	5,000	0	5,000
Federal Grant - Drug Court	2,600	2,600	466	2,134
Federal Grant - JAIBG	45,818	45,818	45,818	
Federal Grant - Title 1D	110,000	110,000	76,693	33,307
Federal Grant - JAIBG Interest	1,828	1,828	1,481	347
State Education Reimbursement		44,720	44,714	6
Federal Forfeiture	50,000	50,000	2,991	47,009
Federal Forfeiture - County Attorney	113,853	113,853	111,550	2,303
STOP Program	138,555	138,555	65,674	72,881
Federal Grant - Victim Witness	111,027	118,027	117,486	541
CDBG - Oakdale Park	467,773	467,773	0	467,773
State Grant - Juvenile Justice	32,723	32,723	23,000	9,723
CCP - Grant Diversion		3	3	
Federal Grant - GREAT	36,902	115,000	106,020	8,980
Federal Grant - Drug Enforcement	90,455	90,455	90,455	
Federal Grant - Gun Violence	15	15	10	5
Juvenile Services LB640	130,576	130,576	129,945	631
Federal Grant - Homeland Security FY03	3,664	3,664	3,662	2
Federal Grant - Homeland Security FY02 PL	975	975	973	2
Federal Grant - Universal Hiring	143,708	143,708	143,708	

SARPY COUNTY, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - CONTINUED
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
EXPENDITURES PAID - CONTINUED				
Federal Grant - GIS Transportation	\$ 41,500	\$ 41,500	\$ 41,500	
Federal Grant - Adult Drug Court	25,000	25,000	17,974	\$ 7,026
Federal Grant - Homeland Security Exercise	15,672	15,672	9,446	6,226
Federal Grant - SICA	19,550	19,550		19,550
Federal Grant - Tobacco Compliance Checks	4	4	1	3
Federal Grant - Victim Rights	3,015	3,197	3,196	1
Federal Grant - County Attorney	2,153	2,153		2,153
Federal Grant - LETPP		110,000	110,000	
Federal Grant - Buffer Zone		48,500	36,204	12,296
Juvenile Wellness Grant		5,000	557	4,443
Federal Grant - Drug Eradication		7,000	2,000	5,000
Inheritance Tax	1,550,000	1,550,000	1,144,917	405,083
County Tax Refund	205,000	205,000	192,123	12,877
Keno	208,300	208,300	149,368	58,932
800 MHZ Bond Fund	793,225	793,225	409,716	383,509
Courthouse Bond	1,406,931	1,406,931	682,002	724,929
Landfill Bond Surplus	2,500,000	2,500,000		2,500,000
Sinking Fund	500,000	500,000	119,796	380,204
Sewer	1,921,340	1,921,340	1,482,351	438,989
Sewer Operations	166,419	166,419	9,977	156,442
Noxious Weed	73,518	73,518	72,324	1,194
Information Systems	1,404,537	1,404,537	1,362,659	41,878
GIS	318,335	318,335	277,058	41,277
Purchasing Agent	87,309	87,309	82,644	4,665
Fleet Services	1,017,525	1,032,525	1,029,392	3,133
Total expenditures paid	<u>33,210,247</u>	<u>33,561,550</u>	<u>26,974,238</u>	<u>6,569,890</u>
Operating transfer in	<u>7,959,523</u>	<u>8,095,606</u>	<u>8,016,726</u>	<u>8,016,726</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(7,865,865)	(7,865,865)	(31,478)	2,772,791
FUND BALANCE, BEGINNING OF YEAR	<u>7,865,865</u>	<u>7,865,865</u>	<u>7,865,865</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ 7,834,387</u>	<u>\$ 2,772,791</u>

SARPY COUNTY, NEBRASKA

BUDGETARY COMPARISON SCHEDULE
SPECIAL ROADS FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES COLLECTED				
Tax			\$ (82)	\$ (82)
Federal	\$ 1,500,000	\$ 1,500,000	1,253,438	(246,562)
State	5,764,374	5,764,374	5,763,192	(1,182)
Local	1,630,552	1,630,552	2,057,484	426,932
Total revenues collected	8,894,926	8,894,926	9,074,032	179,106
EXPENDITURES PAID				
Personal services	2,444,355	2,444,355	2,482,409	(38,054)
Operating expenses	633,819	633,819	684,107	(50,288)
Supplies and materials	1,165,437	1,165,437	1,199,032	(33,595)
Equipment and office rental	15,500	15,500	30,849	(15,349)
Capital outlays	9,704,935	9,704,935	9,081,078	623,857
Principal and interest	643,652	643,652	644,003	(351)
Total expenditures paid	14,607,698	14,607,698	14,121,478	486,220
Operating transfer in	4,924,893	4,924,893	4,924,893	
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(787,879)	(787,879)	(122,553)	665,326
FUND BALANCE, BEGINNING OF YEAR	787,879	787,879	787,879	
FUND BALANCE, END OF YEAR	\$	\$	\$ 665,326	\$ 665,326

SARPY COUNTY, NEBRASKA
BUDGETARY COMPARISON SCHEDULE
COURTHOUSE BOND DEBT FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES COLLECTED				
Tax	\$ 747,216	\$ 747,216	\$ 666,060	\$ (81,156)
State	2,552	2,552	15,016	12,464
Local	9,065	9,065	10,298	1,233
Total revenues collected	<u>758,833</u>	<u>758,833</u>	<u>691,374</u>	<u>(67,459)</u>
EXPENDITURES PAID				
Operating expenses	2,000	2,000	2,000	
Principal and interest	1,404,931	1,404,931	680,002	724,929
Total expenditures paid	<u>1,406,931</u>	<u>1,406,931</u>	<u>682,002</u>	<u>724,929</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(648,098)	(648,098)	9,372	657,470
FUND BALANCE, BEGINNING OF YEAR	<u>648,098</u>	<u>648,098</u>	<u>648,098</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ 657,470</u>	<u>\$ 657,470</u>

SARPY COUNTY, NEBRASKA

BUDGETARY COMPARISON SCHEDULE
 LANDFILL BOND SURPLUS FUND
 FOR THE YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES COLLECTED				
Local	\$ 30,000	\$ 30,000	\$ 71,903	\$ 41,903
EXPENDITURES PAID				
Principal and interest	2,500,000	2,500,000		2,500,000
Operating transfer in	<u>317,577</u>	<u>317,577</u>	<u>317,577</u>	
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	2,847,577	2,847,577	389,480	2,541,903
FUND BALANCE, BEGINNING OF YEAR	<u>2,152,423</u>	<u>2,152,423</u>	<u>2,152,423</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 2,541,903</u>	<u>\$ 2,541,903</u>

SARPY COUNTY, NEBRASKA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES FOR THE YEAR ENDED JUNE 30, 2006

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.

SUPPLEMENTAL INFORMATION

SARPY COUNTY, NEBRASKA

**TAX CERTIFICATION, CORRECTION AND COLLECTIONS
AS OF JUNE 30, 2006**

	RELATED TO THE TAXABLE YEAR		
	2003	2004	2005
TAX CERTIFIED BY THE ASSESSOR			
Real estate	\$ 137,274,292	\$ 149,505,833	\$ 167,086,690
Personal	3,977,304	4,065,804	4,497,122
Centrally assessed	1,399,919	1,210,169	1,177,018
	<u>142,651,515</u>	<u>154,781,806</u>	<u>172,760,830</u>
CORRECTION			
TIF	749,010	598,708	628,868
Additions	944,403	624,977	315,787
Deductions	(368,152)	(164,288)	(205,890)
	<u>1,325,261</u>	<u>1,059,397</u>	<u>738,765</u>
CORRECT CERTIFIED TAX	<u>\$ 143,976,776</u>	<u>\$ 155,841,203</u>	<u>\$ 173,499,595</u>
NET TAX COLLECTED BY THE COUNTY TREASURER DURING YEARS ENDED:			
June 30, 2004	\$ 77,592,410		
June 30, 2005	65,798,187	\$ 83,522,039	
June 30, 2006	379,343	71,903,090	\$ 93,640,515
	<u>\$ 143,769,940</u>	<u>\$ 155,425,129</u>	<u>\$ 93,640,515</u>
TOTAL UNCOLLECTED TAX	<u>\$ 206,836</u>	<u>\$ 416,074</u>	<u>\$ 79,859,080</u>
PERCENTAGE UNCOLLECTED TAX	0.14%	0.27%	46.03%

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

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY CLERK
FOR THE YEAR ENDED JUNE 30, 2006**

BALANCE ON HAND, BEGINNING OF YEAR		
Cash on hand	\$	200
Cash in bank		58,911
		<u>59,111</u>
 COLLECTIONS		
Recording and miscellaneous fees		1,574
Title fees		577,941
Marriage licenses		17,205
Miscellaneous		11,163
Other licenses		13,133
Interest		479
		<u>621,495</u>
 CREDITS		
Paid to County Treasurer		
Title fee		197,574
Marriage licenses		17,115
Miscellaneous		13,065
Other licenses		13,642
Interest		453
		<u>241,849</u>
Paid to state		
Title fees		380,112
		<u>380,112</u>
 BALANCE ON HAND, END OF YEAR	 \$	 <u>58,645</u>
 SUMMARY OF BALANCE, END OF YEAR		
Cash on hand	\$	200
Cash in bank		58,445
		<u>58,645</u>
	\$	<u>58,645</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
REGISTER OF DEEDS
FOR THE YEAR ENDED JUNE 30, 2006**

BALANCE ON HAND, BEGINNING OF YEAR		\$
Cash on hand	150	
Cash in bank	264,843	
Accounts receivable	14,670	
	<u>279,663</u>	
 COLLECTIONS		
Recording fees	956,245	
Copies fees	16,399	
Miscellaneous fees	238	
Federal lien	582	
State tax lien	429	
Documentary stamp tax	2,648,340	
Interest	2,723	
Miscellaneous deposits	60	
	<u>3,625,016</u>	
 CREDITS		
Paid to County Treasurer		
Recording fees	951,730	
Copy fees	16,513	
Non-credit refunds	232	
Federal tax lien	561	
State tax lien	366	
Documentary stamp tax	589,132	
Interest	2,527	
SID penalty fees	60	
	<u>1,561,121</u>	
Paid to State		
Documentary stamp tax	<u>2,008,673</u>	
 BALANCE ON HAND, END OF YEAR		 \$ <u>334,885</u>
 SUMMARY OF BALANCE, END OF YEAR		
Cash on hand		\$ 138
Cash in bank		313,544
Accounts receivable		21,203
		<u>\$ 334,885</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
CLERK OF THE DISTRICT COURT
FOR THE YEAR ENDED JUNE 30, 2006**

BALANCE ON HAND, BEGINNING OF YEAR		
Cash on hand	\$	650
Cash in bank		575,793
		576,443
COLLECTIONS		
Dissolution fees		16,815
State fees		140,045
Regular fees		260,656
Retirement fees		18,933
Law enforcement fees		1,948
Trust		3,937,932
Drug court		
County fees		404
State fees		397
		4,377,130
CREDITS		
Dissolution fees		18,640
State fees		174,464
Regular fees		388,427
Retirement fees		20,520
Law enforcement fees		2,652
Trust		3,781,257
Drug court		
County fees		394
State fees		372
		4,386,726
BALANCE ON HAND, END OF YEAR		\$ 566,847
SUMMARY OF BALANCE, END OF YEAR		
Cash on hand	\$	650
Cash in bank		566,197
		\$ 566,847

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY SHERIFF
FOR THE YEAR ENDED JUNE 30, 2006**

BALANCE ON HAND, BEGINNING OF YEAR		\$
Cash on hand	323	
Cash in bank	83,794	
	<u>84,117</u>	
 COLLECTIONS		
Civil process	374,408	
House arrest	211,595	
Inmate	469,637	
Distress warrants	126,875	
Miscellaneous and administrative	225,696	
VIN	98,118	
CID	8,032	
DARE	9,295	
Juvenile center	15,353	
Tow lot	308,723	
	<u>1,847,732</u>	
 CREDITS		
Paid to County Treasurer		
Civil process	366,572	
House arrest	211,572	
Inmate	472,548	
Distress warrants	126,875	
Miscellaneous and administrative	225,821	
VIN	98,118	
CID	3,646	
DARE	6,248	
Juvenile center	16,426	
Tow lot	292,297	
	<u>1,820,123</u>	
 BALANCE ON HAND, END OF YEAR	 \$	 <u>111,726</u>
 SUMMARY OF BALANCE, END OF YEAR		
Cash on hand	\$	198
Cash in bank		<u>111,528</u>
	\$	<u>111,726</u>

SARPY COUNTY, NEBRASKA

SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY ATTORNEY
FOR THE YEAR ENDED JUNE 30, 2006

BALANCE ON HAND, BEGINNING OF YEAR	
Cash on hand	\$ 4,863
Cash in bank	<u>16,524</u>
	<u>21,387</u>
COLLECTIONS	
Restitution	283,375
Collection on bad checks	57,034
Collection fees	15,170
Law enforcement fund	1,977
Miscellaneous	<u>801</u>
	<u>358,357</u>
CREDITS	
Restitution payments	292,317
Payments on bad checks collected	53,580
Collection fees remitted to the County Treasurer	16,920
Subpoena and miscellaneous expenditures paid	1,990
Miscellaneous	<u>215</u>
	<u>365,022</u>
BALANCE ON HAND, END OF YEAR	<u>\$ 14,722</u>
SUMMARY OF BALANCE, END OF YEAR	
Cash in bank	<u>\$ 14,722</u>

SARPY COUNTY, NEBRASKA

SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY SURVEYOR
FOR THE YEAR ENDED JUNE 30, 2006

BALANCE ON HAND, BEGINNING OF YEAR	
Cash on hand	\$ 50
COLLECTIONS	2,338
CREDITS	<u> 2,338</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, 2006

BALANCE ON HAND, BEGINNING OF YEAR	\$ _____
COLLECTIONS	
Certification of registration	15
Election cost recoveries	13,916
Registration lists and fees	<u>4,919</u>
	<u>18,850</u>
CREDITS	
Paid to County Treasurer	<u>18,850</u>
BALANCE ON HAND, END OF YEAR	\$ _____

SARPY COUNTY, NEBRASKA

SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY BUILDING INSPECTOR
FOR THE YEAR ENDED JUNE 30, 2006

BALANCE ON HAND, BEGINNING OF YEAR	
Cash in bank	\$ 127,188
Contractor deposits	80,000
	<u>207,188</u>
COLLECTIONS	
Permit fees	915,402
Sewer fees	1,593,140
Interest	2,344
Other	147
Contractor deposits forfeited	1,500
Contractor deposits	15,000
	<u>2,527,533</u>
CREDITS	
Paid to County Treasurer	
Permit fees	935,510
Sewer fees	1,279,966
Interest	2,164
Other	9,816
	<u>2,227,456</u>
BALANCE ON HAND, END OF YEAR	<u>\$ 507,265</u>
SUMMARY OF BALANCE ON HAND, END OF YEAR	
Cash in bank	\$ 412,265
Contractor deposits	95,000
	<u>\$ 507,265</u>

SARPY COUNTY, NEBRASKA

SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY LANDFILL
FOR THE YEAR ENDED JUNE 30, 2006

BALANCE ON HAND, BEGINNING OF YEAR	
Cash on hand	\$ 230
Accounts receivable	451,810
	<u>452,040</u>
COLLECTIONS	<u>3,823,809</u>
CREDITS	
Paid to County Treasurer	<u>3,945,154</u>
BALANCE ON HAND, END OF YEAR	<u>\$ 330,695</u>
SUMMARY OF BALANCE ON HAND, END OF YEAR	
Cash on hand	\$ 230
Accounts receivable	330,465
	<u>\$ 330,695</u>

SARPY COUNTY, NEBRASKA

SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY ALCOHOL DIVERSION
FOR THE YEAR ENDED JUNE 30, 2006

BALANCE ON HAND, BEGINNING OF YEAR	
Cash on hand	\$ <u>1,520</u>
COLLECTIONS	
Alcohol diversion	253,411
Juvenile intake	51,557
Adult education	21,825
Teen court	2,995
Adult shoplifters	<u>10,185</u>
	<u>339,973</u>
CREDITS	
Alcohol diversion	252,866
Juvenile intake	51,337
Adult education	21,675
Teen court	2,995
Adult shoplifters	<u>10,185</u>
	<u>339,058</u>
BALANCE ON HAND, END OF YEAR	
Cash on hand	\$ <u>2,435</u>

SARPY COUNTY, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Health and Human Services</u>		
Passed Through Nebraska Department of Health and Human Services		
Child Support		
District Court	93.563	\$ 179,676
County Attorney	93.563	584,539
Incentive Program	93.563	23,362
Total U.S. Department of Health and Human Services		<u>787,577</u>
<u>U.S. Department of Education</u>		
FG-Title 1D	84.010	26,840
Total U.S. Department of Education		<u>26,840</u>
<u>U.S. Department of Justice</u>		
FG - JAIBG	16.523	19,504
G.R.E.A.T. Program	16.737	115,318
FG - JAIBG Interest Technology	16.523	1,481
FG - Victim Witness	16.575	102,794
FG - Victim Rights	16.582	3,185
Drug Enforcement	16.579	89,361
FG - Universal Hiring	16.710	138,435
FG - Adult Drug Court	16.580	14,742
FG - Drug Eradication	16.xxx	7,000
Prisoner Housing		
U.S. Marshall	16.xxx	141,381
Federal Forfeitures	16.xxx	1,442
Justice Benefits Reimbursement	16.xxx	282,011
Total U.S. Department of Justice	16.xxx	<u>42,219</u>
		<u>958,873</u>
<u>U.S. Department of Interior</u>		
U.S. Entitlement Lands - Sec 1	15.226	1,719
Total U.S. Department of Interior		<u>1,719</u>
<u>U.S. Department of Transportation</u>		
Traffic Enforcement Grant	20.600	3,565
FG - Homeland Security HMEP Planning Grant	20.703	100
FG - Planning Reimbursement	20.505	22,390
FG - GIS Transportation	20.505	41,258
Total U.S. Department of Transportation		<u>67,313</u>
<u>U.S. Department of Homeland Security</u>		
Civil Defense Reimbursement	97.042	26,954
FG - LETPP	97.067	110,000
FG - Buffer Zone	97.078	36,225
FG - Homeland Security Exercise	97.004	9,350
Total U.S. Department of Homeland Security		<u>182,529</u>
Supplemental Disclosure		
Federal Secondary Money Passed through State		
Federal Aid Secondary	20.205	1,253,439
Total Expenditures of Federal Awards		<u>\$ 3,278,290</u>

SARPY COUNTY, NEBRASKA

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

Basis of Accounting

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

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

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December 1, 2006

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

Board of Commissioners
Sarpy County, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sarpy County, Nebraska (the County) as of and for the year ended June 30, 2006 which collectively comprise the County's basic financial statements and have issued our report thereon dated December 1, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

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

Orizon CPAs LLC
ORIZON CPAs LLC

December 1, 2006

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

Board of Commissioners
Sarpy County, Nebraska

Compliance

We have audited the compliance of Sarpy County, Nebraska (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2006. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs are the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County, complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A- 133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

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

Orizon CPAs LLC
ORIZON CPAs LLC

SARPY COUNTY, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report on the basic financial statements expressed an unqualified opinion.
2. No reportable conditions in internal control over financial reporting were reported.
3. No instance of noncompliance considered material to the financial statements was disclosed by the audit.
4. No reportable conditions in internal control over compliance with requirements applicable to major federal award programs were reported.
5. The independent auditor's report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
6. The audit disclosed no findings required to be reported by OMB Circular A-133.
7. The major programs for the District for the year ended June 30, 2006 are as follows:
 - Child Support Enforcement – CFDA # 93.563
 - Federal Aid Secondary – CFDA # 20.205
8. A threshold of \$300,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
9. The County did qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

B. FINANCIAL STATEMENT FINDINGS

None

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None