

SARPY COUNTY, NEBRASKA

JUNE 30, 2008

SARPY COUNTY, NEBRASKA

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February 12, 2009

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, 2008, 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, 2008, 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 February 12, 2009, 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, the budgetary comparison schedules on pages 36 through 41, and the other postemployment benefit schedule on page 42 are not required parts of the basic financial statements but are supplementary information required by generally accepted accounting principles in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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, 2008. 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, 2008, the County's total assets exceeded its total liabilities by \$141,233,526.

Total net assets are comprised of the following:

- Capital assets, net of related debt, of \$100,994,494. This represents the property and equipment, net of accumulated depreciation, and reduced for outstanding debt and amortized bond issue costs related to the purchase or construction of the County's capital assets.
- Restricted net assets of \$4,379,336.
- Unrestricted net assets of \$35,859,696.

The County's total revenues exceeded its total expenses by \$8,072,992.

The County's governmental activities reported a net increase in net assets of \$8,861,759 and a total ending net asset balance of \$137,335,756.

The County's proprietary funds reported a net decrease in net assets of \$788,767 and a total ending net asset balance of \$3,897,770.

For the year ending June 30, 2008, the General Fund reported revenues in excess of expenditures of \$502,773 and had an ending fund balance of \$20,535,945.

The County's total debt increased by \$3,515,477 during the current fiscal year to a total debt balance of \$14,970,157 as of June 30, 2008.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

Sarpy County, Nebraska maintains nearly sixty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, 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 \$141,233,526, as of June 30, 2008.

A significant portion of Sarpy County, Nebraska's net assets (71.5 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Sarpy County, Nebraska's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Government Activities	Business-Type Activities	Total
Current and other assets	\$ 47,298,995	\$ 8,755,374	\$ 56,054,369
Capital assets	<u>114,759,120</u>	<u>1,205,531</u>	<u>115,964,651</u>
Total Assets	<u>162,058,115</u>	<u>9,960,905</u>	<u>172,019,020</u>
Current liabilities	7,898,524	314,026	8,212,550
Long-term liabilities	<u>16,823,835</u>	<u>5,749,109</u>	<u>22,572,944</u>
Total Liabilities	<u>24,722,359</u>	<u>6,063,135</u>	<u>30,785,494</u>
Net Assets:			
Invested in capital assets, Net of related debt	99,788,963	1,205,531	100,994,494
Restricted	2,829,090	1,550,246	4,379,336
Unrestricted	<u>34,717,703</u>	<u>1,141,993</u>	<u>35,859,696</u>
Total Net Assets	<u>\$137,335,756</u>	<u>\$ 3,897,770</u>	<u>\$141,233,526</u>

This reflects an increase in net assets of \$8,072,992 or 6.1% for the County from the previous year restated balance of \$133,160,534; an indication that the County's overall financial position improved during the fiscal year 2008. The largest factor contributing to this increase was the net addition (after depreciation) of \$4,792,294 for County Roads.

The governmental activities had an increase in net assets of \$8,861,759 and the business-type activities had a decrease of \$788,767 for a total increase in net assets for the County of \$8,072,992. A summary of the government-wide operations is presented below:

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>
General revenues and transfers	\$41,538,057	\$ 38,387,571	\$ 3,150,486
Charges for services	15,251,434	16,105,354	(853,920)
Operating grants and contributions	10,330,900	8,964,518	1,336,382
Capital grants and contributions	<u>1,092,269</u>	<u>4,807,720</u>	<u>(3,715,451)</u>
Total revenues	68,212,660	68,265,163	(82,497)
Expenses	<u>(60,139,668)</u>	<u>(53,351,338)</u>	<u>6,788,330</u>
Changes in net assets	<u>\$ 8,072,992</u>	<u>\$ 14,913,825</u>	<u>\$ (6,840,833)</u>

The total revenues decreased by \$82,497 with an increase relating to general revenues increase of \$3,150,486 offset by a capital grants and contributions decrease of \$3,715,451. The general revenue increase was largely due to governmental activity revenues and is described below. The decrease in capital grants and contributions was mainly due to a \$3,750,133 decrease in federal funding for County Road projects.

GOVERNMENTAL ACTIVITY REVENUES

General revenues from governmental activities totaled \$41,595,963 in 2008, an increase of \$3,033,017 or 7.9% from 2007. The amount of general revenues by source and increase or decrease from the prior year are summarized below:

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>
Property taxes	\$38,193,660	\$34,685,556	\$3,508,104
Investment income	2,674,451	2,964,890	(290,439)
Miscellaneous	427,852	307,500	120,352
Operating transfers	<u>300,000</u>	<u>605,000</u>	<u>(305,000)</u>
Total general revenues	<u>\$41,595,963</u>	<u>\$38,562,946</u>	<u>\$3,033,017</u>

The County relies heavily on property taxes to support its governmental operations. Tax revenue provided approximately 58.7% of the County's total governmental revenues.

GOVERNMENTAL EXPENDITURES

Expenditures of governmental activities totaled \$56,179,931 for 2008, an increase of \$5,979,736 from 2007 expenditures of \$50,200,195. As shown below, the largest factor affecting the increase in governmental activity expenditures is the increase in Special Roads expenditures. This is due to a large number of road projects constructed in the 2008 Fiscal Year. These expenditures, by function, are summarized below:

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>
General government	\$21,535,250	\$19,764,602	\$ 1,770,648
Public Health	497,107	906,730	(409,623)
Public Safety	22,966,235	22,064,423	901,812
Public Health and Social Services	1,212,096	1,080,468	131,628
Special Roads	9,593,938	5,985,106	3,608,832
Debt Service Interest	<u>375,305</u>	<u>398,866</u>	<u>(23,561)</u>
	<u>\$56,179,931</u>	<u>\$50,200,195</u>	<u>\$5,979,736</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, 2008, expenditures exceeded revenues by \$788,767, which included a \$300,000 transfer from the Landfill functions to the Landfill Bond Surplus fund. A summary of this activity is presented below.

	<u>2008</u>	<u>2007</u>
Operating revenues	\$ 3,228,876	\$ 3,082,075
Operating expenses	<u>(3,959,737)</u>	<u>(3,151,143)</u>
Operating income (loss)	(730,861)	(69,068)
Non-operating revenues	242,094	429,625
Non-operating expenses	<u>(300,000)</u>	<u>(605,000)</u>
Increase (decrease) in net assets	<u>\$ (788,767)</u>	<u>\$ (244,443)</u>

Financial Analysis of the County's Funds

Governmental funds

As previously discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending cash balances and investments of \$33,080,046 as of June 30, 2008, which represents 50% of the current total expenses. The Governmental Fund information is summarized below:

	<u>Total Governmental Funds</u>	
	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and investments	\$ 33,080,046	\$ 27,901,282
Accounts receivable	124,964	162,404
Taxes receivable	13,082,275	12,509,091
Due from	315,000	
Prepaid expenses	69,114	360,758
Inventory	<u>440,446</u>	<u>583,383</u>
Total assets	<u>\$ 47,111,845</u>	<u>\$ 41,516,918</u>
LIABILITIES		
Accounts payable	\$ 3,886,855	\$ 2,646,620
Due to	315,000	
Wages and benefits payable	810,828	1,022,200
Deferred revenue	867,056	802,368
Compensated absences	<u>200,777</u>	<u>150,539</u>
Total liabilities	<u>6,080,516</u>	<u>4,621,727</u>
FUND BALANCES		
Reserved		
Inventory	440,446	583,383
Debt Services	2,829,090	2,980,293
Compensated absences	200,777	150,539
Prepaid expenses	69,114	360,761
Unreserved	<u>37,491,902</u>	<u>32,820,215</u>
Total fund balances	<u>41,031,329</u>	<u>36,895,191</u>
Total liabilities and fund balances	<u>\$ 47,111,845</u>	<u>\$ 41,516,918</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 \$502,773 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 2008 fiscal year were \$40,626,795 while actual revenues were \$46,137,424 for a favorable variance of \$5,510,629. The General Fund budgeted expenses were \$37,223,046 while actual expenses were \$34,499,420 for a favorable variance of \$2,723,626. These amounts are exclusive of transfers.

Prior Period Adjustment

The County determined that prior bond issue costs had not been capitalized. Accordingly, an adjustment of \$123,647 was made to the governmental activities beginning net assets. The correction had no effect on the operating results of the current year.

Assessed Valuation and Property Taxes

Assessed valuation of \$9,969,144,239 represented an 10.1% increase over the preceding year's valuation of \$9,053,019,06. Property taxes are assessed on actual valuation. The tax rates are applied to each \$100 of actual valuation. The breakdown of tax rates for 2008 fiscal year and the preceding two years are as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
General fund	.2531	.2590	.2665
All other funds	<u>.0468</u>	<u>.0409</u>	<u>.0334</u>
Total	<u>.2999</u>	<u>.2999</u>	<u>.2999</u>
Total Valuation	\$9,969,144,239	\$9,053,019,006	\$8,105,260,699
% Valuation Increase over preceding year	10.1%	11.7%	11.6%

Capital Assets

As of June 30, 2008, the County had \$115,793,117 invested in capital assets, including roads, bridges, buildings, machinery, equipment, etc. This is an increase of \$8,344,210 from the previous year amount. The net book value of these assets are summarized below.

Land	\$ 3,954,251
Construction in progress	5,952,965
Infrastructure	86,068,969
Buildings	15,885,069
Land improvements	73,874
Machinery and equipment	<u>3,857,989</u>
Net capital assets	<u>\$115,793,117</u>

The increase in capital assets during the year is due primarily to significant additions to the County's road system and new building projects in excess of the current year depreciation and asset disposals. The annual depreciation for the County for 2008 was \$4,339,195.

Debt Administration

At the end of the fiscal year, the County had total bonded debt and notes payable outstanding of \$14,970,157. During the current year, the County issued one new bond in the amount of \$5,700,000 and made principal payments on outstanding bonds totaling \$2,360,000. The County's total future debt service requirements for bonded debt and notes payable are presented below.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2009	\$ 2,829,089	\$ 487,019	\$ 3,316,108
2010	1,856,242	400,814	2,257,056
2011	1,299,351	349,017	1,648,368
2012	1,252,278	308,139	1,560,417
2013	1,288,873	266,139	1,555,012
2014 through 2018	<u>6,444,324</u>	<u>630,110</u>	<u>7,074,434</u>
	<u>\$14,970,157</u>	<u>\$2,441,238</u>	<u>\$17,411,395</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 146,756.

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 2007 was 75,674. Approximately 10,019 additional people are members of the military assigned to Offutt Air Force Base in Bellevue.

In 2006, the per capita personal income of Sarpy County residents was \$34,478, which was 100.1 percent of the Nebraska average per capita income of \$34,440. The lower per capita income is explained by Sarpy County's 28.7% population under age 18.

In 2006, the median income of households in Sarpy County was \$61,961. Ninety percent of the households received earnings and 19 percent received retirement income other than Social Security. Seventeen percent of the households received Social Security. The average income from Social Security was \$15,037. 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 \$885,489,436 in 2006 to \$1,002,214,274 in 2007, representing a 13.2 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	10,019	Military
PayPal, Inc.	3,000	Service
Werner Enterprises	1,686	Trucking
Papillion-La Vista Schools	1,447	Education
Bellevue Public Schools	1,383	Education

Sarpy County's population figures from 2002 through 2007 are as follows:

<u>Year</u>	<u>Population</u>
October, 2002 (estimate)	125,836
July, 2003 (estimate)	132,476
July, 2004 (estimate)	135,973
July, 2005 (estimate)	139,371
July, 2006 (estimate)	142,637
July, 2007 (estimate)	146,756

Information for the number of building permits for single-family dwellings issued for Sarpy County from 2003 through 2008 are as follows.

<u>Year</u>	<u>Permits</u>	<u>Value</u>
2003	467	\$49,115,417
2004	696	\$71,447,719
2005	685	\$72,518,595
2006	689	\$75,054,119
2007	400	\$48,871,958
2008	359	\$58,579,543

Information for the number of building permits for commercial/industrial dwellings issued for Sarpy County from 2003 through 2008 are as follows.

<u>Year</u>	<u>Permits</u>	<u>Value</u>
2003	16	\$ 8,074,954
2004	10	\$ 6,265,000
2005	29	\$20,637,828
2006	25	\$15,496,200
2007	20	\$18,089,880
2008	12	\$13,027,139

2007-2008 Budget

The County adopted a total budget for the year ending June 30, 2008 of \$100,868,992. This is an increase of \$2,087,310 over the previous year budget of \$98,781,682. The property tax request for the 2007-08 fiscal year is \$29,897,465 on assessed valuation of \$9,969,144,239 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, 2008**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 33,080,046	\$ 1,203,744	\$ 34,283,790
Accounts receivable	627,114	359,640	986,754
Taxes receivable	13,082,275		13,082,275
Prepaid expense	69,114	9,864	78,978
Inventory	440,446		440,446
Restricted cash		7,182,126	7,182,126
Capital assets			
Land	3,278,234	676,017	3,954,251
Construction in progress	5,952,965		5,952,965
Depreciable assets	167,173,200	3,471,630	170,644,830
Less accumulated depreciation	(61,816,813)	(2,942,116)	(64,758,929)
Bond issue costs	300,040		300,040
Less accumulated amortization	(128,506)		(128,506)
Total assets	162,058,115	9,960,905	172,019,020
LIABILITIES			
Accounts payable	3,886,855	291,700	4,178,555
Wages and benefits payable	810,828	20,121	830,949
Compensated absences			
Current	200,777		200,777
Non-current	4,682,767	117,229	4,799,996
Accrued other post employment benefits			
Current	170,975	2,205	173,180
Accrued landfill closure and post closure costs		5,631,880	5,631,880
Bonds payable			
Current	2,345,000		2,345,000
Non-current	11,355,000		11,355,000
Notes payable			
Current	484,089		484,089
Non-current	786,068		786,068
Total liabilities	24,722,359	6,063,135	30,785,494
NET ASSETS			
Invested in capital assets, net of related debt	99,788,963	1,205,531	100,994,494
Restricted for:			
Debt service	2,829,090		2,829,090
Post closure costs		1,550,246	1,550,246
Unrestricted	34,717,703	1,141,993	35,859,696
Total net assets	\$ 137,335,756	\$ 3,897,770	\$ 141,233,526

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

SARPY COUNTY, NEBRASKA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	Program Revenues			Change in Net Assets		
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities						
General government	\$ 21,535,250	\$ 2,140,746	\$ 46,574	\$ (11,581,301)		\$ (11,581,301)
Public health	497,107	122,249		81,334		81,334
Public safety	22,966,235	1,765,348		(18,798,132)		(18,798,132)
Public health and social services	1,212,096	383		(1,012,468)		(1,012,468)
Special roads	9,593,938	6,302,174	1,045,695	(1,048,332)		(1,048,332)
Debt service interest	375,305			(375,305)		(375,305)
Total governmental activities	<u>56,179,931</u>	<u>10,330,900</u>	<u>1,092,269</u>	<u>(32,734,204)</u>		<u>(32,734,204)</u>
Business-type activities						
Landfill	3,959,737	3,228,876			\$ (730,861)	(730,861)
Total business-type activities	<u>3,959,737</u>	<u>3,228,876</u>			<u>(730,861)</u>	<u>(730,861)</u>
	<u>\$ 60,139,668</u>	<u>\$ 15,251,434</u>	<u>\$ 10,330,900</u>	<u>\$ 1,092,269</u>	<u>(730,861)</u>	<u>\$ (33,465,065)</u>
General revenues						
Property taxes and assessments				38,193,660		38,193,660
Investment income				2,674,451	242,094	2,916,545
Miscellaneous				427,852		427,852
Operating transfers				300,000	(300,000)	
Total general revenues and transfers				<u>41,595,963</u>	<u>(57,906)</u>	<u>41,538,057</u>
Change in net assets				8,861,759	(788,767)	8,072,992
Net assets, beginning of year				128,350,350	4,686,537	133,036,887
Prior period adjustment				123,647		123,647
Net assets, beginning of year, as restated				<u>128,473,997</u>	<u>4,686,537</u>	<u>133,160,534</u>
Net assets, end of year				<u>\$ 137,335,756</u>	<u>\$ 3,897,770</u>	<u>\$ 141,233,526</u>

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

SARPY COUNTY, NEBRASKA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008**

	General Fund	Special Roads	Non-major Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 13,304,255	\$ 1,088,705	\$ 18,687,086	\$ 33,080,046
Accounts receivable	11,613		113,351	124,964
Taxes receivable	11,044,170		2,038,105	13,082,275
Due from			315,000	315,000
Prepaid expenses	43,287	22,405	3,422	69,114
Inventory		428,533	11,913	440,446
Total assets	\$ 24,403,325	\$ 1,539,643	\$ 21,168,877	\$ 47,111,845
LIABILITIES				
Accounts payable	\$ 2,376,854	\$ 1,233,954	\$ 276,047	\$ 3,886,855
Due to			315,000	315,000
Wages and benefits payable	595,494	60,768	154,566	810,828
Deferred revenue	735,254		131,802	867,056
Compensated absences	159,778	15,080	25,919	200,777
Total liabilities	3,867,380	1,309,802	903,334	6,080,516
FUND BALANCES				
Reserved				
Prepaid expenses	43,287	22,405	3,422	69,114
Inventory		428,533	11,913	440,446
Compensated absences	159,778	15,080	25,919	200,777
Debt services	218,219	221,135	2,389,736	2,829,090
Unreserved	20,114,661	(457,312)	17,834,553	37,491,902
Total fund balances	20,535,945	229,841	20,265,543	41,031,329
Total liabilities and fund balances	\$ 24,403,325	\$ 1,539,643	\$ 21,168,877	\$ 47,111,845
RECONCILIATION				
Total fund balances - Governmental Funds				\$ 41,031,329
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.				867,056
Other accounts receivable are not available to pay for current-period expenditures and therefore are not reported in the governmental funds.				502,150
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				114,587,586
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. Other related amounts include capitalized bond issue costs of \$171,534 and post employment benefit accruals of \$170,975.				<u>(19,652,365)</u>
Net assets of Governmental Activities				\$ 137,335,756

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, 2008

	General Fund	Special Roads	Non-major Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 24,817,168		\$ 4,583,819	\$ 29,400,987
Intergovernmental				
Federal	126,373	\$ 1,045,695	1,923,311	3,095,379
State	1,985,811	6,874,050	398,011	9,257,872
Local	16,724,203	736,795	5,538,515	22,999,513
Total revenues	<u>43,653,555</u>	<u>8,656,540</u>	<u>12,443,656</u>	<u>64,753,751</u>
EXPENDITURES				
Current				
Personal services	25,552,675	2,663,104	6,860,236	35,076,015
Operating expenses	7,322,304	956,267	2,081,080	10,369,651
Supplies and materials	1,183,287	1,777,995	274,490	3,235,772
Equipment and office rentals	122,995	32,692	37,011	192,698
Capital outlay	529,034	8,511,566	5,274,950	14,315,550
Debt service				
Debt service principal	210,862	872,298	1,883,390	2,966,550
Debt service interest	10,905	27,448	339,517	377,870
Total expenditures	<u>34,932,062</u>	<u>14,841,370</u>	<u>16,760,674</u>	<u>66,534,106</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>8,721,493</u>	<u>(6,184,830)</u>	<u>(4,317,018)</u>	<u>(1,780,355)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from new bond offering			5,616,493	5,616,493
Operating transfers in	241,185	5,645,536	3,513,682	9,400,403
Operating transfers out	(8,459,905)		(640,498)	(9,100,403)
Net other financing sources (uses)	<u>(8,218,720)</u>	<u>5,645,536</u>	<u>8,489,677</u>	<u>5,916,493</u>
NET CHANGE IN FUND BALANCES	502,773	(539,294)	4,172,659	4,136,138
FUND BALANCES, BEGINNING OF YEAR	<u>20,033,172</u>	<u>769,135</u>	<u>16,092,884</u>	<u>36,895,191</u>
FUND BALANCES, END OF YEAR	<u>\$ 20,535,945</u>	<u>\$ 229,841</u>	<u>\$ 20,265,543</u>	<u>\$ 41,031,329</u>
RECONCILIATION				
Total net change in fund balances for the governmental funds.				\$ 4,136,138
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.				64,688
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.				8,447,189
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.				(270,779)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net assets.				(3,515,477)
Changes in net assets of governmental activities.				<u>\$ 8,861,759</u>

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

SARPY COUNTY, NEBRASKA

**STATEMENT OF NET ASSETS
PROPRIETARY FUND**

JUNE 30, 2008

CURRENT ASSETS	
Cash and investments	\$ 1,203,744
Accounts receivable	359,640
Prepaid expenses	<u>9,864</u>
Total current assets	<u>1,573,248</u>
 NON-CURRENT ASSETS	
Restricted cash	7,182,126
Capital assets	
Land	676,017
Land improvements	586,898
Buildings	474,500
Machinery and equipment	2,410,232
Less accumulated depreciation	<u>(2,942,116)</u>
Total non-current assets	<u>8,387,657</u>
 TOTAL ASSETS	 \$ <u>9,960,905</u>
 CURRENT LIABILITIES	
Accounts payable	\$ 291,700
Wages and benefits payable	20,121
Accrued other post employment benefits	<u>2,205</u>
Total current liabilities	<u>314,026</u>
 NON-CURRENT LIABILITIES	
Compensated absences	117,229
Accrued landfill closure and post closure costs	<u>5,631,880</u>
Total non-current liabilities	<u>5,749,109</u>
 Total liabilities	 <u>6,063,135</u>
 NET ASSETS	
Invested in capital assets, net of related debt	1,205,531
Unrestricted	1,141,993
Restricted for post closure costs	<u>1,550,246</u>
Total net assets	<u>3,897,770</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>9,960,905</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, 2008**

OPERATING REVENUES	
Charges for services	\$ <u>3,228,876</u>
OPERATING EXPENSES	
Personal services	763,748
Operating expenses	2,098,000
Supplies/materials	369,464
Capital outlay	<u>728,525</u>
Total operating expenses	<u>3,959,737</u>
OPERATING LOSS	(730,861)
NON-OPERATING REVENUES	
Investment income	<u>242,094</u>
NET LOSS BEFORE TRANSFERS	(488,767)
OPERATING TRANSFERS OUT	<u>(300,000)</u>
CHANGE IN NET ASSETS	(788,767)
NET ASSETS, BEGINNING OF YEAR	<u>4,686,537</u>
NET ASSETS, END OF YEAR	<u>\$ 3,897,770</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, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss from operations	\$ (730,861)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation	102,979
Change in accounts receivable	8,585
Change in prepaid expenses	6,573
Change in accounts payable	71,164
Change in accrued wages and benefits payable	3,771
Change in compensated absences	13,038
Change in accrued other post employment benefits	2,205
Change in accrued landfill closure and post closure costs	<u>98,693</u>
Net cash used in operating activities	(423,853)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash payments to other funds	(300,000)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income received for landfill closure and post closure costs	<u>242,094</u>
NET DECREASE IN CASH AND INVESTMENTS	(481,759)
CASH AND INVESTMENTS, BEGINNING OF YEAR	<u>8,867,629</u>
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 8,385,870</u>
CASH AND INVESTMENTS ON THE STATEMENT OF NET ASSETS	
Cash and investments	\$ 1,203,744
Restricted cash	<u>7,182,126</u>
Total cash and investments	<u>\$ 8,385,870</u>

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

SARPY COUNTY, NEBRASKA

**STATEMENT OF NET ASSETS - FIDUCIARY FUND
JUNE 30, 2008**

ASSETS

Cash and investments	\$ 108,071,488
Taxes receivable	<u>81,762,938</u>

Total assets	<u>\$ 189,834,426</u>
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LIABILITIES

Due to other governmental entities	<u>\$ 189,834,426</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, 2008.

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 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.

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

Governmental Funds

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

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental Funds, Continued

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

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

Proprietary Fund

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

Fiduciary Fund

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

Budgets and Budgetary Accounting

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

On or before August 1, the County Board of Commissioners 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 fully collectible, therefore no allowance for doubtful accounts has been established.

Property Taxes

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

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

Counties are permitted by the State Constitution to levy a tax up to \$0.50 per \$100 of assessed valuation for general governmental services other than the payment of principle and interest on bonded debt. They may levy taxes in addition to the \$.50 limitation upon a vote of the people. The tax levy remained below the \$.50 limitation for 2008.

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.

Use of Estimates

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

2. DEPOSITS AND INVESTMENTS

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

Credit Risk

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

2. DEPOSITS AND INVESTMENTS, CONTINUED

Deposits

Cash and investments are stated at cost, which approximates fair value. The County's cash deposits, including certificates of deposit, are with institutions insured by the Federal Deposit Insurance Corporation ("FDIC") and other collateral. As of June 30, 2008, \$3,293,308 was not insured or collateralized with securities held by the County's agent in the County's name.

Investments

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

The County's investments, totaling \$122,702,432 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 \$7,435,000 as of June 30, 2008. 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 12.46%.

The County's investments, including the fiduciary fund, at June 30, 2008 are:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Included income internal investment pool:		
NPAIT - certificates of deposit	Various	\$ 7,435,000
U.S. treasury bills	Various	74,436,723
Federal National Mortgage Association	Various	15,289,777
Governmental securities	Various	4,004
Certificates of deposit	Various	<u>25,536,928</u>
		<u>\$122,702,432</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

2. DEPOSITS AND INVESTMENTS, CONTINUED

Summary of Cash and Investments

The carrying value (fair value) for cash and investments for the governmental funds, proprietary fund, and fiduciary fund at June 30, 2008, consists of the following:

	<u>Carrying Value</u>
Cash:	
Cash on hand	\$ 938,955
Cash in bank (checking, money market)	<u>25,896,017</u>
Total cash	<u>26,834,972</u>
Investments:	
NPAIT – certificates of deposit	7,435,000
U.S. treasury bills	74,436,723
Federal National Mortgage Association	15,289,777
Federal home loan notes	
U.S. governmental securities (held in trust)	4,004
Certificates of deposit	<u>25,536,928</u>
Total investments	<u>122,702,432</u>
Total cash and investments	<u>\$149,537,404</u>
Governmental funds	\$ 33,080,046
Proprietary fund	1,203,744
Proprietary fund – restricted for landfill post closure costs	7,182,126
Fiduciary funds	<u>108,071,488</u>
Total cash and investments	<u>\$149,537,404</u>

3. INTERFUND BALANCES AND TRANSFERS

At June 30, 2008 there was a balance of \$315,000 due to one non-major fund from eight various non-major funds resulting from temporary loans to cover cash shortages at year-end.

Interfund transfers for the year ended June 30, 2008 consisted of the following:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Purpose</u>
General fund	Road fund	\$ 5,645,536	Provide funds for normal operating expenditures
General fund	Non-major funds	2,814,369	Provide funds for normal operating expenditures
Non-major funds	General fund	241,185	Provide funds for normal operating expenditures
Proprietary	Non-major funds	300,000	Future purchase of land for future landfill
Non-major funds	Non-major funds	399,313	Provide funds for normal operating expenditures

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 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
Construction in progress	<u>1,585,203</u>	<u>\$ 4,367,762</u>		<u>5,952,965</u>
Subtotal	<u>4,863,437</u>	<u>4,367,762</u>		<u>9,231,199</u>
Other capital assets				
Infrastructure	115,005,107	7,775,788		122,780,895
Buildings	23,318,496			23,318,496
Machines and equipment	<u>20,774,140</u>	<u>543,001</u>	<u>\$ (243,332)</u>	<u>21,073,809</u>
Subtotal	<u>159,097,743</u>	<u>8,318,789</u>	<u>(243,332)</u>	<u>167,173,200</u>
Accumulated depreciation				
Infrastructure	(33,728,432)	(2,983,494)		(36,711,926)
Buildings	(7,265,838)	(416,002)		(7,681,840)
Machines and equipment	<u>(16,826,513)</u>	<u>(836,720)</u>	<u>240,186</u>	<u>(17,423,047)</u>
Subtotal	<u>(57,820,783)</u>	<u>(4,236,216)</u>	<u>240,186</u>	<u>(61,816,813)</u>
Net other capital assets	<u>101,276,960</u>	<u>4,082,573</u>	<u>(3,146)</u>	<u>105,356,387</u>
Net capital assets	<u>\$106,140,397</u>	<u>\$ 8,450,335</u>	<u>\$ (3,146)</u>	<u>\$114,587,586</u>
<u>Business-Type Activities</u>				
Not being depreciated				
Land and improvements	\$ 676,017			\$ 676,017
Subtotal	<u>676,017</u>			<u>676,017</u>
Other capital assets				
Land Improvements	586,898			586,898
Buildings	474,500			474,500
Machines and equipment	<u>2,410,232</u>			<u>2,410,232</u>
Subtotal	<u>3,471,630</u>			<u>3,471,630</u>
Accumulated depreciation				
Land improvements	(483,708)	\$ (29,316)		(513,024)
Buildings	(216,606)	(9,481)		(226,087)
Machines and equipment	<u>(2,138,823)</u>	<u>(64,182)</u>		<u>(2,203,005)</u>
Subtotal	<u>(2,839,137)</u>	<u>(102,979)</u>		<u>(2,942,116)</u>
Net other capital assets	<u>632,493</u>	<u>(102,979)</u>		<u>529,514</u>
Net capital assets	<u>\$ 1,308,510</u>	<u>\$ (102,979)</u>		<u>\$ 1,205,531</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. CAPITAL ASSETS, CONTINUED

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

General government	\$ 310,371
Public health	105,547
Public safety	646,985
Special roads	<u>3,173,313</u>
Total governmental activities depreciation expense	<u>\$ 4,236,216</u>

Construction Commitments

The County has active construction projects of approximately \$9,178,269 at June 30, 2008 for the construction of road projects and the completion of the courthouse remodeling and addition projects.

5. LEASES

Operating Leases

The County has non-cancelable operating lease agreements for many copiers, three vehicles, and five office and storage spaces with unrelated parties. The monthly copier rental amounts are \$73 to \$397 a month, with the last lease expiring September 2010. The vehicle lease amounts are \$223 to \$343 a month, with the last lease expiring December 2009. The office and storage spaces are lease for \$146 to \$2,730 a month with the last lease expiring June 30, 2013.

Future minimum lease payments for all leases are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2009	\$ 83,318
2010	46,409
2011	30,566
2012	30,096
2013	30,096

Lease payments for these operating leases were approximately \$80,682 during the year ended June 30, 2008.

Lessor

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

Future minimum lease receipts for all leases are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2009	\$ 62,672
2010	20,652
2011	4,000

Lease receipts for these operating leases were approximately \$48,078 during the year ended June 30, 2008.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

6. LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2008:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental Activities</u>				
Compensated absences	\$ 4,397,436	\$ 285,331		\$ 4,682,767
General obligation bonds	10,360,000	5,700,000	\$ 2,360,000	13,700,000
Notes payable	<u>1,094,680</u>	<u>830,862</u>	<u>655,385</u>	<u>1,270,157</u>
Governmental activities long-term liabilities	<u>\$15,852,116</u>	<u>\$ 6,816,203</u>	<u>\$ 2,974,463</u>	<u>\$19,693,856</u>
<u>Business-Type Activities</u>				
Compensated absences	\$ 104,191	\$ 13,038		\$ 117,229
Business-type activities long-term liabilities	<u>\$ 104,191</u>	<u>\$ 13,038</u>		<u>\$ 117,229</u>

Long-term debt consisted of the following at June 30, 2008:

<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, 2008</u>
<u>Bonds Payable</u>					
Communication bonds	Dec. 2009	2.10 – 4.60%	\$370,000-395,000	\$2,690,000	\$ 775,000
Juvenile justice center	Nov. 2008	3.35 – 4.35%	750,000-850,000	4,200,000	850,000
Administration bond	Dec. 2016	3.50 – 4.00%	615,000-815,000	7,000,000	6,375,000
Remodel bond	June 2018	2.05 – 3.70%	500,000-655,000	5,700,000	<u>5,700,000</u>
					<u>\$13,700,000</u>
<u>Notes Payable</u>					
Upgrade 911	Oct. 2008	2.70%	\$ 143,000	\$ 744,110	\$ 44,735
ENSA House 1	June 2010	5.60%	11,700-12,300	97,610	24,108
ENSA House 2	Nov. 2010	5.10%	11,700-12,300	101,782	29,532
ENSA House 3	Dec. 2018	4.65%	8,500-13,400	153,061	117,630
ENSA House 4	June 2019	5.00%	10,700-17,100	190,000	152,315
ENSA House 5	June 2023	4.70%	8,300-16,200	178,575	178,575
Truck\sprayer	June 2009	4.275%	77,000	155,086	78,308
8 sheriff's vehicles	April 2009	4.65%	116,700	201,776	68,625
8 sheriff's cruisers	June 2010	2.85%	98,000-110,000	217,332	208,369
Loader	June 2011	2.89%	73,800-78,200	228,047	228,047
Dump Truck Spreader	June 2010	2.89%	69,000-70,900	139,913	<u>139,913</u>
					<u>\$ 1,270,157</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

6. LONG-TERM LIABILITIES, CONTINUED

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

BONDS:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2009	\$ 2,345,000	\$ 447,371	\$ 2,792,371
2010	1,545,000	373,965	1,918,965
2011	1,185,000	329,558	1,514,558
2012	1,220,000	291,482	1,511,482
2013	1,255,000	251,077	1,506,077
2014 through 2018	<u>6,150,000</u>	<u>571,483</u>	<u>6,721,483</u>
	<u>\$13,700,000</u>	<u>\$2,264,936</u>	<u>\$15,964,936</u>

NOTES PAYABLE:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2009	\$ 484,089	\$ 39,648	\$ 523,737
2010	311,242	26,849	338,091
2011	114,351	19,459	133,810
2012	32,278	16,657	48,935
2013	33,873	15,062	48,935
2014 through 2018	<u>294,324</u>	<u>58,627</u>	<u>352,951</u>
	<u>\$1,270,157</u>	<u>\$176,302</u>	<u>\$1,446,459</u>

7. NET ASSETS\FUND BALANCE

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

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

7. NET ASSETS\FUND BALANCE, CONTINUED

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions. As of June 30, 2008, reservations of fund balances are described below:

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

8. EMPLOYEES' RETIREMENT SYSTEM

Pension Plan

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

For the year ended June 30, 2008, the County's payroll for covered employees was \$27,869,000, and the total payroll for the County was \$28,066,656. The County contributed \$2,041,180 to the employees account and paid \$1,542 for prior service benefits. The employees contributed \$1,417,041 to the plan for the year ended June 30, 2008.

Deferred Compensation Plan

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

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

8. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

Other Postemployment Benefits

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

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

The ARC for the period of July 1, 2008 through June 30, 2009 was \$170,975 and \$2,205, for governmental and propriety funds, respectively. The County has not made any contributions to the postemployment benefit plan as of June 30, 2008. The funding policy is on a pay-as-you-go basis.

9. COMMITMENTS AND CONTINGENCIES

Federal Financial Awards

The County participates in a number of federally assisted grant programs. Compliance with the grants is subject to audit by various governmental agencies that may impose sanctions in the event of noncompliance. Management believes that they have complied with all aspects of the various grant provisions, with the exception noted in the schedule of questioned costs and findings on pages 60-61, 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, 2008.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

10. LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

State and federal laws and regulations require the County to place a final cover on its landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. Although closure and 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 2008, closure costs will be \$3,859,125 and an additional \$2,329,754 will be required for post-closure care. The estimated total of the landfill closure and postclosure care of \$6,188,879 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 91 percent used (filled). The County expects to close the landfill in 2013. The County has accrued 91 percent of the total landfill closure and postclosure care costs, \$5,631,880, as of June 30, 2008.

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, 2008, investments of \$7,182,126 are held for these purposes. These are reported as restricted assets on the proprietary fund statement of net assets.

11. PUBLIC ENTITY RISK POOL

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

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

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

11. PUBLIC ENTITY RISK POOL, CONTINUED

The following schedule is a summary of the NIRMA AND NIRMA II coverage, in effect for the period July 1, 2007 through July 1, 2008. Similar coverage will be in effect for the period July 1, 2008 through July 1, 2009:

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, CONTINUED

12. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

<u>Name of Fund</u>	<u>Amount of Net Asset Deficit</u>
FG – Victim Witness	\$ 144

13. PRIOR PERIOD ADJUSTMENT

The County determined that prior bond issue costs had not been capitalized. Accordingly, an adjustment of \$123,647 was made to the governmental activities beginning net assets. The correction had no effect on the operating results of the current year.

14. SUBSEQUENT EVENTS

On January 27, 2009, Sarpy County issued \$6,075,000 of General Obligation Highway Allocation Fund Pledge Bonds, Series 2009 payable from amounts received by the County from the Nebraska Highway Allocation Fund which have been pledged by the County for the payment of principal and interest on the Series 2009 Bonds. The Bonds have an interest rate of 1.00% - 1.90% and maturity dates are annual from December 15, 2009 through December 15, 2013.

The County is in the process of purchasing 38 acres of land located at 84th and Platteview, with the intention to build several County buildings, including the following items at the listed estimated costs:

<u>Building and equipment</u>	<u>Estimated costs</u>
Law Enforcement Center	\$4,656,900 to \$5,433,050
Communication Center	\$2,644,160 to \$2,617,935
Equipment for Communication Center	\$1,500,000
Sheriff's Storage Building	\$777,600 to \$950,400

The Sarpy County Roads Department was de-authorized on a federal project, passed through the State of Nebraska for failure to comply with federal right-of-way acquisition requirements. The County had already used the federal funding to pay for the road construction and was required to issue bonds to repay the federal funds. The entire project amount of \$9,277,598 was deemed ineligible. However, only \$6,993,621 had been drawn down and had to be repaid. Sarpy County is in the process of appealing the federal government's decision to de-authorize the federal funds for the road project.

REQUIRED SUPPLEMENTARY INFORMATION

SARPY COUNTY, NEBRASKA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES COLLECTED				
Tax	\$ 25,231,305	\$ 25,231,305	\$ 24,619,033	\$ (612,272)
Federal	180,700	180,700	126,373	(54,327)
State	1,134,335	1,134,335	1,985,811	851,476
Local	14,080,455	14,080,455	19,406,207	5,325,752
Total revenues collected	<u>40,626,795</u>	<u>40,626,795</u>	<u>46,137,424</u>	<u>5,510,629</u>
EXPENDITURES PAID				
General Government				
County Board	143,240	143,240	139,610	3,630
County Clerk	1,023,551	1,023,551	965,618	57,933
County Treasurer	940,848	940,848	901,253	39,595
Register of Deeds	476,795	476,795	475,085	1,710
County Assessor	1,085,947	1,085,947	1,068,994	16,953
Election Commissioner	460,693	477,693	477,147	546
Planning and Building Administration	363,826	363,826	312,993	50,833
Personnel	149,747	149,747	148,674	1,073
Fiscal Administration	200,636	200,636	186,836	13,800
Board of Equalization	181,784	181,784	181,759	25
Clerk of the District Court	19,359	32,359	31,558	801
County Court	446,567	478,567	478,341	226
Juvenile Probation	169,000	169,000	160,049	8,951
Juvenile Court	25,500	25,500	25,374	126
District Judge	431,144	467,144	466,898	246
Public Defender	483,944	483,944	475,664	8,280
Jury Commissioner	941,272	941,272	929,945	11,327
CASA	72,999	90,999	90,537	462
Building and Grounds	114,786	114,786	107,229	7,557
Public Property Utilities	897,259	917,259	916,662	597
Jail Maintenance	489,000	489,000	446,985	42,015
Juvenile Justice Center Maintenance	313,028	293,028	287,224	5,804
Extension Agent	84,704	84,704	84,180	524
Other Intergovernmental	112,769	112,769	112,769	
Sheriff Merit Commission	640,000	640,000	596,660	43,340
Animal Control	17,500	17,500	5,145	12,355
Miscellaneous General	368,716	368,716	356,319	12,397
Payroll Accrual	5,222,120	4,976,120	3,670,557	1,305,563
Capital Projects	500,000	500,000		500,000
	300,000	300,000	43,070	256,930

SARPY COUNTY, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - CONTINUED
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
EXPENDITURES PAID - CONTINUED				
Public Safety				
Sheriff	\$ 1,679,051	\$ 1,685,051	\$ 1,684,077	\$ 974
County Attorney	2,224,572	2,278,572	2,277,672	900
Investigations	1,362,297	1,362,297	1,338,740	23,557
Road Patrol	4,142,180	4,287,180	4,286,284	896
Vehicle Inspection	86,504	88,504	87,779	725
Tow Lot	234,766	255,766	255,192	574
Juvenile Intake	280,529	280,529	251,963	28,566
Victim Witness	142,541	148,541	127,011	21,530
Adult Pre-trial	126,267	126,267	119,634	6,633
Adult Drug Court	36,000	36,000	30,012	5,988
Juvenile Justice Center	1,963,449	1,963,449	1,939,194	24,255
County Jail	5,112,851	4,932,851	4,839,806	93,045
Court Services	1,205,277	1,205,277	1,188,301	16,976
Warrants	465,683	465,683	457,282	8,401
Adult Probation	74,554	74,554	71,271	3,283
Community Services	135,556	135,556	123,922	11,634
Emergency Management	156,557	156,557	117,896	38,661
Public Health				
Mental Health	132,376	208,376	207,598	778
Public Welfare				
Veterans Services	155,037	155,037	151,259	3,778
Human Services	830,265	830,265	801,392	28,873
Total expenditures paid	<u>37,223,046</u>	<u>37,223,046</u>	<u>34,499,420</u>	<u>2,723,626</u>
Operating transfer in	850,000	850,000	241,185	(608,815)
Operating transfer out	<u>(8,459,905)</u>	<u>(8,459,905)</u>	<u>(8,459,905)</u>	
	<u>(7,609,905)</u>	<u>(7,609,905)</u>	<u>(8,218,720)</u>	<u>(608,815)</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(4,206,156)	(4,206,156)	3,419,284	7,625,440
FUND BALANCE, BEGINNING OF YEAR	<u>9,884,971</u>	<u>9,884,971</u>	<u>9,884,971</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,678,815</u>	<u>\$ 5,678,815</u>	<u>\$ 13,304,255</u>	<u>\$ 7,625,440</u>

SARPY COUNTY, NEBRASKA
BUDGETARY COMPARISON SCHEDULE
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES COLLECTED				
Tax	\$ 4,666,160	\$ 4,666,160	\$ 4,273,458	\$ (392,702)
Federal	2,855,473	3,212,473	2,969,006	(243,467)
State	5,812,317	5,934,566	7,272,061	1,337,495
Local	5,920,240	5,980,240	6,178,481	198,241
Total revenues collected	<u>19,254,190</u>	<u>19,793,439</u>	<u>20,693,006</u>	<u>899,567</u>
EXPENDITURES PAID				
Special Road	14,217,876	14,217,876	14,141,776	76,100
E911	3,319,969	3,319,969	3,302,273	17,696
Wireless	20,000	20,000		20,000
E911 Rebanding		60,000		60,000
District Court - Child Support	232,210	232,210	228,829	3,381
County Attorney - Child Support	864,136	864,136	845,460	18,676
Tourism	276,449	276,449	188,109	88,340
Visitors Improvement	523,099	523,099		523,099
Employment Security Act	31,282	31,282	23,479	7,803
County Medical	169,500	169,500	136,550	32,950
Institutions	45,000	45,000	16,836	28,164
Alcohol Diversion	342,737	377,737	370,632	7,105
County Drug Enforcement	5,000	5,000	1,530	3,470
Federal Grant - Drug Court	3,500	3,500	570	2,930
Federal Grant - JAIBG	14,493	16,493	15,979	514
Federal Grant - Title 1D	73,143	73,143	71,193	1,950
Federal Grant - Juv Pre-trial	52,225	52,225	51,675	550
State Education Reimbursement	185,005	210,005	202,637	7,368
Federal Forfeiture	253,283	253,283	37,586	215,697
Federal Forfeiture - County Attorney	101,079	101,079	98,413	2,666
SCAAP		107,520	107,520	
STOP Program	82,477	82,477	25,280	57,197
Federal Grant - Victim Witness	122,601	122,601	147,536	(24,935)
CDBG - Oakdale Park	562,573	562,573		562,573
State Grant - Juvenile Justice	20	20		20
Federal Grant - Project Engage		33,480	31,346	2,134
Federal Grant - GREAT	116,987	116,987	66,066	50,921
Federal Grant - Drug Enforcement	124,455	133,455	133,258	197
Juvenile Services LB640	122,739	132,477	121,742	10,735
Federal Grant - Universal Hiring	1	1		1

SARPY COUNTY, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - CONTINUED
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Budget Amounts		Actual	Favorable
	Original	Final		(Unfavorable) Variance
EXPENDITURES PAID - CONTINUED				
Federal Grant - Brownfield		\$ 200,000		\$ 200,000
Federal Grant - GIS Transportation	\$ 65,000	65,000	\$ 65,000	
Federal Grant - Adult Drug Court	10,000	10,000	897	9,103
Federal Grant - Buffer Zone	100	100		100
Juvenile Wellness Grant	250	250	222	28
Federal Grant - Drug Eradication		16,000	11,143	4,857
Federal Grant - Juv Day\Evening	75,000	75,000	70,716	4,284
Federal Grant - MIP Mini Grant	19,333	19,333	6,804	12,529
Federal Grant - Accident	47,170	52,170	51,994	176
Federal Grant - Boat Patrol	2,500	2,500		2,500
State Grant - Stormwater		122,249	5,479	116,770
Inheritance Tax	2,075,000	2,075,000	916,417	1,158,583
Keno	293,000	293,000	152,039	140,961
800 MHZ Bond Fund	811,090	811,090	412,200	398,890
Courthouse Bond	1,673,212	1,673,212	801,350	871,862
Courthouse Administration	1,165,000	1,165,000	868,180	296,820
Courthouse Remodel	640,000	640,000	500	639,500
Landfill Bond Surplus	3,210,000	3,210,000		3,210,000
Sinking Fund	748,782	748,782	290,188	458,594
Sewer	2,600,000	2,600,000	330,248	2,269,752
Sewer Operations	165,000	165,000	3,002	161,998
Phase II Stormwater Fees	50,000	50,000		50,000
Noxious Weed	76,487	76,487	71,749	4,738
Information Systems	1,693,579	1,693,579	1,652,049	41,530
GIS	332,544	332,544	312,612	19,932
Purchasing Agent	110,813	110,813	109,933	880
Fleet Services	1,062,646	1,062,646	1,060,139	2,507
Total expenditures paid	<u>38,788,345</u>	<u>39,413,332</u>	<u>27,559,136</u>	<u>11,654,196</u>
Operating transfer in	<u>9,159,218</u>	<u>9,244,956</u>	<u>9,474,218</u>	<u>229,262</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(10,374,937)	(10,374,937)	2,608,088	12,983,025
FUND BALANCE, BEGINNING OF YEAR	<u>10,374,933</u>	<u>10,374,933</u>	<u>10,374,933</u>	
FUND BALANCE, END OF YEAR	<u>\$ (4)</u>	<u>\$ (4)</u>	<u>\$ 12,983,021</u>	<u>\$ 12,983,025</u>

SARPY COUNTY, NEBRASKA
BUDGETARY COMPARISON SCHEDULE
SPECIAL ROADS FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES COLLECTED				
Tax				
Federal	\$ 1,500,000	\$ 1,500,000	\$ 1,045,695	\$ (454,305)
State	5,482,750	5,482,750	6,874,050	1,391,300
Local	661,236	661,236	736,845	75,609
Total revenues collected	<u>7,643,986</u>	<u>7,643,986</u>	<u>8,656,590</u>	<u>1,012,604</u>
EXPENDITURES PAID				
Personal services	2,695,448	2,695,448	2,639,997	55,451
Operating expenses	665,165	665,165	701,257	(36,092)
Supplies and materials	1,324,900	1,324,900	1,665,026	(340,126)
Equipment and office rental	18,500	18,500	36,928	(18,428)
Capital outlays	8,879,798	8,879,798	8,463,690	416,108
Principal and interest	634,065	634,065	634,877	(812)
Total expenditures paid	<u>14,217,876</u>	<u>14,217,876</u>	<u>14,141,775</u>	<u>76,101</u>
Operating transfer in	<u>5,645,536</u>	<u>5,645,536</u>	<u>5,645,536</u>	
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(928,354)	(928,354)	160,351	1,088,705
FUND BALANCE, BEGINNING OF YEAR	<u>928,354</u>	<u>928,354</u>	<u>928,354</u>	
FUND BALANCE, END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$ 1,088,705</u>	<u>\$ 1,088,705</u>

SARPY COUNTY, NEBRASKA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES FOR THE YEAR ENDED JUNE 30, 2008

1. BUDGETARY ACCOUNTING

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

SARPY COUNTY, NEBRASKA

OTHER POSTEMPLOYMENT BENEFIT SCHEDULE FOR THE YEAR ENDED JUNE 30, 2008

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

The ARC for the period of July 1, 2008 through June 30, 2009 was \$170,975 and \$2,205, for governmental and propriety funds, respectively. The County has not made any contributions to the postemployment benefit plan as of June 30, 2008. The funding policy is on a pay-as-you-go basis.

Obligations and Funded Status at July 1, 2008 (actuarial valuation date):

	<u>Governmental</u>	<u>Proprietary</u>
Benefit obligation	\$ 170,975	\$ 2,205
Fair value of plan assets		
Unfunded status	<u>\$ 170,975</u>	<u>\$ 2,205</u>
Accrued benefit cost recognized in the statement of net assets as accrued expenses	<u>\$ 170,975</u>	<u>\$ 2,205</u>

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

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

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

The County has had no previous valuations performed and thus has no previously recorded accrued expenses nor has the County made any previous contributions.

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

SUPPLEMENTAL INFORMATION

SARPY COUNTY, NEBRASKA

**TAX CERTIFICATION, CORRECTION AND COLLECTIONS
AS OF JUNE 30, 2008**

	RELATED TO THE TAXABLE YEAR		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
TAX CERTIFIED BY THE ASSESSOR			
Real estate	\$ 167,086,690	\$ 187,152,005	\$ 197,250,093
Personal	4,497,122	4,505,172	4,989,056
Centrally assessed	<u>1,177,018</u>	<u>1,118,341</u>	<u>1,171,333</u>
	<u>172,760,830</u>	<u>192,775,518</u>	<u>203,410,482</u>
 CORRECTION			
TIF	628,868	694,450	610,817
Additions	496,671	187,795	144,954
Deductions	<u>(293,060)</u>	<u>(307,167)</u>	<u>(248,655)</u>
	<u>832,479</u>	<u>575,078</u>	<u>507,116</u>
 CORRECT CERTIFIED TAX	 <u>\$ 173,593,309</u>	 <u>\$ 193,350,596</u>	 <u>\$ 203,917,598</u>
 NET TAX COLLECTED BY THE COUNTY TREASURER DURING YEARS ENDED:			
June 30, 2006	\$ 93,640,515		
June 30, 2007	79,798,141	\$ 102,678,212	
June 30, 2008	<u>173,246</u>	<u>90,282,665</u>	<u>\$ 109,919,971</u>
	<u>\$ 173,611,902</u>	<u>\$ 192,960,877</u>	<u>\$ 109,919,971</u>
 TOTAL UNCOLLECTED TAX	 <u>\$ (18,593)</u>	 <u>\$ 389,719</u>	 <u>\$ 93,997,627</u>
 PERCENTAGE UNCOLLECTED TAX	 -0.01%	 0.20%	 46.10%

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, 2008

BALANCE ON HAND, BEGINNING OF YEAR		
Cash on hand	\$	600
Cash in bank		58,802
		<u>59,402</u>
 COLLECTIONS		
Recording and miscellaneous fees		3,329
Title fees		598,232
Marriage licenses		16,995
Prepaid certified marriage licenses		5,935
Miscellaneous		634
Other licenses		12,389
Interest		503
		<u>638,017</u>
 CREDITS		
Paid to County Treasurer		
Recording and miscellaneous fees		3,566
Title fee		205,165
Marriage licenses		16,845
Prepaid certified marriage licenses		5,205
Miscellaneous		418
Other licenses		12,359
Interest		508
		<u>244,066</u>
Paid to state		
Title fees		392,623
		<u>392,623</u>
 BALANCE ON HAND, END OF YEAR	 \$	 <u>60,730</u>
 SUMMARY OF BALANCE, END OF YEAR		
Cash on hand	\$	600
Cash in bank		60,130
		<u>60,730</u>
	\$	<u>60,730</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
REGISTER OF DEEDS
FOR THE YEAR ENDED JUNE 30, 2008**

BALANCE ON HAND, BEGINNING OF YEAR	
Cash on hand	\$ 138
Cash in bank	313,544
Accounts receivable	<u>21,203</u>
	<u>334,885</u>
 COLLECTIONS	
Recording fees	858,034
Copies fees	11,912
Miscellaneous fees	290
Federal lien	810
State tax lien	666
Documentary stamp tax	2,178,189
Interest	<u>2,070</u>
	<u>3,051,971</u>
 CREDITS	
Paid to County Treasurer	
Recording fees	874,280
Copy fees	12,637
Non-credit refunds	259
Federal tax lien	798
State tax lien	669
Documentary stamp tax	587,925
Interest	<u>2,357</u>
	<u>1,478,925</u>
Paid to State	
Documentary stamp tax	<u>1,591,520</u>
 BALANCE ON HAND, END OF YEAR	 \$ <u>316,411</u>
 SUMMARY OF BALANCE, END OF YEAR	
Cash on hand	\$ 150
Cash in bank	298,950
Accounts receivable	<u>17,311</u>
	<u>\$ 316,411</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
CLERK OF THE DISTRICT COURT
FOR THE YEAR ENDED JUNE 30, 2008**

BALANCE ON HAND, BEGINNING OF YEAR		
Cash on hand	\$	650
Cash in bank		727,050
		727,700
 COLLECTIONS		
Dissolution fees		17,100
State fees		211,061
Regular fees		302,649
Retirement fees		26,115
Law enforcement fees		946
Trust		5,069,948
Drug court		
County fees		16,800
State fees		10,530
		5,655,149
 CREDITS		
Dissolution fees		17,525
State fees		220,623
Regular fees		302,649
Retirement fees		28,518
Law enforcement fees		1,222
Trust		4,719,982
Drug court		
County fees		16,813
State fees		11,064
		5,318,396
 BALANCE ON HAND, END OF YEAR	 \$	 1,064,453
 SUMMARY OF BALANCE, END OF YEAR		
Cash on hand	\$	650
Cash in bank		1,063,803
		\$ 1,064,453

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY SHERIFF
FOR THE YEAR ENDED JUNE 30, 2008**

BALANCE ON HAND, BEGINNING OF YEAR	
Cash on hand	\$ 303
Cash in bank	<u>125,134</u>
	<u>125,437</u>
 COLLECTIONS	
Civil process	221,434
House arrest	7,435
Inmate	438,924
Distress warrants	164,135
Miscellaneous and administrative	232,028
VIN	103,072
CID	22,888
DARE	15,714
Juvenile center	22,891
Tow lot	427,492
Unclaimed monies from previous fiscal year	<u>1,613</u>
	<u>1,657,626</u>
 CREDITS	
Paid to County Treasurer	
Civil process	219,622
House arrest	7,050
Inmate	435,202
Distress warrants	164,135
Miscellaneous and administrative	232,028
VIN	103,072
CID	16,542
DARE	3,997
Juvenile center	22,640
Tow lot	<u>464,008</u>
	<u>1,668,296</u>
 BALANCE ON HAND, END OF YEAR	 \$ <u>114,767</u>
 SUMMARY OF BALANCE, END OF YEAR	
Cash on hand	\$ 196
Cash in bank	<u>114,571</u>
	<u>\$ 114,767</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY ATTORNEY
FOR THE YEAR ENDED JUNE 30, 2008**

BALANCE ON HAND, BEGINNING OF YEAR	
Cash in bank	\$ <u>9,801</u>
COLLECTIONS	
Restitution	64,953
Collection on bad checks	214,843
Collection fees	4,360
Law enforcement fund	1,474
Miscellaneous	<u>1,160</u>
	<u>286,790</u>
CREDITS	
Restitution payments	66,559
Payments on bad checks collected	217,900
Collection fees remitted to the County Treasurer	4,360
Subpoena and miscellaneous expenditures paid	1,629
Miscellaneous	<u>104</u>
	<u>290,552</u>
BALANCE ON HAND, END OF YEAR	\$ <u>6,039</u>
SUMMARY OF BALANCE, END OF YEAR	
Cash in bank	\$ <u>6,039</u>

SARPY COUNTY, NEBRASKA
SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY SURVEYOR
FOR THE YEAR ENDED JUNE 30, 2008

BALANCE ON HAND, BEGINNING OF YEAR	
Cash on hand	\$ 50
COLLECTIONS	1,457
CREDITS	<u>1,457</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, 2008**

BALANCE ON HAND, BEGINNING OF YEAR	\$	<u> </u>
COLLECTIONS		
Certification of registration		9
Election cost recoveries		10,781
Registration lists and fees		<u>69</u>
		<u>10,859</u>
CREDITS		
Paid to County Treasurer		<u>10,849</u>
BALANCE ON HAND, END OF YEAR	\$	<u> 10</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY BUILDING INSPECTOR
FOR THE YEAR ENDED JUNE 30, 2008**

BALANCE ON HAND, BEGINNING OF YEAR	
Cash in bank	\$ 246,519
Contractor deposits	92,500
	<u>339,019</u>
COLLECTIONS	
Permit fees	703,814
Sewer fees	379,309
Interest	1,591
Contractor deposits	16,500
	<u>1,101,214</u>
CREDITS	
Paid to County Treasurer	
Permit fees	768,884
Sewer fees	449,524
Interest	16,704
Refunds	4,404
Other	6,500
	<u>1,246,016</u>
Refunds to contractors	10,000
	<u>1,256,016</u>
BALANCE ON HAND, END OF YEAR	<u>\$ 184,217</u>
SUMMARY OF BALANCE ON HAND, END OF YEAR	
Cash in bank	\$ 85,217
Contractor deposits	99,000
	<u>\$ 184,217</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY LANDFILL**

FOR THE YEAR ENDED JUNE 30, 2008

BALANCE ON HAND, BEGINNING OF YEAR	
Cash on hand	\$ 230
Accounts receivable	<u>368,225</u>
	<u>368,455</u>
COLLECTIONS	<u>3,191,864</u>
CREDITS	
Bad debt expense	6,290
Paid to County Treasurer	<u>3,194,159</u>
	<u>3,200,449</u>
BALANCE ON HAND, END OF YEAR	<u>\$ 359,870</u>
SUMMARY OF BALANCE ON HAND, END OF YEAR	
Cash on hand	\$ 230
Accounts receivable	<u>359,640</u>
	<u>\$ 359,870</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY ALCOHOL DIVERSION
FOR THE YEAR ENDED JUNE 30, 2008**

BALANCE ON HAND, BEGINNING OF YEAR	
Cash on hand	\$ <u>125</u>
COLLECTIONS	
Alcohol diversion	235,004
Adult education	49,425
Adult shoplifters	3,440
Adult community service	1,595
Victim impact panel	4,550
Juvenile intake	73,149
Juvenile community service	2,380
Teen court	2,490
Restitution	10,520
Juvenile tobacco	25
Miscellaneous	<u>320</u>
	<u>382,898</u>
CREDITS	
Alcohol diversion	232,934
Adult education	49,070
Adult shoplifters	3,390
Adult community service	1,575
Victim impact panel	4,550
Juvenile intake	72,999
Juvenile community service	2,360
Teen court	2,390
Restitution	9,315
Juvenile tobacco	25
Miscellaneous	<u>320</u>
	<u>378,928</u>
BALANCE ON HAND, END OF YEAR	
Cash on hand	\$ <u>4,095</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

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	\$ 213,483
County Attorney	93.563	933,797
Incentive Program	93.563	19,649
SICA Grant	93.230	1,427
Total U.S. Department of Health and Human Services		<u>1,168,356</u>
<u>U.S. Department of Education</u>		
Passed through Papillion/La Vista School District		
FG-Title 1D	84.010	64,650
Total U.S. Department of Education		<u>64,650</u>
<u>U.S. Department of Justice</u>		
Passed through Nebraska Crime Commission		
FG - JAIBG	16.523	18,626
FG - Victim Witness	16.575	144,954
FG - Adult Drug Court	16.580	16,000
Passed through City of Omaha		
Drug Enforcement	16.579	117,668
FG - Juvenile Pre-Trial Assessment	16.540	62,176
FG - Ballistic Vests	16.607	51,315
G.R.E.A.T. Program	16.737	38,425
U.S. Marshall	16.xxx	2,520
Drug Enforcement Reimbursement	16.xxx	1,469
Federal Forfeitures	16.xxx	64,999
Justice Benefits Reimbursement	16.xxx	107,520
Total U.S. Department of Justice		<u>625,672</u>
<u>U.S. Department of Interior</u>		
U.S. Entitlement Lands - Sec 1	15.226	1,689
Total U.S. Department of Interior		<u>1,689</u>
<u>U.S. Department of Transportation</u>		
Passed through Nebraska Office of Highway Safety		
Traffic Enforcement Grant	20.600	18,645
FG - E-citation	20.600	29,662
Passed through State of Nebraska		
LEPC-HMEP Grant	20.703	42,000
Passed through Metro Area Planning Agency		
FG - GIS Transportation	20.505	42,528
FG - Accident Reconstruction	20.600	47,170
Total U.S. Department of Transportation		<u>180,005</u>
<u>U.S. Department of Homeland Security</u>		
Passed through Nebraska Emergency Management Association		
Civil Defense Reimbursement	97.042	11,000
Total U.S. Department of Homeland Security		<u>11,000</u>
<u>Immigration and Customs Enforcement</u>		
U.S. Immigrations - Juveniles	16.606	22,640
Total Immigration and Customs Enforcement		<u>22,640</u>
<u>Supplemental Disclosure</u>		
Federal Secondary Money Passed through State		
Federal Aid Secondary	20.205	1,045,695
Total Expenditures of Federal Awards		<u>\$ 3,119,707</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.

February 12, 2009

**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, 2008 which collectively comprise the County's basic financial statements and have issued our report thereon dated February 12, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

February 12, 2009

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

Board of Commissioners
Sarpy County, Nebraska

Compliance

We have audited the compliance of Sarpy County, Nebraska (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2008. 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, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are described in the accompanying schedule of findings and questioned costs as item 2008-01.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant efficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2008-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

This report is intended solely for the information and use of the 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, 2008

A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report on the basic financial statements expressed an unqualified opinion.
2. No material weaknesses in internal control over financial reporting were reported.
3. No instances of noncompliance considered material to the financial statements was disclosed by the audit.
4. One material weakness 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 one finding required to be reported by OMB Circular A-133.
7. The major programs for the County for the year ended June 30, 2008 are as follows:
 - 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

SARPY COUNTY, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
YEAR ENDED JUNE 30, 2008

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FEDERAL AID SECONDARY

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

Criteria: The Roads Department is required to follow the procedures set forth in 23CFR710 and 49CFR24 when acquiring right-of-way on federally funded road projects.

Effect of Condition: The County had already used the funds drawn down for the road construction and was required to issue bonds to repay the federal funds.

Cause of Condition: The Roads Department did not follow proper procedures in acquiring right-of-way.

Recommendation: The Roads Department should implement policies to ensure that proper right-of-way acquisition procedures and all other federally required procedures are followed.

Questioned Costs: The entire project amount of \$9,277,598 was deemed ineligible. However, only \$6,993,621 had been drawn down and had to be repaid.

Response: Sarpy County has contracted with an accounting firm to review the policies and procedures of the Sarpy County Roads Department to offer recommendations. The accountant's report has been received and accepted. Sarpy County's Information Technology Department is developing a program to assist the Roads Department in tracking all items that need to be monitored relative to federal road projects. In addition, Sarpy County is in the process of appealing the federal government's decision to de-authorize the federal funds of the road project.