

SARPY COUNTY, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2015

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDTOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-14
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet – Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Statement of Net Position – Proprietary Funds	19
State of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	20
Statement of Cash Flows – Proprietary Fund	21
Statement of Net Position – Fiduciary Fund	22
Notes to Financial Statements	23-47
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Cash Basis) – General Fund	48-49
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Cash Basis) – Special Roads Fund	50
Notes to Required Supplementary Information	51
Other Postemployment Benefits – Schedule of Funding Progress	52
OTHER SUPPLEMENTARY INFORMATION	
Tax Certification, Correction and Collections	53
Schedule of Statement of Accountability	
County Clerk	54
Register of Deeds	55
Clerk of the District Court	56
County Sheriff	57
County Attorney	58
County Election Commissioner	59
County Building Inspector	60
County Landfill	61
County Alcohol Diversion	62
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Cash Basis) – All Special Revenue Funds	63-64
Schedule of Receipts and Disbursements (Cash Basis) – All Special Revenue Funds	65
Schedule of Expenditures of Federal Awards	66
Notes to the Schedule of Expenditures of Federal Awards	67
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 <i>Government Auditing Standards</i> .	68-69
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	70-71
Schedule of Findings and Questioned Costs	72-75

February 10, 2016

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 Sarpy County Nebraska, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2015 the County implemented the provisions of GASB Statement No. 68, which changed its method of accounting for pensions through retroactive application to prior year's financial statements. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sarpy County, Nebraska's basic financial statements. The statements of accountability, schedule of revenues, expenditures and changes in fund balances-budget and actual for the non-major special revenue funds, schedule of receipts and disbursements – all special funds and tax certification, correction and collections information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The statements of accountability, schedule of revenues, expenditures and changes in fund balances-budget and actual for the non-major special revenue funds, schedule of receipts and disbursements – all special revenue funds and tax certification, correction and collections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2016, on our consideration of Sarpy County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sarpy County, Nebraska's internal control over financial reporting and compliance.

HSMC Orizon LLC

HSMC ORIZON 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, 2015. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes to the financial statements.

This discussion focuses on the County as the primary government but also includes activity of the Sarpy County Leasing Corporation as a blended component unit because it meets the requirements for inclusion in the financial statements as set forth by the Governmental Accounting Standards Board.

Financial Highlights

As of June 30, 2015, the County's total assets and deferred outflows of resources exceeded its total liabilities by \$185,961,367.

Total net position is comprised of the following:

- Net investment in capital assets, of \$145,980,709. This represents the property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of the County's capital assets.
- Restricted net position of \$10,315,654
- Unrestricted net position of \$29,665,004

The County's total revenues exceeded its total expenses by \$8,857,272.

The County's governmental activities reported a net increase in net position of \$6,731,762 and a total ending net position balance of \$165,032,157.

The County's business-type activities reported a net increase in net position of \$2,125,510 and a total ending net position balance of \$20,929,210.

For the year ending June 30, 2015, the General Fund reported revenues in excess of expenditures before transfers of \$6,542,470 and had an ending fund balance of \$30,339,872.

The County's total debt decreased by \$2,519,001 during the current fiscal year to a total debt balance of \$35,222,882 as of June 30, 2015.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

Sarpy County, Nebraska maintains over sixty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, and special roads fund, each of which are considered to be major funds. All other special revenue funds are combined and are shown as non-major funds.

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

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

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

Notes to the Financial Statements

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

Other Information

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Sarpy County, Nebraska, assets exceeded liabilities by \$185,961,367, as of June 30, 2015.

A significant portion of Sarpy County, Nebraska's net position (78.5%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Sarpy County, Nebraska's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Governmental Activities	Business- type Activities	Total
Current and other assets	\$ 49,450,264	\$ 19,848,570	\$ 69,298,834
Capital assets	144,904,486	35,339,657	180,244,143
Deferred outflows of revenues	<u>1,841,437</u>	<u>28,519</u>	<u>1,869,956</u>
Total assets and deferred outflows of resources	<u>196,196,187</u>	<u>55,216,746</u>	<u>251,412,933</u>
Current liabilities	10,529,918	2,808,612	13,338,530
Long-term liabilities	20,227,304	31,472,304	51,699,608
Deferred inflows of revenues	<u>406,808</u>	<u>6,620</u>	<u>413,428</u>
Total liabilities and deferred Inflow of resources	<u>31,164,030</u>	<u>34,287,536</u>	<u>65,451,566</u>
Net position:			
Net investment in capital assets	134,716,090	11,264,619	145,980,709
Restricted	10,229,274	86,380	10,315,654
Unrestricted	<u>20,086,793</u>	<u>9,578,211</u>	<u>29,665,004</u>
Total net position	<u>\$ 165,032,157</u>	<u>\$ 20,929,210</u>	<u>\$ 185,961,367</u>

This reflects an increase in net position before prior period adjustments of \$8,857,272 or 5.0% for the County from the previous year net position balance of \$178,421,869; an indication that the County's overall financial position remained stable during the fiscal year 2015.

The governmental activities had an increase in net position of \$6,731,762 and the business-type activities had an increase of \$2,125,510 for a total increase in net position for the County of \$8,857,272. A summary of the government-wide operations is presented below:

	2015	2014	Change
General revenues and transfers	\$ 50,425,862	\$ 48,880,948	\$ 1,544,914
Charges for services	20,556,513	18,753,046	1,803,467
Operating grants & contributions	14,173,233	14,100,970	72,263
Capital grants & contributions	<u>2,128,910</u>	<u>762,531</u>	<u>1,366,379</u>
Total revenues	87,284,518	82,497,495	4,787,023
Expenses	<u>(78,427,246)</u>	<u>(73,085,859)</u>	<u>(5,341,387)</u>
Change in net position before prior period adjustments	<u>\$ 8,857,272</u>	<u>\$ 9,411,636</u>	<u>\$ (554,364)</u>

The government-wide change in net position was stable from the 2014 fiscal year to 2015 fiscal year with a small decrease of \$554,364. It is helpful to look at some of the increases and decreases that contribute to the changes in net position.

1. General revenues increased by approximately \$1.5MM.
 - a. Property tax collections increased by \$800K due to a higher amount of taxes levied.
 - b. Miscellaneous revenues increased by \$700K due to an increase in the balance in the County Clerk's imprest accounts. In addition, the 2014 fiscal year miscellaneous income included an adjustment for two SID checks that had not been cashed.
2. Charges for services increased by approximately \$1.8MM. Major factors involved in governmental activities for this increase:
 - a. General government \$500K. Increased fee revenue such as passports and building permits.
 - b. Public safety \$600K. Higher revenue from housing out-of-county juveniles.
 - c. Roads \$400K increase. Higher intergovernmental payments on road projects.
3. Operating and capital grants increased by approximately \$1.4MM
 - a. \$600K increase in SBDF loan reimbursements.
 - b. \$800K increase in state buy-back dollars for the Road fund.
4. Increases in governmental activity expenses include normal and routine increases for operating and personnel expenses, but also include a \$600k increase for a block grant, and a \$950K increase in special roads expenses due to increased payments for road construction contracts and engineering fees. Business-type activities expenses increased due to a \$1.3MM transfer from the Landfill fund to the County General fund and a \$650K increase in the Sewer fund for sanitary sewer construction.

GOVERNMENTAL ACTIVITY REVENUES

General revenues and transfers from governmental activities totaled \$49,877,118 in 2015, an increase of \$3,280,650 or 7.0% from 2014. The amount of general revenues by source and increase or decrease from the prior year is summarized below:

	2015	2014	Increase (Decrease)
Property taxes	\$ 46,219,303	\$ 45,398,567	\$ 820,736
Investment income	242,767	258,980	(16,213)
Miscellaneous	3,725,898	2,959,786	766,112
Transfers	(310,850)	(2,020,865)	1,710,015
 Total general revenues	 \$ 49,877,118	 \$ 46,596,468	 \$ 3,280,650

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 ACTIVITY EXPENDITURES

Expenditures of governmental activities totaled \$71,981,170 for 2015, an increase of \$3,794,933 from 2014 expenditures of \$68,186,237. As shown below, there are a variety of offsetting factors affecting the increase in governmental activity expenditures. The increase in general government expenses was due to a \$600K increase in a block grant plus normal increases in operating and personnel expenses. The increase in public safety expenses was also due to normal increases in operating and personnel expenses. The increase in special roads expenses was due to larger payments on road construction projects and engineering fees.

These expenditures, by function, are summarized below:

	2015	2014	Increase (Decrease)
General government	\$ 22,177,565	\$ 20,401,204	\$ 1,776,361
Public health	929,628	910,041	19,587
Public safety	36,503,208	34,973,500	1,529,708
Public health & social services	1,174,696	1,409,714	(235,018)
Special roads	11,054,474	10,106,669	947,805
Debt service interest	141,599	385,109	(243,510)
	<u>\$ 71,981,170</u>	<u>\$ 68,186,237</u>	<u>\$ 3,794,933</u>

BUSINESS-TYPE ACTIVITIES

Business-type activities are shown comparing costs to revenues generated by related services. The landfill and sewer functions are designated to be self-supporting with user charges and other revenues designed to recover costs. For the year ending June 30, 2015, landfill revenues exceeded expenditures by \$873,583. Sewer revenues exceeded expenditures by \$714,342 for the 2015 FY. Stadium activity is also shown as a business-type activity for the 2015 fiscal year and revenues exceeded expenditures by \$537,585. A summary of this activity is presented below.

	2015			2014		
	Sewer	Landfill	Stadium	Sewer	Landfill	Stadium
Operating revenues	\$ 1,950,036	\$ 5,308,577	\$ 764,229	\$ 2,072,560	\$ 4,892,378	\$ 755,498
Operating expenses	<u>(1,235,694)</u>	<u>(3,226,663)</u>	<u>(763,953)</u>	<u>(524,856)</u>	<u>(2,487,525)</u>	<u>(645,631)</u>
Operating income (loss)	714,342	2,081,914	276	1,547,704	2,404,853	109,867
Non-operating revenues	-	49,947	187,947	-	77,296	186,319
Non-operating expenses	-	-	(1,219,766)	-	-	(1,241,610)
Capital contributions	-	-	-	99,320	-	1,150,865
Transfers	<u>-</u>	<u>(1,258,278)</u>	<u>1,569,128</u>	<u>-</u>	<u>-</u>	<u>870,000</u>
Increase (decrease) in net position	<u>\$ 714,342</u>	<u>\$ 873,583</u>	<u>\$ 537,585</u>	<u>\$ 1,647,024</u>	<u>\$ 2,482,149</u>	<u>\$ 1,075,441</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 \$29,610,312 as of June 30, 2015, which represents 40.1% of total current expenditures.

The Governmental Fund information is summarized below:

	Total Governmental Funds	
	2015	2014
Assets		
Cash and investments	\$ 29,610,312	\$ 28,883,240
Accounts receivable	1,469,626	641,094
Taxes receivable	15,456,683	15,058,185
Grant Receivable	774,006	723,370
Due from other funds	636,500	424,000
Inventory	732,107	556,729
Prepaid salary expense	1,407,530	
Total assets	<u>\$ 50,086,764</u>	<u>\$ 46,286,618</u>
Liabilities		
Accounts payable	\$ 4,570,820	\$ 3,960,916
Accrued liabilities	125,962	250,962
Due to other funds	636,500	424,000
Wages and benefits payable	1,905,684	592,941
Compensated absences	249,631	296,689
Total liabilities	<u>7,488,597</u>	<u>5,525,508</u>
Deferred Inflow of Resources		
Total deferred inflow of resources	<u>1,678,659</u>	<u>1,502,115</u>
Fund Balances		
Non-spendable	2,139,637	556,729
Restricted	10,229,274	10,172,477
Assigned	208,426	284,876
Unassigned	<u>28,342,171</u>	<u>28,244,913</u>
Total fund balances	<u>40,919,508</u>	<u>39,258,995</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 50,086,764</u>	<u>\$ 46,286,618</u>

It can be pointed out that prepaid salary expense is reported as an asset in 2015, but not in 2014. This is due to switching the County payroll from being paid current to being paid in arrears. It should also be noted that wages and benefits payable increased by \$1.3MM in the 2015 FY. This is caused by the day of the pay period ended on in 2015 versus 2014.

General Fund Budgetary Highlights

The General Fund is the County's primary operating fund and largest source of day-to-day service delivery. The General Fund had a Net Fund Balance increase of \$1.3MM based on the modified accrual basis of accounting.

The General Fund budgeted revenues (cash basis) for the 2015 fiscal year were \$49,074,997 while actual revenues (cash basis) were \$52,792,990 for a favorable variance of \$3,717,993. The General Fund budgeted expenses (cash basis) were \$54,195,080 while actual expenses (cash basis) were \$47,954,868 for a favorable variance of \$6,240,212. Some of the major factors influencing these variances are shown below:

	<u>Variation</u>
<u>Revenues</u>	
General Fund - Local	\$ 2.8 MM
General Fund - Taxes	(972K)
General Fund - State	1.8MM
<u>Expenditures</u>	
Miscellaneous General	\$ 1.6MM
Inheritance Tax	3.6MM
Capital Projects	318K

Assessed Valuation and Property Taxes

Assessed valuation of \$11,995,964,919 represented a 3.4% increase over the preceding year's valuation of \$11,599,879,360. Property taxes are assessed on actual valuation. The tax rates are applied to each \$100 of actual valuation. The breakdown of tax rates for 2015 fiscal year and the preceding two years are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
General fund	.2572	.2571	.2596
All other funds	<u>.0427</u>	<u>.0428</u>	<u>.0403</u>
Total	<u>.2999</u>	<u>.2999</u>	<u>.2999</u>
Total valuation	\$11,995,964,919	\$11,599,879,360	\$11,451,696,861
% valuation increase over preceding year	3.4%	1.3%	2.3%

Capital Assets

As of June 30, 2015, the County had \$180,244,143 invested in capital assets, including roads, bridges, buildings, machinery, equipment, etc. net of accumulated depreciation. This is an increase of \$5,030,954 from the previous year amount. The net book value of these assets are summarized below.

Land	\$ 8,436,270
Infrastructure	107,008,479
Buildings	56,623,274
Intangible assets	2,989
Machinery and equipment	8,173,131
Net investment in capital assets	<u>\$180,244,143</u>

The increase in capital assets during the year is due primarily to the addition of road construction projects. The annual depreciation for the County for 2015 was \$6,446,568.

Debt Administration

At the end of the fiscal year, the County had total bonded debt and notes payable outstanding of \$35,222,882. During the current year, the County made principal payments on outstanding bonds totaling \$2,695,000. The County's total future debt service requirements for bonded debt and notes payable are presented below.

Year Ending June 30, 2015	Principal	Interest	Total Requirements
2016	\$ 4,050,145	\$ 1,324,926	\$ 5,375,071
2017	3,895,161	1,266,493	5,161,654
2018	2,318,203	1,208,697	3,526,900
2019	1,637,915	1,164,990	2,802,905
2020	1,650,029	1,128,459	2,778,488
2021 and beyond	<u>21,671,429</u>	<u>10,569,846</u>	<u>32,241,275</u>
	<u>\$ 35,222,882</u>	<u>\$ 16,663,411</u>	<u>\$ 51,886,293</u>

Economic Environment

Sarpy County encompasses approximately 241 square miles, or 159,360 acres in area, and is located on the eastern border of Nebraska. Papillion, the county seat of Sarpy County, is located ten miles from Omaha, Nebraska, and 45 miles from Lincoln, Nebraska. The current population of Sarpy County is estimated at 172,193.

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 2014 was \$90,144. According to Offutt Air Force Base, there are 10,131 military and civilian personnel employed on the base in Bellevue.

In 2013, the per capita personal income of Sarpy County residents was \$43,957 which was 93.2 percent of the Nebraska average per capita income of \$47,157. The lower per capita income is explained by Sarpy County's 28.4% population under age 18.

Net taxable sales (excluding motor vehicles) within Sarpy County increased from \$1,316,902,534 in 2012 to \$1,440,611,314 in 2013, representing a 9.4 percent increase over the prior year.

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

<u>Company</u>	<u>Industry</u>
Offutt Air Force Base	Military
PayPal, Inc.	Service
Bellevue Public Schools	Education
Bellevue University	Education
Walmart Stores & Sam's Club	Retail

Sarpy County's population figures from 2009 through 2014 are as follows:

<u>Year</u>	<u>Population</u>
July, 2009 (estimate)	153,504
July, 2010 (estimate)	158,840
July, 2011 (census)	162,561
July, 2012 (estimate)	165,853
July, 2013 (estimate)	169,331
July, 2014 (estimate)	172,193

Information for the number of building permits for single-family dwellings issued for Sarpy County (outside city zoning jurisdictions) from 2010 through 2015 are as follows:

<u>Year</u>	<u>Permits</u>	<u>Value</u>
2010	78	\$ 34,085,230
2011	169	36,527,462
2012	195	38,787,474
2013	318	63,519,462
2014	320	76,495,447
2015	330	79,457,683

Information for the number of building permits for commercial/industrial buildings issued for Sarpy County from 2010 through 2015 are as follows:

Year	Permits	Value
2010	4	\$ 2,742,806
2011	12	1,727,142
2012	17	6,540,526
2013	33	3,354,267
2014	9	23,277,076
2015	28	36,792,946

2014-2015 Budget

For the year ending June 30, 2015, the County adopted a total budget of \$133,717,455, which was subsequently amended to a total of \$135,316,998. This is an increase of \$9,522,690 over the previous year budget of \$125,794,308. This increase is due mainly to increased personnel costs in the General fund of \$1.3MM, a \$1.6MM increase in the Public Works budget, a \$1.3MM increase in the Sewer budget, a \$1.0MM increase in the Sewer Operations budget and a \$2.9MM increase in the Landfill budget. The property tax request for the 2014-15 fiscal year is \$35,975,899 on assessed valuation of \$11,995,964,919 which results in a tax levy of \$0.2999 per \$100 of valuation. This is the same rate as the previous year levy of \$0.2999.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Sarpy County Fiscal Administrator, 1210 Golden Gate Drive, Suite 1129, Papillion, Nebraska 68046.

SARPY COUNTY, NEBRASKA

**STATEMENT OF NET POSITION
JUNE 30, 2015**

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 29,610,312	\$ 11,254,724	\$ 40,865,036
Accounts receivable	1,469,626	685,877	2,155,503
Grants receivable	774,006		774,006
Taxes receivable	15,456,683		15,456,683
Prepaid expense	1,407,530	25,492	1,433,022
Inventory	732,107		732,107
Restricted cash		7,882,477	7,882,477
Capital assets:			
Land	5,971,198	2,465,072	8,436,270
Depreciable assets	225,603,954	40,175,822	265,779,776
Less accumulated depreciation	<u>(86,670,666)</u>	<u>(7,301,237)</u>	<u>(93,971,903)</u>
Total assets	<u>194,354,750</u>	<u>55,188,227</u>	<u>249,542,977</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss from refunding	90,299		90,299
Pension related deferred outflows	<u>1,751,138</u>	<u>28,519</u>	<u>1,779,657</u>
Total deferred outflow of resources	<u>1,841,437</u>	<u>28,519</u>	<u>1,869,956</u>
Total assets and deferred outflows of resources	<u>\$ 196,196,187</u>	<u>\$ 55,216,746</u>	<u>\$ 251,412,933</u>
LIABILITIES:			
Accounts payable	\$ 4,585,637	\$ 344,853	\$ 4,930,490
Accrued liabilities	125,962		125,962
Wages and benefits payable	1,905,684	33,554	1,939,238
Interest payable	20,319	49,965	70,284
Advance payments		1,772,500	1,772,500
Compensated absences:			
Current	249,631	12,558	262,189
Non-current	8,006,244	93,421	8,099,665
Other post employment benefits:			
Current	187,540	182	187,722
Non-current	755,045	27,194	782,239
Landfill closure and post closure costs		7,095,746	7,095,746
Bonds payable:			
Current	2,260,000	595,000	2,855,000
Non-current	5,445,813	24,180,389	29,626,202
Notes payable:			
Current	1,195,145		1,195,145
Non-current	1,377,737		1,377,737
Net pension liability	<u>4,642,465</u>	<u>75,554</u>	<u>4,718,019</u>
Total liabilities	<u>30,757,222</u>	<u>34,280,916</u>	<u>65,038,138</u>
DEFERRED INFLOW OF RESOURCES:			
Pension related deferred inflows	<u>406,808</u>	<u>6,620</u>	<u>413,428</u>
NET POSITION:			
Net investment in capital assets	134,716,090	11,264,619	145,980,709
Restricted for:			
Debt service	3,768,150		3,768,150
Post closure costs		86,380	86,380
Grant stipulations	482,901		482,901
Other	5,978,223		5,978,223
Unrestricted	<u>20,086,793</u>	<u>9,578,211</u>	<u>29,665,004</u>
Total net position	<u>165,032,157</u>	<u>20,929,210</u>	<u>185,961,367</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 196,196,187</u>	<u>\$ 55,216,746</u>	<u>\$ 251,412,933</u>

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	Expenses	Program Revenues			Change in Net Position		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 22,177,565	\$ 5,589,429	\$ 966,059	\$ 958,870	\$ (14,663,207)		\$ (14,663,207)
Public health	929,628	510,009	185,017		(234,602)		(234,602)
Public safety	36,503,208	4,287,891	3,341,682		(28,873,635)		(28,873,635)
Public welfare and social services	1,174,696	16,452	401		(1,157,843)		(1,157,843)
Special roads	11,054,474	2,129,890	9,680,074	1,170,040	1,925,530		1,925,530
Debt service interest	141,599				(141,599)		(141,599)
Total governmental activities	<u>71,981,170</u>	<u>12,533,671</u>	<u>14,173,233</u>	<u>2,128,910</u>	<u>(43,145,356)</u>		<u>(43,145,356)</u>
Business-type activities:							
Landfill	3,226,663	5,308,577			\$ 2,081,914		2,081,914
Stadium	1,983,719	764,229			(1,219,490)		(1,219,490)
Sewer	1,235,694	1,950,036			714,342		714,342
Total business-type activities	<u>6,446,076</u>	<u>8,022,842</u>			<u>1,576,766</u>		<u>1,576,766</u>
 Total	 <u>\$ 78,427,246</u>	 <u>\$ 20,556,513</u>	 <u>\$ 14,173,233</u>	 <u>\$ 2,128,910</u>	 <u>(43,145,356)</u>	 <u>1,576,766</u>	 <u>(41,568,590)</u>
General revenues:							
Property taxes and assessments					46,219,303		46,219,303
Investment income					242,767		242,767
Miscellaneous					3,725,898	237,894	3,963,792
Total general revenues					<u>50,187,968</u>	<u>237,894</u>	<u>50,425,862</u>
Operating transfers					(310,850)	310,850	
Change in net position					<u>6,731,762</u>	<u>2,125,510</u>	<u>8,857,272</u>
Net position, beginning of year, as originally reported					159,579,366	18,842,503	178,421,869
Change in accounting principle					(2,381,702)	(38,803)	(2,420,505)
Prior period adjustment					1,102,731		1,102,731
Net position, beginning of year, restated					<u>158,300,395</u>	<u>18,803,700</u>	<u>177,104,095</u>
Net position, end of year					<u>\$ 165,032,157</u>	<u>\$ 20,929,210</u>	<u>\$ 185,961,367</u>

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	Special Roads	Non-major Funds	Total Governmental Funds
ASSETS:				
Cash and investments	\$ 18,885,989	\$ 5,955,004	\$ 4,769,319	\$ 29,610,312
Accounts receivable	599,666	602,864	267,096	1,469,626
Grants receivable	35,171		738,835	774,006
Taxes receivable	13,255,511		2,201,172	15,456,683
Prepaid salary expenses	1,167,160	107,309	133,061	1,407,530
Due from other funds	636,500			636,500
Inventory		732,107		732,107
Total assets	<u>\$ 34,579,997</u>	<u>\$ 7,397,284</u>	<u>\$ 8,109,483</u>	<u>\$ 50,086,764</u>
 LIABILITIES:				
Accounts payable	\$ 1,835,391	\$ 2,561,428	\$ 174,001	\$ 4,570,820
Accrued liabilities			125,962	125,962
Due to other funds			636,500	636,500
Wages and benefits payable	1,442,931	137,143	325,610	1,905,684
Compensated absences	204,508	17,017	28,106	249,631
Total liabilities	<u>3,482,830</u>	<u>2,715,588</u>	<u>1,290,179</u>	<u>7,488,597</u>
 DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	221,538	200,000		421,538
Unavailable tax revenues	535,757		721,364	1,257,121
Total deferred inflows of resources	<u>757,295</u>	<u>200,000</u>	<u>721,364</u>	<u>1,678,659</u>
 FUND BALANCES:				
Nonspendable	1,167,160	839,416	133,061	2,139,637
Restricted	346,690	3,642,280	6,240,304	10,229,274
Assigned	208,426			208,426
Unassigned	28,617,596		(275,425)	28,342,171
Total fund balances	<u>30,339,872</u>	<u>4,481,696</u>	<u>6,097,940</u>	<u>40,919,508</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 34,579,997</u>	<u>\$ 7,397,284</u>	<u>\$ 8,109,483</u>	<u>\$ 50,086,764</u>
 RECONCILIATION:				
Total fund balances - Governmental Funds				\$ 40,919,508
 Amounts reported for governmental activities in the statement of net position are different because:				
The deferred loss on refunding and pension related deferred outflows are not current period items and, therefore, are not reported in the governmental funds.				1,841,437
Unavailable revenues represent funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.				1,678,659
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.				144,904,486
Some liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:				
Net pension liability			\$ (4,642,465)	
Non-current portion of accounts payable			(14,817)	
Interest payable			(20,319)	
Compensated absences			(8,006,244)	
Other post employment benefits			(942,585)	
Bonds payable			(7,705,813)	
Notes payable			(2,572,882)	
			<u>(23,905,125)</u>	
Deferred inflows of resources represent the acquisition of net position in future periods and therefore, are not reported in the governmental funds.				(406,808)
Net position of Governmental Activities				<u>\$ 165,032,157</u>

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund	Special Roads	Non-major Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 30,496,835		\$ 5,082,249	\$ 35,579,084
Intergovernmental				
Federal	202,788	\$ 346,287	1,445,782	1,994,857
State	2,647,070	11,492,298	1,387,961	15,527,329
Local	20,734,312	1,276,097	4,237,105	26,247,514
Total revenues	54,081,005	13,114,682	12,153,097	79,348,784
EXPENDITURES:				
Current:				
General government	16,646,055		3,319,402	19,965,457
Special roads		6,154,587		6,154,587
Public safety	27,881,700		6,818,002	34,699,702
Public health	621,601		254,209	875,810
Public welfare and social services	1,060,557		100,332	1,160,889
Capital outlay	1,052,610	9,287,111	595,232	10,934,953
Debt service:				
Debt service principal	271,290	319,101	2,911,856	3,502,247
Debt service interest	4,722	8,259	70,795	83,776
Total expenditures	47,538,535	15,769,058	14,069,828	77,377,421
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,542,470	(2,654,376)	(1,916,731)	1,971,363
OTHER FINANCING SOURCES (USES):				
Operating transfers in	1,258,278	3,088,532	3,080,463	7,427,273
Operating transfers out	(6,486,413)		(1,251,710)	(7,738,123)
Net other financing sources (uses)	(5,228,135)	3,088,532	1,828,753	(310,850)
NET CHANGE IN FUND BALANCES	1,314,335	434,156	(87,978)	1,660,513
FUND BALANCES, BEGINNING OF YEAR, AS ORIGINALLY REPORTED	29,026,587	4,047,540	6,184,868	39,258,995
Prior period adjustment	(1,050)		1,050	
FUND BALANCES, BEGINNING OF YEAR, RESTATED	29,025,537	4,047,540	6,185,918	39,258,995
FUND BALANCES, END OF YEAR	\$ 30,339,872	\$ 4,481,696	\$ 6,097,940	\$ 40,919,508
RECONCILIATION:				
Total net change in fund balances for the governmental funds.				\$ 1,660,513
Amounts reported in the governmental activities in the government-wide statement of activities are different because:				
Unavailable revenues represent funds not available in the current period and, therefore, are not recognized as revenues in the governmental funds.				176,544
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.				4,325,916
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.				(1,502,909)
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 position.				2,071,698
Changes in net position of governmental activities.				\$ 6,731,762

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015**

	Landfill	Stadium	Sewer	Total
CURRENT ASSETS:				
Cash	\$ 8,931,904		\$ 2,322,820	\$ 11,254,724
Accounts receivable	640,292	\$ 45,585		685,877
Prepaid expenses	25,492			25,492
Total current assets	9,597,688	45,585	2,322,820	11,966,093
NON-CURRENT ASSETS:				
Restricted cash	7,182,126	700,351		7,882,477
Capital assets				
Land	676,017	1,770,865	18,190	2,465,072
Land improvements	986,898	55,112		1,042,010
Infrastructure			7,068,007	7,068,007
Buildings	298,500	28,248,168		28,546,668
Machinery and equipment	2,874,581	644,556		3,519,137
Less accumulated depreciation	(3,105,650)	(2,393,392)	(1,802,195)	(7,301,237)
Total non-current assets	8,912,472	29,025,660	5,284,002	43,222,134
TOTAL ASSETS	18,510,160	29,071,245	7,606,822	55,188,227
DEFERRED OUTFLOWS OF RESOURCES:				
Pension related deferred outflows	28,519			28,519
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 18,538,679	\$ 29,071,245	\$ 7,606,822	\$ 55,216,746
CURRENT LIABILITIES:				
Accounts payable	\$ 211,616	\$ 16,097	\$ 117,140	\$ 344,853
Wages and benefits payable	33,554			33,554
Interest payable		49,965		49,965
Compensated absences	12,558			12,558
Other post employment benefits	182			182
Current maturities of long-term debt		595,000		595,000
Net pension liability	75,554			75,554
Total current liabilities	333,464	661,062	117,140	1,111,666
NON-CURRENT LIABILITIES:				
Compensated absences	93,421			93,421
Advance payments		1,772,500		1,772,500
Bonds payable		24,180,389		24,180,389
Accrued other post employment benefits	27,194			27,194
Accrued landfill closure and post closure costs	7,095,746			7,095,746
Total non-current liabilities	7,216,361	25,952,889		33,169,250
Total liabilities	7,549,825	26,613,951	117,140	34,280,916
DEFERRED INFLOWS OF RESOURCES:				
Pension related deferred inflows	6,620			6,620
NET POSITION:				
Net investment in capital assets	1,730,346	4,250,271	5,284,002	11,264,619
Restricted for post-closure costs	86,380			86,380
Unrestricted	9,165,508	(1,792,977)	2,205,680	9,578,211
Total net position	10,982,234	2,457,294	7,489,682	20,929,210
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 18,538,679	\$ 29,071,245	\$ 7,606,822	\$ 55,216,746

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Landfill	Stadium	Sewer	Total
OPERATING REVENUES:				
Charges for services and facilities	\$ 5,308,577	\$ 764,229	\$ 1,950,036	\$ 8,022,842
OPERATING EXPENSES:				
Personal services	941,259			941,259
Operating expenses	1,675,542	763,953	1,235,694	3,675,189
Estimated closure and post-closure care costs	254,017			
Supplies and materials	354,265			354,265
Equipment rental	1,580.00			1,580.00
Total operating expenses	3,226,663	763,953	1,235,694	5,226,310
OPERATING INCOME	2,081,914	276	714,342	2,796,532
NON-OPERATING REVENUES (EXPENSES):				
Interest expense		(1,219,766)		(1,219,766)
Federal interest rate subsidy		186,109		186,109
Miscellaneous	49,947	1,838		51,785
Total non-operating revenues (expenses)	49,947	(1,031,819)		(981,872)
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	2,131,861	(1,031,543)	714,342	1,814,660
OPERATING TRANSFERS IN	(1,258,278)	1,569,128		310,850
CHANGE IN NET POSITION	873,583	537,585	714,342	2,125,510
NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY REPORTED	10,147,454	1,919,709	6,775,340	18,842,503
CHANGE IN ACCOUNTING PRINCIPLE	(38,803)			(38,803)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	10,108,651	1,919,709	6,775,340	18,803,700
NET POSITION, END OF YEAR	\$ 10,982,234	\$ 2,457,294	\$ 7,489,682	\$ 20,929,210

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Landfill	Stadium	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 5,232,073	\$ 690,732	\$ 1,950,036	\$ 7,872,841
Payments to suppliers	(1,826,806)	(207,694)	(1,477,831)	(3,512,331)
Payments to employees	(919,399)			(919,399)
Net cash provided by (used in) operating activities	2,485,868	483,038	472,205	3,441,111
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(44,979)	(631,539)	(1,100,700)	(1,777,218)
Receipt of federal interest subsidy		186,109		
Principal payments on capital debt		(445,000)		(445,000)
Interest and other charges paid on debt		(1,220,293)		(1,220,293)
Net cash provided by (used in) capital and related financing activities	(44,979)	(2,110,723)	(1,100,700)	(3,442,511)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:				
Operating transfers out	(1,258,278)			(1,258,278)
Operating transfers in		1,569,128		1,569,128
Other non-capital financing activities	49,947	1,838		51,785
Net cash provided by (used in) non-capital and related financing activities	(1,208,331)	1,570,966		362,635
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	1,232,558	(56,719)	(628,495)	361,235
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,881,472	757,070	2,951,315	18,589,857
CASH AND INVESTMENTS, END OF YEAR	\$ 16,114,030	\$ 700,351	\$ 2,322,820	\$ 19,137,201
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income	\$ 2,081,914	\$ 276	\$ 714,342	\$ 2,796,532
Adjustment to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation and amortization	128,598	553,639	128,081	810,318
Changes in operating assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	(76,504)	6,503		(70,001)
Prepaid expenses	(25,492)			(25,492)
Pension related deferred outflows	(7,884)			(7,884)
Accounts payable	86,623	2,620	(370,218)	(280,975)
Accrued wages and benefits payable	25,708			25,708
Compensated absences	(10,007)			(10,007)
Advance payments		(80,000)		(80,000)
Change in accrued other post employment benefits	6,159			6,159
Change in accrued landfill closure and post closure costs	254,017			254,017
Net pension liability	16,116			16,116
Pension related deferred inflows	6,620			6,620
Net cash provided by operating activities	\$ 2,485,868	\$ 483,038	\$ 472,205	\$ 3,441,111
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital asset acquisitions included in accounts payable		\$ 6,707	\$ 113,588	\$ 120,295

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

**STATEMENT OF NET POSITION - FIDUCIARY FUND
JUNE 30, 2015**

ASSETS:

Cash and investments	\$ 62,825,286
Taxes receivable	<u>102,880,893</u>

Total assets	<u>\$ 165,706,179</u>
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LIABILITIES:

Due to other governmental entities	<u>\$ 165,706,179</u>
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See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

Reporting Entity

The accompanying financial statements present the government of Sarpy County, Nebraska (the primary government) and its blended component unit, the Sarpy County Leasing Corporation ("SCLC"). The Governmental Accounting Standards Board ("GASB") has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of the Organization's governing body and the ability of the County to impose its will on that Organization to provide specific financial benefits to, or impose specific financial burdens on the Organization.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds and aggregate non-major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Government-Wide Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the County accompanied by a total column. The material effect of interfund activity has been removed or eliminated from these statements. Fiduciary activities of the County are not included in these statements.

These statements are presented on an economic resources measurement focus and on the accrual basis of accounting. Accordingly, all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets as well as infrastructure assets and long-term liabilities, are included in the statement of net position. The statement of activities presents changes in net position and demonstrates the degree to which the direct expense of a given function is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements

The financial transactions of the County are reported in major funds and aggregate non-major funds in the fund financial statements. A fund is considered major if it is the primary operating fund of the County, meets specific criteria set forth by GASB or is identified as a major fund by the County's management.

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

Governmental Funds

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and aggregate non-major funds. Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, or when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period and that it is legally available for such purposes.

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental Funds - Continued

For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, except for debt service expenditures and other long-term liabilities, which are recorded only when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from issuance of long-term debt are reported as other financing sources. Accompanying schedules are presented to reconcile and explain the difference in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

The County reports the following major governmental funds:

- (1) The general fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other taxes, state and federal distributions, licenses, permits, charges for services and interest income.
- (2) The special roads fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for these specified purposes. Revenues are typically derived from state and federal resources.

Proprietary Funds

Proprietary fund financial statements include a balance sheet, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities are included on the balance sheet. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund and all other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The County reports the following major proprietary funds:

- (1) The landfill fund is used to account for the activities of the County's solid waste system and related facilities.
- (2) The sewer fund is used to account for the activities of the County's sanitary sewer system and related facilities.
- (3) The stadium fund is used to account for the activities of the Sarpy County Leasing Corporation, a blended component unit of the County, established to construct and operate a baseball stadium within the County.

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fiduciary Fund

Fiduciary fund financial statements include a statement of net position. The County's fiduciary fund represents an agency fund, which is custodial in nature and does not involve measurement of results of operations. The agency fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This fund is not incorporated into the government-wide statements since monies within this fund are held for the benefit of a third party and cannot be used to address activities or obligations of the County.

Budgets and Budgetary Accounting

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

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

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

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, revisions that alter the total expenditures of any fund require that an additional public hearing be held. During the year ended June 30, 2015, the County amended its original budget for the purpose of accommodating unanticipated expenditures.

Investments

The types of investments the County is authorized to invest funds in are enumerated in Nebraska State Statutes Sections 77-2315, 77-2340 and 77-2341, R.R.S. 1943, and generally include United States Treasury securities, United States agencies obligations, certificates of deposit and time deposits. Investments in negotiable certificates of deposit are carried at fair value, which is based upon quoted market prices. The County's investment in the Nebraska Public Agency Investment Trust (NPAIT) investment pool is measured at the net asset value per share provided by the pool, which approximates fair value, as the pool is considered a 2a7-like pool in accordance with Securities and Exchange Commission regulations. All other investments are carried at amortized cost.

Receivables

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

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property Taxes

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

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

Counties are permitted by State Constitution to levy a tax up to \$0.50 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. The County may levy taxes in addition to the \$0.50 limitation upon a vote of the people. The tax levy remained below the \$0.50 limitation for 2015.

Additionally, \$.05 of the \$0.50 limit may only be levied to provide services offered jointly with another government under an inter-local agreement. The County may share \$0.15 of its levy authority with rural fire districts and other political subdivisions no longer having any levy authority. Also, the legislature, as part of a property tax relief package, prohibited counties from adopting a budget containing "restricted funds" which are greater than 2.5% of the prior year budgeted restricted funds, plus the percentage change in valuation increase attributable to new construction and additions to buildings in excess of 2.5%. Restricted funds include property taxes, payments in lieu of taxes, and state aid less amounts budgeted for capital improvements and bonded indebtedness.

Inventories

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

Capital Assets (Including Intangible Assets)

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

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets (Including Intangible Assets) - Continued

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed. No interest costs were capitalized during 2015.

The following useful lives are being used by the County:

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

Compensated Absences

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

Fund Balance - Governmental Funds

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

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

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

Committed - Committed fund balances may be used only for the specific purposes determined by resolution of the Board of Commissioners. Commitments may be changed or lifted only by issuance of a resolution by the County Board of Commissioners. The County did not have any committed fund balances as of June 30, 2015.

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Balance - Governmental Funds - Continued

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

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

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

Net Position Classification

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

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvements of those assets or related debt should also be included in this component of net position. If there are significant unspent debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

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

Unrestricted - This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates

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

Implementation of New Accounting Principle

In 2015, the County implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

2. DEPOSITS AND INVESTMENTS

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

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The County has not adopted a specific policy for custodial credit risk, but requires compliance with the provisions of state law. The County's cash deposits, including nonnegotiable certificates of deposit, are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT, CONTINUED

2. DEPOSITS AND INVESTMENTS, CONTINUED

Investments

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

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

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County limits its interest rate risk by investing primarily in securities with original maturities of less than one year. Money market mutual funds and the NPAIT investment pool are presented as investments with a maturity of less than one year because they are redeemable in full immediately. The County has \$6,347,758 invested in nonnegotiable certificates of deposit that are scheduled to mature during the 2017 fiscal year. All other investment securities held at June 30, 2015 have a maturity of less than one year.

Credit risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. U.S. Treasury securities are not exposed to credit risk as they are backed by the full faith and credit of the United States Government. All other investments were not rated.

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. State statute does not restrict the concentration of investment in any issuer. The County places no limit on the amount that may be invested in any one issuer. At June 30, 2015, the County's investment in the NPAIT investment pool comprised approximately 31% of the County's total investments.

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT, CONTINUED

2. DEPOSITS AND INVESTMENTS, CONTINUED

Summary of Carrying Values

The carrying values of deposits and investments at June 30, 2015, and reconciliation to amounts shown in the financial statements, are as follows:

Cash:	
Cash on hand	\$ 590,046
Cash in bank (checking, money market)	<u>33,580,554</u>
Total cash	<u>34,170,600</u>
Certificates of deposit:	
NPAIT certificates of deposit	15,969,621
Bank certificate of deposit	<u>23,206,250</u>
Total certificates of deposit	<u>39,175,871</u>
Investments:	
U.S. Treasury Bills	11,494,031
NPAIT money market	8,250,692
Other money markets	<u>18,481,605</u>
Total investments	<u>38,226,328</u>
Total cash, certificates of deposit and investments	<u>\$ 111,572,799</u>
Reconciliation to the financial statements:	
Government-Wide cash and investments	\$ 40,865,036
Government-Wide restricted cash	7,882,477
Fiduciary fund cash and investments	<u>62,825,286</u>
	<u>\$ 111,572,799</u>

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT, CONTINUED

3. INTERFUND BALANCES AND TRANSFERS

"Due to" and "Due from" balances are recorded as a result of temporary loans from the general fund to cover cash shortages in other County funds. Balances due to/from other funds at June 30, 2015, consisted of \$636,500 owed to the general fund entirely by the other governmental funds.

Transfers are used primarily to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers to/from other funds for the year ended June 30, 2015, consist of the following:

Transfer to:	Transfer from general fund	Transfer from other governmental funds	Transfer from landfill fund
General fund			\$ 1,258,278
Special roads fund	\$ 3,088,532		
Other governmental funds	2,671,753	\$ 408,710	
Stadium fund	726,128	843,000	
Total	<u>\$ 6,486,413</u>	<u>\$ 1,251,710</u>	<u>\$ 1,258,278</u>

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT, CONTINUED

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance, <u>Restated</u>	<u>Additions</u>	<u>Disposals</u>	Ending Balance
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 5,035,131	\$ 936,067		\$ 5,971,198
Depreciable capital assets:				
Intangible assets	106,638			106,638
Infrastructure	151,677,097	7,629,551		159,306,648
Buildings and improvements	42,797,589	315,416		43,113,005
Machinery and equipment	22,354,356	1,253,616	\$ (530,309)	23,077,663
Total depreciable capital assets	<u>216,935,680</u>	<u>9,198,583</u>	<u>(530,309)</u>	<u>225,603,954</u>
Accumulated depreciation:				
Intangible assets	(91,125)	(12,524)		(103,649)
Infrastructure	(53,959,310)	(3,604,670)		(57,563,980)
Buildings and improvements	(12,010,445)	(854,795)		(12,865,240)
Machinery and equipment	(15,331,361)	(1,172,740)	366,304	(16,137,797)
Total accumulated depreciation	<u>(81,392,241)</u>	<u>(5,644,729)</u>	<u>366,304</u>	<u>(86,670,666)</u>
Capital assets being depreciated, net	<u>135,543,439</u>	<u>3,553,854</u>	<u>(164,005)</u>	<u>138,933,288</u>
Governmental activities capital assets, net	<u>\$ 140,578,570</u>	<u>\$ 4,489,921</u>	<u>\$ (164,005)</u>	<u>\$ 144,904,486</u>
Business-type Activities:				
Nondepreciable capital assets:				
Land	\$ 2,465,072			\$ 2,465,072
Depreciable capital assets:				
Infrastructure	6,213,084	\$ 854,923		7,068,007
Buildings and improvements	29,588,678			29,588,678
Machinery and equipment	2,835,912	683,225		3,519,137
Total depreciable capital assets	<u>38,637,674</u>	<u>1,538,148</u>		<u>40,175,822</u>
Accumulated depreciation:				
Infrastructure	(1,674,114)	(128,081)		(1,802,195)
Buildings and improvements	(2,646,110)	(567,059)		(3,213,169)
Machinery and equipment	(2,179,174)	(106,699)		(2,285,873)
Total accumulated depreciation	<u>(6,499,398)</u>	<u>(801,839)</u>		<u>(7,301,237)</u>
Capital assets being depreciated, net	<u>32,138,276</u>	<u>736,309</u>		<u>32,874,585</u>
Business-type activities capital assets, net	<u>\$ 34,603,348</u>	<u>\$ 736,309</u>		<u>\$ 35,339,657</u>

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT, CONTINUED

4. CAPITAL ASSETS, CONTINUED

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

Governmental Activities:	
General government	\$ 469,408
Public health	928
Public safety	1,181,134
Roads	<u>3,993,259</u>
Total governmental activities depreciation expense	<u>\$ 5,644,729</u>
Business-type Activities:	
Landfill	\$ 128,598
Stadium	545,160
Sewer	<u>128,081</u>
Total business-type activities depreciation expense	<u>\$ 801,839</u>

5. LEASES

Operating Lease - Stadium

The County leases the stadium property to the Omaha Storm Chasers. This lease is a twenty-five year lease with rent to be adjusted every five years. The initial payments will be \$450,000 annually, paid in two installments. In addition, the lease agreement provided for the County to receive two equal capital contributions of \$1,000,000 each from the Omaha Storm Chasers. The first contribution was received during the 2011 fiscal year upon completion of the stadium and the second contribution was received in the 2013 fiscal year, after the end of the second lease year. Revenue for these payments and contributions is recognized on a straight-line basis over the term of the original lease agreement.

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

<u>Year ending June 30,</u>	
2016	\$ 450,000
2017	450,000
2018	450,000
2019	450,000
2020	450,000
Thereafter	<u>6,975,000</u>
	<u>\$ 9,225,000</u>

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT, CONTINUED

6. LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 9,965,000		\$ (2,250,000)	\$ 7,715,000	\$ 2,260,000
Bond issue discount	(11,484)		2,297	(9,187)	
Total general obligation bonds	9,953,516		(2,247,703)	7,705,813	2,260,000
Notes payable	2,396,883	\$ 1,480,919	(1,304,920)	2,572,882	1,195,145
Compensated absences	8,121,799	379,653	(245,577)	8,255,875	249,631
Other post-employment benefits	792,144	150,441		942,585	187,540
Net pension liability	3,648,244	994,221		4,642,465	
Total governmental activities					
long-term liabilities	<u>\$ 24,912,586</u>	<u>\$ 3,005,234</u>	<u>\$ (3,798,200)</u>	<u>\$ 24,119,620</u>	<u>\$ 3,892,316</u>
Business-type Activities:					
Revenue bonds	\$ 25,380,000		\$ (445,000)	\$ 24,935,000	\$ 595,000
Bond issue discount	(168,090)		8,479	(159,611)	
Total revenue bonds	25,211,910		(436,521)	24,775,389	595,000
Compensated absences	115,986	\$ 3,737	(13,744)	105,979	12,558
Other post-employment benefits	21,217	6,159		27,376	182
Landfill closure and post-closure costs	6,841,729	254,017		7,095,746	
Net pension liability	59,438	16,116		75,554	
Total business-type activities					
long-term liabilities	<u>\$ 32,250,280</u>	<u>\$ 280,029</u>	<u>\$ (450,265)</u>	<u>\$ 32,080,044</u>	<u>\$ 607,740</u>

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Original Issue Amount	Date Callable	Outstanding at June 30, 2015
Governmental Activities:					
Bonds payable:					
Limited tax refunding bonds	December 2016	0.25% - 1.60%	\$ 4,165,000	N/A	\$ 1,590,000
Limited tax refunding building bonds	June 2018	0.35% - 1.70%	2,900,000	N/A	1,885,000
Limited tax refunding building bonds	December 2019	0.25% - 1.30%	5,090,000	2019	4,240,000
					<u>\$ 7,715,000</u>
Notes payable:					
ENHSA house 3	December 2018	4.65%	\$ 153,061	N/A	\$ 45,659
ENHSA house 4	June 2019	5.00%	190,000	N/A	65,239
ENHSA house 5	June 2023	4.70%	178,575	N/A	110,640
Monthly through					
Equipment notes	December 2016	1.58% - 2.36%	4,830,582	Various	2,351,344
					<u>\$ 2,572,882</u>
Business-type Activities:					
Bonds payable:					
Stadium revenue bonds - Series A	June 2025	1.50% - 3.75%	\$ 4,195,000	2019	\$ 3,175,000
Stadium revenue bonds - Series B	June 2036	6.05% - 6.25%	9,290,000	2019	9,290,000
Stadium revenue bonds - Series C	June 2030	2.75% - 6.00%	5,500,000	2019	4,400,000
Stadium COPS - Series 2010	December 2035	1.50% - 4.00%	8,070,000	2020	8,070,000
					<u>\$ 24,935,000</u>

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT, CONTINUED

6. LONG-TERM LIABILITIES, CONTINUED

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

Governmental Activities – Bonds:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,260,000	\$ 72,008	\$ 2,332,008
2017	2,270,000	51,926	2,321,926
2018	1,485,000	33,176	1,518,176
2019	850,000	15,300	865,300
2020	850,000	5,525	855,525
	<u>\$ 7,715,000</u>	<u>\$ 177,935</u>	<u>\$ 7,892,935</u>

Governmental Activities – Notes Payable

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,195,145	\$ 53,750	\$ 1,248,895
2017	980,161	31,349	1,011,510
2018	133,203	11,683	144,886
2019	77,915	7,989	85,904
2020	55,029	5,700	60,729
2021 - 2023	131,429	6,650	138,079
	<u>\$ 2,572,882</u>	<u>\$ 117,121</u>	<u>\$ 2,690,003</u>

Business-Type Activities – Bonds

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 595,000	\$ 1,199,168	\$ 1,794,168
2017	645,000	1,183,218	1,828,218
2018	700,000	1,163,838	1,863,838
2019	710,000	1,141,701	1,851,701
2020	745,000	1,117,234	1,862,234
2021 - 2025	4,450,000	5,106,545	9,556,545
2026 - 2030	6,565,000	3,731,319	10,296,319
2031 - 2035	8,585,000	1,673,988	10,258,988
2036	1,940,000	51,344	1,991,344
	<u>\$ 24,935,000</u>	<u>\$ 16,368,355</u>	<u>\$ 41,303,355</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

6. LONG-TERM LIABILITIES, CONTINUED

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

The 2009 Series A and B Stadium revenue bonds, the 2009 Series C Stadium revenue bonds and the Series 2010 Stadium COPS are secured by a pledge of the revenues derived from lease payments received pursuant to a Public Payment Lease and a Private Payment Lease, respectively. The total principal and interest remaining to be paid on the bonds and certificates of participation is \$41,303,355, with annual payments expected to require 100 percent of the revenues derived from the lease payments. Principal and interest for the current year and revenues from lease payments and other sources were \$1,656,814 and \$952,176, respectively.

The 2009 Series B Stadium revenue bonds were issued as direct pay Build America Bonds in accordance with the American Recovery and Reinvestment Act of 2009, which allows the County to receive a U.S. Treasury subsidy equal to 35% of the amount of interest payable on those bonds. Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, refund payments to certain state and local government filers claiming refundable credits under section 6341 of the Internal Revenue Code applicable to certain qualified bonds are subject to sequestration. The refund payments processed on or after October 1, 2014 and on or before September 30, 2015 will be reduced by the fiscal year 2015 sequestration rate of 7.3%.

7. EMPLOYEES' RETIREMENT SYSTEM

Defined Benefit Plan

The employees of Sarpy County are covered by the following pension plan:

The County contributes to the Nebraska County Employees Retirement System Cash Balance Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Nebraska Public Employees Retirement System (NPERS). NPERS provides retirement and disability benefits to plan members and beneficiaries. The County Employees Retirement Act establishes benefit provisions.

The Nebraska Public Employees Retirement Board (NPERS) was created in 1971 to administer the Nebraska retirement plans. In 1973, The State Legislature brought the County Employees Retirement Plan under the administration of NPERS. During the NPERS plan year ended December 31, 2014, there were 109 participating County employer entities. These were the employers that made contributions during the calendar year. All regular County employees in Nebraska are members of the plan.

A member is eligible for retirement after attaining age 55. Upon attainment of age 55, regardless of service, the retirement allowance shall be equal to the accumulated employee and employer cash balance accounts including interest credits, annuitized for payment in the normal form. Also available are additional forms of payment allowed under the plan which are actuarially equivalent to the normal form including the option of a full lump sum or partial lump sum.

The normal form of payment under the Cash Balance Benefit Fund is a single life annuity with five-year certain, payable monthly. Members have the option to convert their member cash balance account to a monthly annuity with built in cost-of-living adjustments of 2.5% annually. This monthly benefit and all other options allowed under the plan will be of actuarial equivalence to the accumulated employee and employer cash balance accounts including interest credits.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

7. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

Optional forms of payment include a lump sum and the following annuities (with or without a 2.5% COLA): life annuity, modified cash refund, certain and life annuity (5, 10 or 15 years), certain only annuity (5, 10, 15 or 20 years) and joint and survivor annuity (50%, 75%, or 100%).

For the County's year ended June 30, 2015, the County's total payroll for all employees was \$37,729,123. Total covered payroll was \$37,525,870. Covered payroll refers to all compensation paid by the County to active employees covered by the Plan.

Contributions

The County's contribution is based on 150% of the members' contributions to the fund. The county contribution shall be credited to the employer cash balance account. The participating counties will also match the additional contribution made by commissioned law enforcement personnel at a rate of 100%. The County's contribution to the Plan for the year ended June 30, 2015 was \$2,750,048.

Pension Liabilities

At December 31, 2014, the County had a liability of \$4,718,019 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The NPERs County Plan was 105.4% funded (actuarial accrued liability less actuarial assets) as of December 31, 2014. The county's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2014, the County's proportion was 13.49 percent, which was an increase of .04 percent from its proportion measured as of December 31, 2013.

For the year ended December 31, 2014, the County's allocated pension expense was \$1,028,563.

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price Inflation	3.25 percent
Wage Inflation	4.00 percent
Salary increases, including wage inflation	4.30 – 8.50 percent
Long-term Rate of Return, net of investment expense, including price inflation	7.75 percent
Municipal Bond Index Rate	3.70 percent
Year FNP is Projected to be Depleted	N/A
Single Equivalent Int. Rate, net of investment expense, including price inflation	7.75 percent
Interest crediting rate, including dividends	6.75 percent

The County Plan's pre-retirement mortality rates were based on the 1994 Group Annuity Mortality Table, projected to 2015 using scale AA, set back one year (sex distinct with 55 percent of male rates for males and 40 percent of female rates for females).

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

7. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

The County Plan's post-retirement rates were based on the 1994 Group Annuity Mortality Table, projected to 2015 using Scale AA, set-back one year (sex distinct).

The actuarial assumptions used in the December 1, 2014, valuations for the County plan are based on the results of the most recent actuarial experience study, which covered the five year period ending June 30, 2011. The experience study report is dated August 20, 2012.

The long-term expected real rate of return on pension plan investments was based upon the expected long-term investment returns provided by a consultant of the Nebraska Investment Council, who is responsible for investing the pension plan assets. The return assumptions were developed using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Large Cap US Equity	26.10%	4.4%
Small Cap US Equity	2.90%	4.9%
Global Equity	15.00%	5.0%
International Developed Equity	11.14%	5.0%
Emerging Markets Equity	2.36%	6.2%
Fixed Income	25.00%	1.7%
Bank Loans	5.00%	2.0%
Real Estate	7.50%	4.7%
Private Equity	5.00%	6.5%
Total	100.00%	

*Geometric mean, net of investment expenses.

Discount Rate

The discount rate used to measure the Total Pension Liability at both December 31, 2013, and December 31, 2014, was 7.75 percent. The discount rate is reviewed as part of the actuarial experience study, which was last performed for the period July 1, 2006, through June 30, 2011. The actuarial experience study is reviewed by the NPERS Board, which must vote to change the discount rate.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

7. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability. The projected future benefit payment for all current plan members were projected through 2113.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>Discount rate</u>	<u>County's proportionate Share of net pension liability</u>
1% decrease	6.75%	\$ 484,542
Current discount rate	7.75%	\$ 4,718,019
1% increase	8.75%	\$ 8,362,404

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Nebraska Public Employees Retirement Systems Plan financial report. NPERS issues a publicly available financial report that includes financial statements and required supplementary information for NPERS. That report may be obtained by writing the NPERS, P.O. Box 94816, Lincoln, NE 68509-4816, by calling 1-800-245-5712 or via the internet at http://www.auditors.nebraska.gov/APA_Reports/2015/SA185-03112015-July_1_2013_through_June_30_2014_Audit_Report.pdf.

Deferred Compensation Plan

The County offers employees a deferred compensation plan created in accordance with provisions in IRS Section 457. The deferred compensation plan allows employees to defer a portion of current salary to future years, but the deferred balance is not available to employees until termination, retirement, death, or unforeseeable emergency. Employees contributed \$572,252 to the plan for the year ended June 30, 2015.

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 STATEMENT, CONTINUED

7. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

Other Post-employment Benefits

Plan Description - The County provides certain post-employment health care benefits ("OPEB Plan") to eligible retirees and their spouses. An employee (and spouse) is eligible to elect medical coverage upon retiring and meeting specific criteria under the Nebraska Public Retirement System and attaining an age varying between 55 and 62, based upon their job classification. Participants pay a percentage of the premiums, based upon their age and job classification. A prescription drug program is also available to those who elect health coverage. The OPEB Plan is a single-employer defined benefit healthcare plan administered by the County. The OPEB Plan does not issue separate financial statements.

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

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

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

	<u>Governmental</u>	<u>Proprietary</u>
Annual required contribution	\$ 266,503	\$ 7,361
Interest on net OPEB obligation	27,703	765
Adjustments to annual required contribution	<u>(41,593)</u>	<u>(1,158)</u>
Annual OPEB cost (expense)	252,613	6,968
Contributions made	<u>(102,172)</u>	<u>(809)</u>
Increase in net OPEB obligation	150,441	6,159
Net OPEB obligation - beginning of year	<u>792,144</u>	<u>21,217</u>
Net OPEB obligation - end of year	<u>\$ 942,585</u>	<u>\$ 27,376</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 259,581	39.7%	\$ 969,961
June 30, 2014	262,284	41.7%	813,361
June 30, 2013	265,248	48.1%	660,441

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

7. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

Other Postemployment Benefits - Continued

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$2,573,655, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,573,655.

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

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

As required by GASB 45, the County, acting with the advice of the actuary, has allocated the cost of benefits to years of active service using the Projected Unit Credit Actuarial Cost Method. In the most current valuation, July 1, 2014, the actuarial assumptions used for the calculation of costs and liabilities are as follows:

Discount rate	3.5% per annum, compounded annually
Annual medical trend rate	7.0% initially, reduced in increments
Participation rate	70% will elect coverage
Spouse participation rate	45% will elect coverage

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

8. COMMITMENTS AND CONTINGENCIES

Federal Financial Awards

The County participates in a number of federally assisted grant programs. Compliance with the grants is subject to audit by various governmental agencies that may impose sanctions in the event of noncompliance. Management believes that they have complied with all aspects of the various grant provisions, and the results of adjustments, if any, related to such audits would be immaterial to the accompanying basic financial statements.

Litigation

The County is involved in lawsuits arising in the ordinary course of business, including claims for property damage and personal injury. In the opinion of County management, based on the advice of the County Attorney with respect to litigation, these matters are not expected to have a materially adverse effect on the County's financial position at June 30, 2015.

9. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require the County to place a final cover on its landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used during the year. Based on a cost estimate performed in 2015, closure costs will be \$4,185,509 and an additional \$3,027,448 will be required for post-closure care. The estimated total of the landfill closure and post-closure care of \$7,212,957 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 approximately 98% used (filled). The County expects to close the landfill in 2016. The County has accrued approximately 98% of the total landfill closure and post-closure care in the amount of \$7,095,746 as of June 30, 2015.

However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The County is required by State and Federal laws and regulations to make annual contributions to finance closure and post-closure care. The County is in compliance with these requirements and at June 30, 2015, investments of \$7,182,126 are held for these purposes. These are reported as restricted assets on the proprietary fund statement of net position.

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

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT, CONTINUED

10. PUBLIC ENTITY RISK POOL

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association ("NIRMA"), a public entity risk pool currently operating as a common risk management and insurance program for 79 counties throughout Nebraska. NIRMA was created as a result of the Intergovernmental Risk Management Act authorized by State Statute Section 444301 R.R. S. 1943, which resulted in two programs being established, NIRMA and NIRMA II.

The County pays for an annual deposit premium as calculated by the administrator of the pool. Nine months following the close of the fiscal year and at annual intervals thereafter, the pool may calculate each County's retrospective premium or premium credit for the year. The retrospective formula will be adopted by the Board prior to the beginning of the fiscal year. The formula will consider the losses and exposures of each County and the entire pool. The deposit premium paid for the fiscal year may be applied as a credit against the retrospective premium.

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

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

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

11. GOVERNMENTAL FUND BALANCES

Governmental fund balances are classified as follows at June 30, 2015:

	General Fund	Special Roads Fund	Other Governmental Funds	Total
Nonspendable:				
Inventory		\$ 732,107		\$ 732,107
Prepaid salary expenses	\$ 1,167,160	107,309	\$ 133,061	1,407,530
Total nonspendable	<u>1,167,160</u>	<u>839,416</u>	<u>133,061</u>	<u>2,139,637</u>
Restricted for:				
Debt service	346,690	303,985	3,117,494	3,768,169
Emergency communications			257,527	257,527
Social services			25,450	25,450
Tourism			1,059,822	1,059,822
Register of deeds - technology			303,566	303,566
Public health and welfare			249,824	249,824
Grant stipulations			482,901	482,901
Community betterment			119,467	119,467
Capital projects		3,338,295		3,338,295
Information systems			624,253	624,253
Total restricted	<u>346,690</u>	<u>3,642,280</u>	<u>6,240,304</u>	<u>10,229,274</u>
Assigned to:				
Wireless communications	118,154			118,154
Public safety	90,272			90,272
Total assigned	<u>208,426</u>			<u>208,426</u>
Unassigned	<u>28,617,596</u>		<u>(275,425)</u>	<u>28,342,171</u>
Total fund balances	<u>\$ 30,339,872</u>	<u>\$ 4,481,696</u>	<u>\$ 6,097,940</u>	<u>\$ 40,919,508</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

12. CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENTS

GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date.

During 2015, the County also corrected errors related to prior years and recorded prior period adjustments adjusting net position and fund balance. These adjustments along with the effects of the change in accounting principle are as follows:

Government-wide Financial Statements:

	Governmental Activities	Business-type Activities
Net position, June 30, 2014, as previously reported	\$ 159,579,366	\$ 18,842,503
Correctly report beginning cash in governmental activities	636	
Remove land that does not belong to the County	(90,291)	
Capitalize a depreciable asset purchased in 2014	59,019	
Correct prior year's accounts payable and related expenses	1,133,367	
Total prior period adjustment	1,102,731	
Net pension liability at December 31, 2013, measurement date	(3,648,244)	(59,438)
Deferred outflows of resources related to contributions made after the December 31, 2013 measurement date	1,266,542	20,635
Total change in accounting principle GASB 68	(2,381,702)	(38,803)
Net position, June 30, 2014, as restated	\$ 159,403,126	\$ 18,803,700

Fund Financial Statements:

	Landfill Fund	General Fund	Non-major Funds
Net position/fund balance, June 30, 2014, as previously reported	\$ 10,147,454	\$ 29,026,587	\$ 6,184,868
Reclassify the Connection Fee Fund fund balance from General Fund to Non-major Funds		(1,050)	1,050
Net pension liability at December 31, 2013, measurement date	(59,438)		
Deferred outflows of resources related to contributions made after the December 31, 2013 measurement date	20,635		
Net position/fund balance, June 30, 2014, as restated	\$ 10,108,651	\$ 29,025,537	\$ 6,185,918

REQUIRED SUPPLEMENTARY INFORMATION

SARPY COUNTY, NEBRASKA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CASH BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual	Favorable (Unfavorable)
	Original	Final		Variance
REVENUES COLLECTED:				
Tax	\$ 30,850,636	\$ 30,850,636	\$ 29,878,299	\$ (972,337)
Federal	168,550	168,550	197,466	28,916
State	822,500	822,500	2,647,070	1,824,570
Local	17,233,311	17,233,311	20,070,155	2,836,844
Total revenues collected	<u>49,074,997</u>	<u>49,074,997</u>	<u>52,792,990</u>	<u>3,717,993</u>
EXPENDITURES PAID:				
General Government:				
County Board	\$ 153,054	\$ 153,054	\$ 150,939	\$ 2,115
County Clerk	750,510	750,510	743,510	7,000
County Treasurer	1,651,736	1,651,736	1,635,835	15,901
Register of Deeds	515,239	515,239	509,944	5,295
County Assessor	1,343,559	1,343,559	1,309,933	33,626
Election Commissioner	543,722	538,722	537,556	1,166
Planning and Zoning	469,505	469,505	440,105	29,400
Administration	427,910	427,910	423,087	4,823
Personnel	441,378	441,378	417,159	24,219
Records Management	228,397	228,397	220,863	7,534
Fiscal Administration	275,281	275,281	271,373	3,908
Board of Equalization	20,372	20,372	13,099	7,273
Facilities Management	1,148,182	1,159,182	1,157,192	1,990
Public Property Utilities	690,000	690,000	609,047	80,953
Jail Maintenance	293,406	260,406	247,211	13,195
Juvenile Justice Center Maintenance	99,359	108,359	106,836	1,523
Sheriff Admin Maintenance	113,101	126,101	125,020	1,081
Extension Agent	132,714	132,714	132,626	88
Other Intergovernmental	778,000	778,000	648,216	129,784
Miscellaneous General	7,745,302	7,427,363	5,864,408	1,562,955
Capital Projects	562,000	562,000	243,573	318,427
Wireless Communications	148,943	148,943	55,621	93,322
Inheritance Tax	3,931,477	3,931,477	362,448	3,569,029
Purchasing	93,929	93,929	93,834	95
Fleet	1,165,906	1,165,906	1,162,805	3,101
Public Safety:				
Sheriff	2,216,770	2,236,770	2,234,672	2,098
County Attorney	3,242,400	3,308,400	3,306,077	2,323
Investigations	1,594,711	1,574,711	1,572,209	2,502
Road Patrol	5,338,495	5,283,434	5,280,219	3,215
Sheriff Merit Commission	10,528	21,528	21,167	361
Vehicle Inspection	125,067	133,067	131,906	1,161
Tow Lot	275,936	265,936	263,523	2,413
Juvenile Diversion	368,700	368,700	347,814	20,886
Victim Witness	241,118	241,118	231,338	9,780
Pre-trial/Community Service	510,143	516,143	514,854	1,289
Juvenile Justice Center	2,499,467	2,522,467	2,520,366	2,101
County Jail	5,400,321	5,617,321	5,615,866	1,455
Support Services	1,502,657	1,535,657	1,533,703	1,954
Warrants Extradition	622,364	617,364	615,640	1,724

SARPY COUNTY, NEBRASKA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CASH BASIS)- CONTINUED
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
EXPENDITURES PAID - CONTINUED:				
Public Safety, Continued:				
Adult Probation	\$ 87,650	\$ 87,650	\$ 81,968	\$ 5,682
Adult Diversion	619,710	619,710	607,394	12,316
Emergency Management	161,867	161,867	154,865	7,002
Clerk of the District Court	672,646	672,646	668,294	4,352
County Court	125,257	143,257	142,104	1,153
Juvenile Probation	21,055	21,055	16,573	4,482
Juvenile Court Judge	553,522	553,522	499,093	54,429
District Judge	574,190	574,190	567,902	6,288
Public Defender	1,446,074	1,446,074	1,442,900	3,174
Federal Grant - Drug Court	500	500		500
STOP Program	114,999	114,999	68,347	46,652
Jury Commissioner	129,723	139,723	137,824	1,899
CASA	185,570	185,570	183,737	1,833
Public Health:				
Animal Control	501,337	501,337	486,428	14,909
Mental Health	104,336	104,336	31,760	72,576
Noxious Weed	67,781	67,781	61,119	6,662
Public Welfare and Social Services:				
Veterans Services	252,002	253,002	252,679	323
Human Services	905,202	905,202	880,287	24,915
Total expenditures paid	<u>54,195,080</u>	<u>54,195,080</u>	<u>47,954,868</u>	<u>6,240,212</u>
Operating transfer in	2,053,090	2,053,090	4,060,146	2,007,056
Operating transfer out	<u>(7,231,097)</u>	<u>(7,231,097)</u>	<u>(8,874,653)</u>	<u>(1,643,556)</u>
Total transfers	<u>(5,178,007)</u>	<u>(5,178,007)</u>	<u>(4,814,507)</u>	<u>363,500</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>\$ (10,298,090)</u>	<u>\$ (10,298,090)</u>	<u>23,615</u>	<u>\$ 10,321,705</u>
FUND BALANCE, BEGINNING OF YEAR, AS ORIGINALLY REPORTED			16,579,140	
Prior period adjustment			<u>(1,050)</u>	
FUND BALANCES, BEGINNING OF YEAR, RESTATED			<u>16,578,090</u>	
FUND BALANCE, END OF YEAR			16,601,705	
RECONCILIATION TO BALANCE SHEET - GOVERNMENTAL FUNDS				
Accrued interest on investments			95,212	
Account for held health insurance check			385,012	
Cash held at County departments that will be remitted to County Treasurer's Office subsequent to year-end			648,068	
Cash held at County departments that has a related liability			<u>1,155,992</u>	
TOTAL CASH AND INVESTMENTS - GENERAL FUND			<u>\$ 18,885,989</u>	

SARPY COUNTY, NEBRASKA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CASH BASIS)
SPECIAL ROADS FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES COLLECTED:				
Federal			\$ 348,098	\$ 348,098
State	\$ 10,006,520	\$ 10,623,063	11,492,298	869,235
Local	<u>2,228,350</u>	<u>2,228,350</u>	<u>1,119,981</u>	<u>(1,108,369)</u>
Total revenues collected	<u>12,234,870</u>	<u>12,851,413</u>	<u>12,960,377</u>	<u>108,964</u>
EXPENDITURES PAID:				
Personal services	3,578,357	3,578,357	3,562,165	16,192
Operating expenses	853,829	853,829	873,400	(19,571)
Supplies and materials	1,792,100	1,792,100	1,844,281	(52,181)
Equipment and office rental	19,250	19,250	22,275	(3,025)
Capital outlays	<u>14,198,764</u>	<u>14,815,307</u>	<u>8,961,112</u>	<u>5,854,195</u>
Total expenditures paid	<u>20,442,300</u>	<u>21,058,843</u>	<u>15,263,233</u>	<u>5,795,610</u>
Operating transfer in	<u>3,088,532</u>	<u>3,088,532</u>	<u>3,088,532</u>	<u> </u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>\$ (5,118,898)</u>	<u>\$ (5,118,898)</u>	785,676	<u>\$ 5,904,574</u>
FUND BALANCE, BEGINNING OF YEAR			<u>5,118,898</u>	
FUND BALANCE, END OF YEAR			5,904,574	
RECONCILIATION TO BALANCE SHEET - GOVERNMENTAL FUNDS				
Account for held health insurance check			<u>50,430</u>	
TOTAL CASH AND INVESTMENTS - SPECIAL ROADS FUND			<u>\$ 5,955,004</u>	

SARPY COUNTY, NEBRASKA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (CASH BASIS) FOR THE YEAR ENDED JUNE 30, 2015

1. BUDGETARY ACCOUNTING

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

SARPY COUNTY, NEBRASKA

**OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) - Unit Credit (b)	Unfunded AAL(UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
7/1/2010	-	\$ 1,739,926	\$ 1,739,926	0.00%	N/A	N/A
7/1/2012	-	2,453,569	2,453,569	0.00%	\$ 31,001,141	7.90%
7/1/2014	-	2,573,655	2,573,655	0.00%	32,816,110	7.80%

OTHER SUPPLEMENTARY INFORMATION

SARPY COUNTY, NEBRASKA

**TAX CERTIFICATION, CORRECTION AND COLLECTIONS
AS OF JUNE 30, 2015**

	RELATED TO THE TAXABLE YEAR		
	2012	2013	2014
TAX CERTIFIED BY THE ASSESSOR - INCLUDING INTEREST & PUBLICATION FEES:			
Real estate	\$ 234,483,116	\$ 240,952,217	\$ 253,312,151
Personal	6,124,058	6,357,631	6,537,471
Centrally assessed	1,291,352	1,265,916	1,349,312
	<u>\$ 241,898,526</u>	<u>\$ 248,575,764</u>	<u>\$ 261,198,934</u>
NET TAX COLLECTED BY THE COUNTY TREASURER - INCLUDING INTEREST & PUBLICATION FEES AS OF JUNE 30, 2015:			
Real estate	\$ 233,652,704	\$ 240,038,695	\$ 139,731,088
Personal	6,120,179	6,315,453	4,185,437
Centrally assessed	1,291,352	1,265,916	749,723
	<u>\$ 241,064,235</u>	<u>\$ 247,620,064</u>	<u>\$ 144,666,248</u>
TOTAL UNCOLLECTED TAX AS OF JUNE 30, 2015:			
Real estate	\$ 830,412	\$ 913,522	\$ 113,581,063
Personal	3,879	42,178	2,352,034
Centrally assessed			599,589
	<u>\$ 834,291</u>	<u>\$ 955,700</u>	<u>\$ 116,532,686</u>
PERCENTAGE UNCOLLECTED TAX	0.34%	0.38%	44.61%

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY CLERK
FOR THE YEAR ENDED JUNE 30, 2015**

BALANCE ON HAND, BEGINNING OF YEAR:

Cash on hand	\$ 600
Cash in bank	9,954
	<u>10,554</u>

COLLECTIONS:

Recording and miscellaneous fees	3,522
Marriage licenses	16,095
Prepaid certified marriage licenses	5,900
Miscellaneous	92
Other licenses	12,298
Passports	204,195
	<u>242,102</u>

CREDITS:

Paid to County Treasurer	
Recording and miscellaneous fees	3,528
Marriage licenses	16,200
Prepaid certified marriage licenses	5,995
Miscellaneous	94
Other licenses	12,343
Passports	191,480
	<u>229,640</u>

BALANCE ON HAND, END OF YEAR \$ 23,016

SUMMARY OF BALANCE, END OF YEAR:

Cash on hand	\$ 600
Cash in bank	22,416
	<u>\$ 23,016</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
REGISTER OF DEEDS
FOR THE YEAR ENDED JUNE 30, 2015**

BALANCE ON HAND, BEGINNING OF YEAR:

Cash on hand	\$ 150
Cash in bank	303,015
Accounts receivable	7,633
	<u>310,798</u>

COLLECTIONS:

Recording fees	953,098
Copies fees	5,562
Non-credit refunds	6
Federal lien	3,022
State tax lien	1,626
Documentary stamp tax	2,237,902
Interest	239
	<u>3,201,455</u>

CREDITS:

Paid to County Treasurer:	
Recording fees	932,655
Copy fees	6,067
Non-credit refunds	6
Federal tax lien	3,022
State tax lien	1,536
Documentary stamp tax	490,303
Interest	232
	<u>1,433,821</u>

Paid to state:	
Documentary stamp tax	<u>1,716,283</u>

BALANCE ON HAND, END OF YEAR	<u>\$ 362,149</u>
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SUMMARY OF BALANCE, END OF YEAR:

Cash on hand	\$ 150
Cash in bank	354,137
Accounts receivable	7,862
	<u>\$ 362,149</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
CLERK OF THE DISTRICT COURT
FOR THE YEAR ENDED JUNE 30, 2015**

BALANCE ON HAND, BEGINNING OF YEAR:

Cash on hand	\$	650
Cash in bank		<u>793,250</u>
		<u>793,900</u>

COLLECTIONS:

Dissolution fees		63,950
State fees		184,937
Regular fees		344,891
Retirement fees		23,642
Law enforcement fees		1,436
Passport fees		76,923
Trust		3,921,047
Drug court		
County fees		14,486
State fees		<u>9,017</u>
		<u>4,640,329</u>

CREDITS:

Dissolution fees		64,250
State fees		196,384
Regular fees		344,891
Retirement fees		24,803
Law enforcement fees		1,748
Passport fees		78,425
Trust		3,874,570
Drug court		
County fees		14,363
State fees		<u>9,029</u>
		<u>4,608,463</u>

BALANCE ON HAND, END OF YEAR

\$ 825,766

SUMMARY OF BALANCE, END OF YEAR:

Cash on hand	\$	650
Cash in bank		<u>825,116</u>
	\$	<u>825,766</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY SHERIFF
FOR THE YEAR ENDED JUNE 30, 2015**

BALANCE ON HAND, BEGINNING OF YEAR:

Cash on hand	\$ 168
Cash in bank	279,996
	<u>280,164</u>

COLLECTIONS:

Civil process	222,139
Inmate	2,018,027
Distress warrants	187,652
Miscellaneous and administrative	150,974
VIN	122,380
CID	22,306
DARE	5,873
Tow lot	325,622
	<u>3,054,973</u>

CREDITS:

Paid to County Treasurer:

Civil process	220,307
Inmate	2,011,270
Distress warrants	187,652
Miscellaneous and administrative	150,974
VIN	122,380
CID	19,780
DARE	9,823
Tow lot	427,323
	<u>3,149,509</u>

BALANCE ON HAND, END OF YEAR

\$ 185,628

SUMMARY OF BALANCE, END OF YEAR:

Cash on hand	\$ 237
Cash in bank	185,391
	<u>\$ 185,628</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY ATTORNEY
FOR THE YEAR ENDED JUNE 30, 2015**

BALANCE ON HAND, BEGINNING OF YEAR:

Cash in bank \$ 26,353

COLLECTIONS:

Restitution	69,480
Collection on bad checks	39,524
Collection fees	1,100
Law enforcement fund	2,496
Reimburesment for check printing	26
Miscellaneous	<u>9,163</u>
	<u>121,789</u>

CREDITS:

Restitution payments	76,043
Payments on bad checks collected	40,077
Collection fees remitted to the County Treasurer	1,270
Subpoena and miscellaneous expenditures paid	2,229
Check printing charges	155
Miscellaneous	<u>4,108</u>
	<u>123,882</u>

BALANCE ON HAND, END OF YEAR

\$ 24,260

SUMMARY OF BALANCE, END OF YEAR:

Cash in bank \$ 24,260

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY ELECTION COMMISSIONER
FOR THE YEAR ENDED JUNE 30, 2015**

BALANCE ON HAND, BEGINNING OF YEAR	\$ _____
COLLECTIONS:	
Election cost recoveries	<u>71,185</u>
CREDITS:	
Paid to County Treasurer	<u>71,185</u>
BALANCE ON HAND, END OF YEAR	<u><u>\$ _____</u></u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY BUILDING INSPECTOR
FOR THE YEAR ENDED JUNE 30, 2015**

BALANCE ON HAND, BEGINNING OF YEAR:

Contractor deposits	\$ 103,923
	<u>103,923</u>

COLLECTIONS:

Permit fees	1,256,669
ASIP fees	597,287
Sewer fees	414,586
Watershed fees	207,336
Tiburon water fees	3,500
Other grading deposits	6,500
Wireless Tower fees	64,832
	<u>2,550,710</u>

CREDITS:

Paid to County Treasurer	
Permit fees	1,250,555
ASIP fees	592,024
Sewer fees	415,586
Watershed fees	204,806
Tiburon water fees	3,500
Other inspection and plat fees	13,794
Grading permit fees	5,500
Wireless Tower fees	64,832
	<u>2,550,597</u>

BALANCE ON HAND, END OF YEAR	\$ <u>104,036</u>
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SUMMARY OF BALANCE ON HAND, END OF YEAR:

Contractor deposits	\$ <u>104,036</u>
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SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY LANDFILL
FOR THE YEAR ENDED JUNE 30, 2015**

BALANCE ON HAND, BEGINNING OF YEAR:	
Cash on hand	\$ 530
Accounts receivable	<u>563,788</u>
	564,318
COLLECTIONS	5,316,342
CREDITS:	
Paid to County Treasurer	<u>5,239,838</u>
BALANCE ON HAND, END OF YEAR	<u>\$ 640,822</u>
SUMMARY OF BALANCE ON HAND, END OF YEAR	
Cash on hand	\$ 530
Accounts receivable	<u>640,292</u>
	<u>\$ 640,822</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY ALCOHOL DIVERSION
FOR THE YEAR ENDED JUNE 30, 2015**

BALANCE ON HAND, BEGINNING OF YEAR:

Cash on hand \$ 575

COLLECTIONS:

Alcohol diversion	161,933
Adult education	31,511
Adult shoplifters	12,105
Adult community service	2,214
Victim impact panel	4,764
Juvenile intake	59,486
Juvenile community service	2,140
Teen court	5,430
Restitution	2,825
Felony	7,926
Adult restitution	14,112
Adult mental health	4,643
	<u>309,089</u>

CREDITS:

Alcohol diversion	162,093
Adult education	31,436
Adult shoplifters	12,185
Adult community service	2,214
Victim impact panel	4,764
Juvenile intake	59,536
Juvenile community service	2,120
Teen court	5,430
Restitution	2,885
Felony	7,866
Adult restitution	13,742
Adult mental health	4,643
	<u>308,914</u>

BALANCE ON HAND, END OF YEAR:

Cash on hand \$ 750

SARPY COUNTY, NEBRASKA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CASH BASIS)
ALL NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES COLLECTED:				
Tax	\$ 5,125,263	\$ 5,125,263	\$ 4,983,850	\$ (141,413)
Federal	1,767,135	1,767,135	1,663,171	(103,964)
State	2,105,857	2,105,857	1,387,961	(717,896)
Local	4,705,997	4,705,997	4,132,636	(573,361)
Total revenues collected	<u>13,704,252</u>	<u>13,704,252</u>	<u>12,167,618</u>	<u>(1,536,634)</u>
EXPENDITURES PAID:				
E911 Communications	4,092,772	4,092,772	4,050,443	42,329
E911 Wireless Service	203,742	203,742	201,890	1,852
E911 Sinking	90,993	90,993	23,108	67,885
E911 Rebanding	2,045	2,045	2,043	2
Child Support - District Court	146,397	146,397	145,229	1,168
Child Support - County Attorney	1,031,194	1,031,194	1,074,673	(43,479)
Child Support - Incentive	223,609	223,609	229,274	(5,665)
Tourism	1,306,107	1,306,107	517,101	789,006
Visitors Improvement	1,132,417	1,132,417	884,000	248,417
Employment Security Act	50,000	50,000	25,611	24,389
County Medical	245,500	245,500	62,307	183,193
Institutions	50,000	50,000	26,533	23,467
Register of Deeds Technology	300,000	300,000	37,352	262,648
County Drug Enforcement	10,000	10,000		10,000
Federal Grant - Title 1D	53,937	53,937	14,993	38,944
State Education Reimbursement	354,557	354,557	319,373	35,184
Federal Grant - Truancy	33,553	33,553	33,553	
Federal Grant - Juvenile Detention - JDAI	26,169	26,169	26,169	
Juvenile Services LB561	469,603	469,603	389,954	79,649
Sherwood Foundation	104,973	104,973	99,586	5,387
Federal Forfeiture	167,807	167,807	31,605	136,202
Federal Forfeiture - County Attorney	5,000	5,000		5,000
SCAAP	50,000	50,000	28,857	21,143
Social Security Incentive	5,000	5,000	800	4,200
Federal Grant - Victim Witness	127,382	127,382	125,569	1,813
NE CASA Association Grant	16,986	16,986	15,881	1,105
CDBG - Revolving Loan Fund	960,040	960,040	50,040	910,000
Federal Grant - Mental Health Management	97,768	97,768	78,016	19,752
Federal Grant - Perkins Corrections	40,000	40,000	39,983	17
Federal Grant - Drug Enforcement	43,960	43,960	29,796	14,164

SARPY COUNTY, NEBRASKA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - CONTINUED
ALL NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
EXPENDITURES PAID - CONTINUED:				
Federal Grant - Traffic Enforcement	\$ 208,593	\$ 208,593	\$ 129,195	\$ 79,398
Federal Grant - GIS Transportation	52,145	52,145	54,044	(1,899)
Federal Grant - Adult Drug Court	53,435	53,435	13,422	40,013
Federal Grant - Drug Eradication	41,000	41,000	49,828	(8,828)
Federal Grant - Planning Transportation	38,475	38,475	35,956	2,519
State Grant - Stormwater	228,758	228,758	100,491	128,267
State Grant - Compressed Natural Gas - Fleet	50,000	50,000		50,000
State Grant - Compressed Natural Gas - Sheriff	50,000	50,000		50,000
Keno	252,879	252,879	143,879	109,000
Courthouse Administration	1,614,034	1,614,034	812,413	801,621
Courthouse Remodel	656,068	656,068	643,937	12,131
Sheriff Admin Bond	1,748,225	1,748,225	853,988	894,237
Sinking Fund	877,513	877,513	719,423	158,090
Watershed Fee Fund	545,720	545,720	461,829	83,891
Information Systems	1,786,107	1,786,107	1,802,813	(16,706)
GIS	445,736	445,736	437,387	8,349
Federal Grant - SBDF	900,000	900,000	633,000	267,000
Connection Fee	15,000	15,000	3,325	11,675
Total expenditures paid	<u>21,005,199</u>	<u>21,005,199</u>	<u>15,458,669</u>	<u>5,546,530</u>
Operating transfer in	3,079,186	3,160,186	3,718,963	558,777
Operating transfer out	<u>(831,433)</u>	<u>(912,433)</u>	<u>(834,710)</u>	<u>77,723</u>
Total transfers	<u>2,247,753</u>	<u>2,247,753</u>	<u>2,884,253</u>	<u>636,500</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>\$ (5,053,194)</u>	<u>\$ (5,053,194)</u>	<u>(406,798)</u>	<u>\$ 4,646,396</u>
FUND BALANCE, BEGINNING OF YEAR, AS ORIGINALLY REPORTED			5,052,144	
PRIOR PERIOD ADJUSTMENT			<u>1,050</u>	
FUND BALANCE, BEGINNING OF YEAR, RESTATED			<u>5,053,194</u>	
FUND BALANCE, END OF YEAR			<u>\$ 4,646,396</u>	

SARPY COUNTY, NEBRASKA

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS (CASH BASIS)
ALL NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Fund Balance July 1, 2014	Receipts	Disbursements	Fund Balance June 30, 2015
SPECIAL REVENUE FUNDS:				
E911 Communications	\$ 96,647	\$ 4,152,722	\$ 4,050,443	\$ 198,926
E911 Wireless Service		232,678	232,678	
E911 Sinking	62,056	30,788	23,108	69,736
E911 Rebanding	2,043		2,043	
Child Support - District Court	37,000	143,947	145,229	35,718
Child Support - County Attorney	265,621	811,353	1,074,673	2,301
Child Support - Incentive	103,881	251,349	229,274	125,956
Tourism	696,109	625,421	517,101	804,429
Visitors Improvement	522,417	625,421	884,000	263,838
Employment Security Act	43,467	9,159	25,611	27,015
County Medical	134,970	103,436	62,307	176,099
Institutions	3,342	85,177	86,533	1,986
Register of Deeds Technology	199,227	127,717	37,352	289,592
County Drug Enforcement	4,795			4,795
Federal Grant - Title 1D	1,025	27,050	20,993	7,082
State Education Reimbursement	2,506	471,102	469,373	4,235
Federal Grant - Truancy		34,344	33,553	791
Federal Grant - Juvenile Detention - JDAI	268	26,012	26,169	111
Juvenile Services LB561	1,165	396,829	396,954	1,040
Sherwood Foundation	104,972	119,983	99,586	125,369
Federal Forfeiture	147,807	69,339	31,605	185,541
Federal Forfeiture - County Attorney	746	3,827		4,573
SCAAP		28,857	28,857	
Social Security Incentive		1,200	800	400
Federal Grant - Victim Witness		126,862	125,569	1,293
NE CASA Association Grant	767	19,197	19,881	83
CDBG - Revolving Loan Fund	4,170	45,870	50,040	
Federal Grant - Mental Health Management	5,231	74,436	78,016	1,651
Federal Grant - Perkins Corrections	1,550	76,329	76,983	896
Federal Grant - Drug Enforcement	382	29,796	29,796	382
Federal Grant - Traffic Enforcement	417	163,778	164,195	
Federal Grant - GIS Transportation	30,260	64,136	94,044	352
Federal Grant - Adult Drug Court	43,556	14,363	13,422	44,497
Federal Grant - Drug Eradication	22,830	38,006	49,828	11,008
Federal Grant - Planning Transportation		36,324	35,956	368
State Grant - Stormwater Management	114,881	107,847	100,491	122,237
Keno	98,879	175,313	143,879	130,313
Courthouse Administration	681,245	878,597	812,413	747,429
Courthouse Remodel	109,183	584,978	643,937	50,224
Sheriff Admin Bond	869,588	923,976	853,988	939,576
Sinking Fund	282,062	624,353	719,423	186,992
Watershed Fee	319,806	204,807	463,254	61,359
Information Systems	28,556	2,253,313	2,264,310	17,559
GIS	8,717	428,839	437,387	169
Federal Grant - SBDF		633,000	633,000	
Connection Fee	1,050	4,750	5,325	475
Totals	\$ 5,053,194	\$ 15,886,581	\$ 16,293,379	\$ 4,646,396

SARPY COUNTY, NEBRASKA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

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 Enforcement:		
District Court	93.563	\$ 145,372
County Attorney	93.563	735,705
Incentive Program	93.563	162,517
Incentive Program - ARRA	93.563	<u>63,298</u>
Total Child Support Enforcement		1,106,892
Passed through Sarpy SAFE Corp, NE CASA Association:		
Children's Justice Grant	93.643	<u>15,881</u>
Total U.S. Department of Health and Human Services		<u>1,122,773</u>
<u>U.S. Department of Education</u>		
Passed through Papillion/La Vista School District		
Title I Grants to Local Educational Agencies	84.010	15,054
Passed through Nebraska Department of Education		
Career and Technical Education - Basic Grants to States	84.048	<u>39,983</u>
Total U.S. Department of Education		<u>55,037</u>
<u>U.S. Department of Justice</u>		
Passed through Nebraska Crime Commission		
Crime Victim Assistance	16.575	125,628
Juvenile Justice and Delinquency Prevention Allocation to States - Truancy	16.540	33,553
Juvenile Justice and Delinquency Prevention Allocation to States - JDAI	16.540	26,169
Edward Byrne Memorial Justice Assistance Grant Program - Mental Health	16.738	77,993
Passed through City of Omaha		
Edward Byrne Memorial Justice Assistance Grant Program - Drug Enforcement	16.738	29,796
Passed through Nebraska State Patrol		
Missing Children's Assistance	16.543	1,327
Passed through Heartland Family Services		
Violence Against Women Formula Grants	16.588	32,900
FG - Drug Eradication	16.xxx	49,829
Prisoner Housing - U.S. Marshall	16.xxx	576
Equitable Sharing Program	16.922	31,605
State Criminal Alien Assistance Program	16.606	28,857
FBI Overtime Reimbursement - Child Exploitation Task Force	16.xxx	2,750
Operation "Just Do It" - U.S. Marshall	16.111	870
Joint Law Enforcement Operations U.S. Marshall	16.111	<u>5,331</u>
Total U.S. Department of Justice		<u>447,184</u>
<u>U.S. Department of Transportation</u>		
Passed through Nebraska Office of Highway Safety:		
Highway Planning and Construction Cluster:		
Highway Planning and Construction - You Drink, Drive, You Lose-December	20.205	7,017
Highway Planning and Construction - Click It or Ticket-November	20.205	2,568
Highway Planning and Construction - You Drink, Drive, You Lose-August	20.205	8,194
Highway Planning and Construction - Click It or Ticket-May-2015	20.205	4,478
Passed through Metro Area Planning Agency:		
Highway Planning and Construction - Planning Transportation	20.205	35,956
Highway Planning and Construction - GIS Transportation	20.205	54,044
Passed through Nebraska Game and Parks Commission:		
Recreational Trails Program - Marv Holubar Trail Grant	20.219	<u>244,880</u>
		357,137
National Priority Safety Programs - Traffic Enforcement Grant	20.616	129,195
National Priority Safety Programs - In-Car Cameras	20.616	3,296
National Priority Safety Programs - Traffic Training	20.616	6,500
National Priority Safety Programs - Underage Drinking Compliance Check Apr-Jun 2015	20.616	1,855
National Priority Safety Programs - Underage Drinking Compliance Check Dec 2014	20.616	<u>1,477</u>
Total U.S. Department of Transportation		<u>499,460</u>
<u>U.S. Department of Homeland Security</u>		
Passed through Nebraska Emergency Management Association		
Emergency Management Performance Grants - Civil Defense Reimbursement	97.042	80,554
Passed through NE Emergency Management Association & City of Omaha		
Homeland Security Grant Program - Operation 1st Bell - E911	97.067	521
Homeland Security Grant Program - Operation 1st Bell - Sheriff	97.067	<u>1,907</u>
Total U.S. Department of Homeland Security		<u>82,982</u>
<u>Department of the Interior</u>		
Payment in Lieu of Tax	15.226	<u>2,782</u>
<u>Social Security Administration</u>		
Justice Benefits Reimbursement - Social Security Initiative	96.xxx	<u>800</u>
Total Expenditures of Federal Awards		\$ <u>2,211,018</u>

SARPY COUNTY, NEBRASKA

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

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

<u>Program</u>	<u>CFDA Number</u>	<u>Subrecipient</u>	<u>Amount Provided</u>
Traffic Enforcement Grant	20.616	City of Bellevue	<u>\$ 68,611</u>

February 10, 2016

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sarpy County, Nebraska, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Sarpy County, Nebraska's basic financial statements and have issued our report thereon dated February 10, 2016.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency 2015-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sarpy County, Nebraska's financial statements are free from 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*.

Sarpy County, Nebraska's Response to Findings

Sarpy County, Nebraska's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Sarpy County, Nebraska's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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


HSMC ORIZON LLC

February 10, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Commissioners
Sarpy County, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Sarpy County, Nebraska's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Sarpy County, Nebraska's major federal programs for the year ended June 30, 2015. Sarpy County, Nebraska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sarpy County, Nebraska's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sarpy County, Nebraska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Sarpy County, Nebraska's compliance.

Opinion on Each Major Federal Program

In our opinion, Sarpy County, Nebraska, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

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

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

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

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

HSMC Orizon LLC

HSMC ORIZON LLC

SARPY COUNTY, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report on the basic financial statements expressed an unmodified 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. No material weaknesses 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 unmodified opinion.
6. The audit did not disclose any findings required to be reported by OMB Circular A-133.
7. The major programs for the County for the year ended June 30, 2015 are as follows:
 - Highway Planning and Construction Cluster
 - i. Highway Planning and Construction – CFDA # 20.205
 - ii. Recreational Trails Program – CFDA # 20.219
 - Child Support Enforcement – CFDA # 93.563
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 not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

B. FINANCIAL STATEMENT FINDINGS

Findings Required to be Reported by Government Auditing Standards:

2015-001 Criteria or Specific Requirement – Management is responsible for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

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

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

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

SARPY COUNTY, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015, CONTINUED

B. FINANCIAL STATEMENT FINDINGS, CONTINUED

Cause – Existing controls did not identify all adjustments necessary to convert the cash basis financial statements to the modified and full accrual basis.

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

Views of Responsible Officials and Planned Corrective Actions (Management's Response) – Sarpy County understands the finding and will implement review procedures to ensure that accruals are reported correctly. Such procedures will include additional analytical review and expanding the timeframe for financial statement preparation.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SARPY COUNTY, NEBRASKA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2015

Findings Required to be Reported by Government Auditing Standards:

2014-001 Criteria or Specific Requirement – Management is responsible for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

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

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

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

Cause – Existing controls did not identify all adjustments necessary to convert the cash basis financial statements to the modified and full accrual basis.

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

Views of Responsible Officials and Planned Corrective Actions (Management's Response) – Sarpy County understands the finding and will implement review procedures to ensure that accruals are reported correctly. Such procedures will include additional analytical review and expanding the timeframe for financial statement preparation.

Update – Repeated as finding 2015-001 in the current year.

Findings Required to be Reported by OMB Circular A-133

2014-002 Federal Program – Child support enforcement (CFDA #93.563)

Federal Agency – U.S. Department of Health and Human Services

Pass-Through Entity – State of Nebraska Department of Health and Human Services

Compliance Requirement – Reporting

Criteria or Specific Requirement – OMB Circular A-102 requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Condition – Reports submitted to the pass-through entity included errors related to incentive program expenditures incurred by the County.

Context – Two reports submitted during the fiscal year did not include the appropriate amount of incentive program expenditures incurred by the County.

SARPY COUNTY, NEBRASKA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2015, CONTINUED

Effect – Incentive expenditures were under-reported to the passthrough entity, resulting in the County having to return certain incentive funding to the pass-through entity.

Cause – Controls were not in place to identify errors in the reports submitted to the pass-through entity.

Recommendation – Management should review its processes and controls around program reporting, and implement changes where necessary.

Views of Responsible Officials and Planned Corrected Actions (Management's Response) – Sarpy County understands the finding and has incorporated procedures to ensure that incentive expenditures are reported correctly in the future. Sarpy County is working with the Nebraska Department of Health and Human Services to return a portion of the incentive funding.

Update – Sarpy County is working with the Nebraska Department of Health and Human Services to return a portion of the incentive funding. Not repeated as a finding in 2015.