

Sarpy County, Nebraska

Independent Auditor's Report and Financial Statements

June 30, 2014



Sarpy County, Nebraska
June 30, 2014

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Independent Auditor's Report

Board of Commissioners
Sarpy County, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sarpy County, Nebraska (the County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting 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, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2014 the County implemented the provisions of GASB Statement No. 65, which changed its method of accounting for debt issuance costs 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 and other post-employment benefits information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards required by OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the schedule of receipts and disbursements for the non-major special revenue funds, as listed in the table of contents, are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The statements of accountability, schedule of revenues, expenditures and changes in fund balances-budget and actual for the non-major special revenue funds and tax certification, correction and collections information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2015, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BKD, LLP

Omaha, Nebraska
February 20, 2015

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, 2014. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes to the financial statements. The condensed financial information for 2013, included throughout various sections of the management's discussion and analysis, has not been updated for changes resulting from the implementation of GASB Statement No. 65 (see page 31 for information regarding the implementation of GASB Statement No. 65).

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, 2014, the County's total assets and deferred outflows of resources exceeded its total liabilities by \$178,421,869.

Total net position is comprised of the following:

- Net investment in capital assets, of \$137,533,383. 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 \$10,512,875
- Unrestricted net position of \$30,375,611

The County's total revenues exceeded its total expenses by \$9,411,636.

The County's governmental activities reported a net increase in net position of \$4,207,022 and a total ending net position balance of \$159,579,366.

The County's business-type activities reported a net increase in net position of \$5,204,614 and a total ending net position balance of \$18,842,503.

For the year ending June 30, 2014, the General Fund reported revenues in excess of expenditures before transfers of \$4,051,295 and had an ending fund balance of \$29,026,587.

The County's total debt decreased by \$3,422,387 during the current fiscal year to a total debt balance of \$37,741,883 as of June 30, 2014.

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, and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County as a whole is improving or deteriorating.

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Other Information

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Sarpy County, Nebraska, assets exceeded liabilities by \$178,421,869, as of June 30, 2014.

A significant portion of Sarpy County, Nebraska's net position (77%) 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	\$ 46,121,418	\$ 19,205,733	\$ 65,327,151
Capital assets	140,609,841	34,603,348	175,213,189
Deferred loss from refunding	135,115	-	135,115
Total assets and deferred outflows of resources	<u>186,866,374</u>	<u>53,809,081</u>	<u>240,675,455</u>
Current liabilities	9,694,735	3,235,102	12,929,837
Long-term liabilities	17,592,273	31,731,476	49,323,749
Total liabilities	<u>27,287,008</u>	<u>34,966,578</u>	<u>62,253,586</u>
Net position			
Net investment in capital assets	127,384,875	10,148,508	137,533,383
Restricted	10,172,477	340,398	10,512,875
Unrestricted	22,022,014	8,353,597	30,375,611
Total net position	<u>\$ 159,579,366</u>	<u>\$ 18,842,503</u>	<u>\$ 178,421,869</u>

This reflects an increase in net position of \$9,411,636 or 5.6% for the County from the previous year net position balance of \$169,571,940; an indication that the County's overall financial position remained stable during the fiscal year 2014.

The governmental activities had an increase in net position of \$4,207,022 and the business-type activities had an increase of \$5,204,614 for a total increase in net position for the County of \$9,411,636. A summary of the government-wide operations is presented below:

	2014	2013	Change
General revenues and transfers	\$ 48,880,948	\$ 48,216,680	\$ 664,268
Charges for services	18,753,046	16,142,020	2,611,026
Operating grants and contributions	14,100,970	13,286,979	813,991
Capital grants and contributions	762,531	157,681	604,850
Total revenues	82,497,495	77,803,360	4,694,135
Expenses	<u>(73,085,859)</u>	<u>(70,937,303)</u>	<u>(2,148,556)</u>
Change in net position	<u>\$ 9,411,636</u>	<u>\$ 6,866,057</u>	<u>\$ 2,545,579</u>

The \$2.5MM increase in the change in net position from the 2013 FY to the 2014 FY was caused by a number of factors:

1. General revenues increased by approximately \$700k. Factors contributing to that are:
 - a. Property tax collections increased as a result of higher tax dollars levied.
 - b. Miscellaneous income decreased in 2014 due partly to fewer commissions being received on collections of special assessments.
2. Charges for services increased by approximately \$2.6MM mostly in the business-type activities.
 - a. The largest single factor contributing to this increase was an increase in sewer connection fees due to the economy picking up and more lots being platted.
3. Capital grants and contributions increased by approximately \$600K due mostly to the contribution of capital funds from the Nebraska Department of Roads.
4. Total expenses increased by \$2.1MM. Most of this increase came in Governmental Activities funds.
 - a. Public Safety expenses increased by \$1.3MM. One of the major factors in this increase was the purchase of communications equipment, which did not meet the County's capitalization threshold.
 - b. Special Roads expenditures increased by \$1.1MM due to an increase in general road expenses.

GOVERNMENTAL ACTIVITY REVENUES

General revenues from governmental activities totaled \$46,596,468 in 2014, a decrease of \$719,018 or 1.5% from 2013. The amount of general revenues by source and increase or decrease from the prior year is summarized below:

	2014	2013	Increase (Decrease)
Property taxes	\$ 45,398,567	\$ 43,962,808	\$ 1,435,759
Investment income	258,980	227,089	31,891
Miscellaneous	2,959,786	3,799,589	(839,803)
Transfers	(2,020,865)	(674,000)	(1,346,865)
Total general revenues	\$ 46,596,468	\$ 47,315,486	\$ (719,018)

The County relies heavily on property taxes to support its governmental operations. Tax revenue provided approximately 61.7% of the County's total governmental revenues.

GOVERNMENTAL ACTIVITY EXPENSES

Expenses of governmental activities totaled \$68,186,237 for 2014, an increase of \$2,131,175 from 2013 expenses of \$66,055,062. As shown below, there are a variety of factors affecting the increase in governmental activity expenses such as a larger amount of road fund expenses and the expenditure of nearly \$750K for public safety communications equipment, that did not meet the County's capitalization threshold, in the 2014 FY.

These expenses, by function, are summarized below:

	2014	2013	Increase (Decrease)
General government	\$ 20,401,204	\$ 20,400,444	\$ 760
Public health	910,041	1,397,099	(487,058)
Public safety	34,973,500	33,627,373	1,346,127
Public health and social services	1,409,714	1,196,841	212,873
Special roads	10,106,669	9,024,222	1,082,447
Debt service interest	385,109	409,083	(23,974)
	<u>\$ 68,186,237</u>	<u>\$ 66,055,062</u>	<u>\$ 2,131,175</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, 2014, landfill revenues exceeded expenditures by \$2,482,149. Sewer revenues exceeded expenditures by \$1,647,024 for the 2014 FY. Stadium activity is also shown as a business-type activity for the 2014 fiscal year and revenues exceeded expenditures by \$1,075,441. A summary of this activity is presented below.

	2014			2013		
	Sewer	Landfill	Stadium	Sewer	Landfill	Stadium
Operating revenues	\$ 2,072,560	\$ 4,892,378	\$ 755,498	\$ 138,769	\$ 4,925,105	\$ 799,037
Operating expenses	(524,856)	(2,487,525)	(645,631)	(244,144)	(2,739,539)	(637,264)
Operating income (loss)	1,547,704	2,404,853	109,867	(105,375)	2,185,566	161,773
Non-operating revenues	-	77,296	186,319	-	35,162	192,032
Non-operating expenses	-	-	(1,241,610)	-	-	(1,261,294)
Capital contributions	99,320	-	1,150,865	-	-	-
Transfers	-	-	870,000	-	-	674,000
Increase (decrease) in net position	<u>\$ 1,647,024</u>	<u>\$ 2,482,149</u>	<u>\$ 1,075,441</u>	<u>\$ (105,375)</u>	<u>\$ 2,220,728</u>	<u>\$ (233,489)</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 \$28,883,240 as of June 30, 2014, which represents 40.1% of total current expenditures.

The Governmental Fund information is summarized below:

	Total Governmental Funds	
	2014	2013
Assets		
Cash and investments	\$ 28,883,240	\$ 32,876,124
Accounts receivable	641,094	210,510
Taxes receivable	15,058,185	14,392,920
Grants receivable	723,370	752,912
Due from other funds	424,000	359,000
Inventory	556,729	512,386
	<u>556,729</u>	<u>512,386</u>
Total assets	<u>\$ 46,286,618</u>	<u>\$ 49,103,852</u>
Liabilities		
Accounts payable	\$ 3,960,916	\$ 5,220,634
Accrued liabilities	250,962	-
Due to other funds	424,000	335,000
Wages and benefits payable	592,941	245,905
Compensated absences	296,689	147,783
	<u>296,689</u>	<u>147,783</u>
Total liabilities	<u>5,525,508</u>	<u>5,949,322</u>
Deferred Inflows of Resources	<u>1,502,115</u>	<u>1,396,502</u>
Fund Balances		
Nonspendable	556,729	512,386
Restricted	10,172,477	10,767,758
Assigned	284,876	1,027,253
Unassigned	28,244,913	29,450,631
	<u>28,244,913</u>	<u>29,450,631</u>
Total fund balances	<u>39,258,995</u>	<u>41,758,028</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 46,286,618</u>	<u>\$ 49,103,852</u>

The Governmental Funds cash and investments decreased by \$3,992,884 from the 2013 FY to the 2014 FY. A major cause for this decrease is that the General fund cash decreased by approximately \$2.4MM due to a large decrease in cash being held by the Clerk of District Court for a court case.

General Fund Budgetary Highlights

The General Fund is the County’s primary operating fund and largest source of day-to-day service delivery. The General Fund had a Net Fund Balance decrease of \$1,927,589 based on the modified accrual basis of accounting.

The General Fund budgeted revenues (cash basis) for the 2014 fiscal year were \$47,857,507 while actual revenues (cash basis) were \$51,034,317 for a favorable variance of \$3,176,810. The General Fund budgeted expenses (cash basis) were \$54,654,484 while actual expenses (cash basis) were \$46,931,744 for a favorable variance of \$7,722,740. Property taxes were below budget because only ½ of the tax increase that is levied comes in during the fiscal year in which it is levied. Some of the major factors influencing these variances are shown below:

	<u>Variation</u>
<u>Revenues</u>	
General Fund - Local	\$ 3.1 MM
General Fund - Taxes	(1.0MM)
General Fund - State	1.1MM
<u>Expenditures</u>	
Miscellaneous General	\$ 2.0MM
Inheritance Tax	3.5MM
Landfill Bond Surplus	.8MM
Capital Projects	.4MM

Assessed Valuation and Property Taxes

Assessed valuation of \$11,599,879,360 represented a 1.3% increase over the preceding year’s valuation of \$11,451,696,861. Property taxes are assessed on actual valuation. The tax rates are applied to each \$100 of actual valuation. The breakdown of tax rates for 2014 fiscal year and the preceding two years are as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
General fund	.2571	.2596	.2604
All other funds	<u>.0428</u>	<u>.0403</u>	<u>.0395</u>
Total	<u>.2999</u>	<u>.2999</u>	<u>.2999</u>
Total valuation	\$11,599,879,360	\$11,451,696,861	\$11,197,886,358
% valuation increase over preceding year	1.3%	2.3%	1.1%

Capital Assets

As of June 30, 2014, the County had \$175,213,189 invested in capital assets, including roads, bridges, buildings, machinery, equipment, etc. This is an increase of \$7,065,130 from the previous year amount. The net book value of these assets are summarized below.

Land	\$ 7,590,494
Infrastructure	102,222,175
Buildings	57,729,712
Intangible assets	15,513
Machinery and equipment	<u>7,655,295</u>
Net investment in capital assets	<u>\$ 175,213,189</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 2014 was \$6,205,567.

Debt Administration

At the end of the fiscal year, the County had total bonded debt and notes payable outstanding of \$37,741,883. During the current year, the County made principal payments on outstanding bonds totaling \$3,610,000 and also refunded two prior bond issuances (see Note 6). The County's total future debt service requirements for bonded debt and notes payable are presented below.

Year Ending June 30,	Principal	Interest	Total Requirements
2015	\$ 3,649,133	\$ 1,337,801	\$ 4,986,934
2016	3,545,121	1,320,445	4,865,566
2017	3,526,170	1,271,829	4,797,999
2018	2,228,001	1,222,338	3,450,339
2019	1,597,964	1,182,967	2,780,931
2020 and beyond	<u>23,195,494</u>	<u>11,735,933</u>	<u>34,931,427</u>
	<u>\$ 37,741,883</u>	<u>\$ 18,071,313</u>	<u>\$ 55,813,196</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 169,331.

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 2013 was 84,482. According to Offutt Air Force Base, there are 10,336 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:

Company	Industry
Offutt Air Force Base	Military
PayPal, Inc.	Service
Bellevue Public Schools	Education
Walmart Stores	Retail
Werner Enterprises	Trucking

Sarpy County's population figures from 2008 through 2013 are as follows:

Year	Population
July, 2008 (estimate)	150,467
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

Information for the number of building permits for single-family dwellings issued for Sarpy County (outside city zoning jurisdictions) from 2009 through 2014 are as follows:

Year	Permits	Value
2009	216	\$ 43,714,130
2010	78	34,085,230
2011	169	36,527,462
2012	195	38,787,474
2013	318	63,519,462
2014	320	76,495,447

Information for the number of building permits for commercial/industrial buildings issued for Sarpy County from 2009 through 2014 are as follows:

Year	Permits	Value
2009	7	\$ 3,016,475
2010	4	2,742,806
2011	12	1,727,142
2012	17	6,540,526
2013	33	3,354,267
2014	9	23,277,076

2013-2014 Budget

For the year ending June 30, 2014, the County adopted a total budget of \$125,512,444, which was subsequently amended to a total of \$125,794,308. This is an increase of \$9,036,381 over the previous year budget of \$116,757,927. This increase is due mainly a \$.5MM increase in the Capital Projects budget, a \$1.3MM increase in the Transfers budget, a \$3.3MM increase in the Public Works budget and a \$3.6MM increase in the Landfill budget. The property tax request for the 2013-14 fiscal year is \$34,788,038 on assessed valuation of \$11,599,879,360 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, 2014

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 28,883,240	\$ 10,650,660	\$ 39,533,900
Accounts receivable	899,894	615,876	1,515,770
Grants receivable	723,370	-	723,370
Taxes receivable	15,058,185	-	15,058,185
Inventory	556,729	-	556,729
Restricted cash	-	7,939,197	7,939,197
Capital assets			
Land	5,125,422	2,465,072	7,590,494
Depreciable assets	216,872,287	38,637,674	255,509,961
Less accumulated depreciation	<u>(81,387,868)</u>	<u>(6,499,398)</u>	<u>(87,887,266)</u>
Total assets	<u>186,731,259</u>	<u>53,809,081</u>	<u>240,540,340</u>
Deferred Outflow of Resources			
Deferred loss from refunding	<u>135,115</u>	<u>-</u>	<u>135,115</u>
Liabilities			
Accounts payable	5,425,691	864,898	6,290,589
Wages and benefits payable	592,941	7,846	600,787
Interest payable	4,034	50,492	54,526
Advance payments	-	1,852,500	1,852,500
Compensated absences			
Current	296,689	14,366	311,055
Non-current	7,825,110	101,620	7,926,730
Other post-employment benefits			
Current	171,247	-	171,247
Non-current	620,897	21,217	642,114
Landfill closure and post-closure costs	-	6,841,729	6,841,729
Bonds payable			
Current	2,250,000	445,000	2,695,000
Non-current	7,703,516	24,766,910	32,470,426
Notes Payable			
Current	954,133	-	954,133
Non-current	<u>1,442,750</u>	<u>-</u>	<u>1,442,750</u>
Total liabilities	<u>27,287,008</u>	<u>34,966,578</u>	<u>62,253,586</u>
Net Position			
Net investment in capital assets	127,384,875	10,148,508	137,533,383
Restricted for:			
Debt service	3,435,575	-	3,435,575
Post closure costs	-	340,398	340,398
Grant stipulations	839,632	-	839,632
Other	5,897,270	-	5,897,270
Unrestricted	<u>22,022,014</u>	<u>8,353,597</u>	<u>30,375,611</u>
Total net position	<u>\$ 159,579,366</u>	<u>\$ 18,842,503</u>	<u>\$ 178,421,869</u>

Sarpy County, Nebraska
Statement of Activities
Year Ended June 30, 2014

	Program Revenues			Net Revenues (Expenses) and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 20,401,204	\$ 5,064,565	\$ 904,678	\$ 54,210	\$ (14,377,751)	\$ -	\$ (14,377,751)
Public health	910,041	590,110	229,031	-	(90,900)	-	(90,900)
Public safety	34,973,500	3,682,541	3,361,476	-	(27,929,483)	-	(27,929,483)
Public welfare and social services	1,409,714	4,825	497	-	(1,404,392)	-	(1,404,392)
Special roads	10,106,669	1,690,569	9,605,288	609,001	1,798,189	-	1,798,189
Debt service interest	385,109	-	-	-	(385,109)	-	(385,109)
Total governmental activities	<u>68,186,237</u>	<u>11,032,610</u>	<u>14,100,970</u>	<u>663,211</u>	<u>(42,389,446)</u>	<u>-</u>	<u>(42,389,446)</u>
Business-type activities							
Landfill	2,487,525	4,892,378	-	-	-	2,404,853	2,404,853
Stadium	1,887,241	755,498	-	-	-	(1,131,743)	(1,131,743)
Sewer	524,856	2,072,560	-	99,320	-	1,647,024	1,647,024
Total business-type activities	<u>4,899,622</u>	<u>7,720,436</u>	<u>-</u>	<u>99,320</u>	<u>-</u>	<u>2,920,134</u>	<u>2,920,134</u>
Total	<u>\$ 73,085,859</u>	<u>\$ 18,753,046</u>	<u>\$ 14,100,970</u>	<u>\$ 762,531</u>	<u>(42,389,446)</u>	<u>2,920,134</u>	<u>(39,469,312)</u>
General revenues							
Property taxes and assessments					45,398,567	-	45,398,567
Investment income					258,980	-	258,980
Miscellaneous					2,959,786	263,615	3,223,401
Transfers					(2,020,865)	2,020,865	-
Total general revenues and transfers					<u>46,596,468</u>	<u>2,284,480</u>	<u>48,880,948</u>
Change in net position					<u>4,207,022</u>	<u>5,204,614</u>	<u>9,411,636</u>
Net position - beginning of year, before restatement					155,520,995	14,050,945	169,571,940
Adjustment for implementation of GASB 65					(148,651)	(413,056)	(561,707)
Net position - beginning of year, after restatement					<u>155,372,344</u>	<u>13,637,889</u>	<u>169,010,233</u>
Net position - end of year					<u>\$ 159,579,366</u>	<u>\$ 18,842,503</u>	<u>\$ 178,421,869</u>

Sarpy County, Nebraska

Balance Sheet Governmental Funds

June 30, 2014

	General Fund	Special Roads Fund	Other Governmental Funds	Total
Assets				
Cash and investments	\$ 18,557,061	\$ 5,166,371	\$ 5,159,808	\$ 28,883,240
Accounts receivable	224,582	248,559	167,953	641,094
Grants receivable	28,882	180,350	514,138	723,370
Taxes receivable	12,900,605	-	2,157,580	15,058,185
Due from other funds	424,000	-	-	424,000
Inventory	-	556,729	-	556,729
	<u>32,135,130</u>	<u>6,152,009</u>	<u>7,999,479</u>	<u>46,286,618</u>
Total assets	<u>\$ 32,135,130</u>	<u>\$ 6,152,009</u>	<u>\$ 7,999,479</u>	<u>\$ 46,286,618</u>
Liabilities				
Accounts payable	\$ 1,617,450	\$ 1,889,867	\$ 453,599	\$ 3,960,916
Accrued liabilities	-	-	250,962	250,962
Due to other funds	-	-	424,000	424,000
Wages and benefits payable	449,546	13,637	129,758	592,941
Compensated absences	243,127	20,615	32,947	296,689
	<u>2,310,123</u>	<u>1,924,119</u>	<u>1,291,266</u>	<u>5,525,508</u>
Total liabilities	<u>2,310,123</u>	<u>1,924,119</u>	<u>1,291,266</u>	<u>5,525,508</u>
Deferred Inflows of Resources				
Unavailable grant revenues	-	180,350	379,569	559,919
Unavailable tax revenues	798,420	-	143,776	942,196
	<u>798,420</u>	<u>180,350</u>	<u>523,345</u>	<u>1,502,115</u>
Total deferred inflows of resources	<u>798,420</u>	<u>180,350</u>	<u>523,345</u>	<u>1,502,115</u>
Fund Balances				
Nonspendable	-	556,729	-	556,729
Restricted	146,226	3,490,811	6,535,440	10,172,477
Assigned	284,876	-	-	284,876
Unassigned	28,595,485	-	(350,572)	28,244,913
	<u>29,026,587</u>	<u>4,047,540</u>	<u>6,184,868</u>	<u>39,258,995</u>
Total fund balances	<u>29,026,587</u>	<u>4,047,540</u>	<u>6,184,868</u>	<u>39,258,995</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 32,135,130</u>	<u>\$ 6,152,009</u>	<u>\$ 7,999,479</u>	<u>\$ 46,286,618</u>
Total fund balance - total governmental funds				\$ 39,258,995
Amounts reported for governmental activities in the statement of net position are different because:				
The deferred loss on refunding is not a current period item and, therefore, is not reported in the governmental funds.				135,115
Deferred inflows of resources represent funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.				1,502,115
Other accounts receivable are not available to pay for current period expenditures and, therefore, are not reported in the governmental funds.				258,800
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.				140,609,841
Some liabilities, including bonds payable, notes payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. Other related amounts include capital asset additions included in accounts payable of \$1,133,367, interest payable of \$4,034, payables not due in the current period of \$80,446 and post-employment benefit accruals of \$792,144.				<u>(22,185,500)</u>
Net position of governmental activities				<u>\$ 159,579,366</u>

Sarpy County, Nebraska
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2014

	General Fund	Special Roads Fund	Other Governmental Funds	Total
Revenues				
Taxes	\$ 29,117,653	\$ -	\$ 4,852,976	\$ 33,970,629
Intergovernmental				
Federal	252,395	181,461	1,895,569	2,329,425
State	1,913,655	10,652,324	771,202	13,337,181
Local	20,015,241	980,051	4,013,805	25,009,097
Total revenues	<u>51,298,944</u>	<u>11,813,836</u>	<u>11,533,552</u>	<u>74,646,332</u>
Expenditures				
Current				
General government	15,619,473	-	2,962,770	18,582,243
Special roads	-	5,874,135	-	5,874,135
Public safety	26,871,807	-	6,274,146	33,145,953
Public health	584,976	-	337,801	922,777
Public welfare and social services	1,195,815	-	201,021	1,396,836
Capital outlay	2,747,394	8,231,905	888,329	11,867,628
Debt service				
Debt service principal	224,312	1,475,848	2,396,874	4,097,034
Debt service interest	3,872	17,153	237,879	258,904
Total expenditures	<u>47,247,649</u>	<u>15,599,041</u>	<u>13,298,820</u>	<u>76,145,510</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,051,295</u>	<u>(3,785,205)</u>	<u>(1,765,268)</u>	<u>(1,499,178)</u>
Other Financing Sources (Uses)				
Operating transfers in	32,000	3,565,320	2,320,612	5,917,932
Operating transfers out	(5,985,932)	-	(802,000)	(6,787,932)
Issuance of long-term debt	-	-	7,990,000	7,990,000
Discount on debt issued	-	-	(13,781)	(13,781)
Transfer to bond refunding agent	-	-	(8,106,074)	(8,106,074)
Total other financing sources (uses)	<u>(5,953,932)</u>	<u>3,565,320</u>	<u>1,388,757</u>	<u>(999,855)</u>
Net Change in Fund Balances	(1,902,637)	(219,885)	(376,511)	(2,499,033)
Fund Balances - Beginning of Year	<u>30,929,224</u>	<u>4,267,425</u>	<u>6,561,379</u>	<u>41,758,028</u>
Fund Balances - End of Year	<u>\$ 29,026,587</u>	<u>\$ 4,047,540</u>	<u>\$ 6,184,868</u>	<u>\$ 39,258,995</u>

Sarpy County, Nebraska
Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2014

Net change in fund balances - total governmental funds	\$ (2,499,033)
Amounts reported for governmental activities in the statement of activities are different because:	
Deferred inflows of resources represent funds not available in the current period and, therefore, are not recognized as revenues in the governmental funds.	105,613
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 exceeded depreciation expense.	3,130,222
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.	(756,669)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.	4,226,889
Change in net position of governmental activities	\$ 4,207,022

Sarpy County, Nebraska
Balance Sheet
Proprietary Funds
June 30, 2014

	Landfill Fund	Stadium Fund	Sewer Fund	Total
Assets				
Current Assets				
Cash and investments	\$ 7,699,345	\$ -	\$ 2,951,315	\$ 10,650,660
Accounts receivable	563,788	52,088	-	615,876
Total current assets	<u>8,263,133</u>	<u>52,088</u>	<u>2,951,315</u>	<u>11,266,536</u>
Noncurrent Assets				
Restricted cash	7,182,127	757,070	-	7,939,197
Capital assets				
Land	676,017	1,770,865	18,190	2,465,072
Land improvements	986,898	55,112	-	1,042,010
Infrastructure	-	-	6,213,084	6,213,084
Buildings	298,500	28,248,168	-	28,546,668
Machinery and equipment	2,829,602	6,310	-	2,835,912
Less accumulated depreciation	<u>(2,977,052)</u>	<u>(1,848,232)</u>	<u>(1,674,114)</u>	<u>(6,499,398)</u>
Total noncurrent assets	<u>8,996,092</u>	<u>28,989,293</u>	<u>4,557,160</u>	<u>42,542,545</u>
Total assets	<u>\$ 17,259,225</u>	<u>\$ 29,041,381</u>	<u>\$ 7,508,475</u>	<u>\$ 53,809,081</u>
Liabilities and Net Position				
Current Liabilities				
Accounts payable	\$ 124,993	\$ 6,770	\$ 733,135	\$ 864,898
Wages and benefits payable	7,846	-	-	7,846
Interest payable	-	50,492	-	50,492
Compensated absences	14,366	-	-	14,366
Current maturities of long-term debt	<u>-</u>	<u>445,000</u>	<u>-</u>	<u>445,000</u>
Total current liabilities	<u>147,205</u>	<u>502,262</u>	<u>733,135</u>	<u>1,382,602</u>
Noncurrent Liabilities				
Compensated absences	101,620	-	-	101,620
Advance payments	-	1,852,500	-	1,852,500
Bonds payable	-	24,766,910	-	24,766,910
Accrued other post-employment benefits	21,217	-	-	21,217
Accrued landfill closure and post-closure costs	<u>6,841,729</u>	<u>-</u>	<u>-</u>	<u>6,841,729</u>
Total noncurrent liabilities	<u>6,964,566</u>	<u>26,619,410</u>	<u>-</u>	<u>33,583,976</u>
Total liabilities	<u>7,111,771</u>	<u>27,121,672</u>	<u>733,135</u>	<u>34,966,578</u>
Net Position				
Net investment in capital assets	1,813,965	3,777,383	4,557,160	10,148,508
Restricted for post-closure costs	340,398	-	-	340,398
Unrestricted	<u>7,993,091</u>	<u>(1,857,674)</u>	<u>2,218,180</u>	<u>8,353,597</u>
Total net position	<u>10,147,454</u>	<u>1,919,709</u>	<u>6,775,340</u>	<u>18,842,503</u>
Total Liabilities and Net Position	<u>\$ 17,259,225</u>	<u>\$ 29,041,381</u>	<u>\$ 7,508,475</u>	<u>\$ 53,809,081</u>

Sarpy County, Nebraska
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Landfill Fund	Stadium Fund	Sewer Fund	Total
Operating Revenues				
Charges for services and facilities	\$ 4,892,378	\$ 755,498	\$ 2,072,560	\$ 7,720,436
Total operating revenues	<u>4,892,378</u>	<u>755,498</u>	<u>2,072,560</u>	<u>7,720,436</u>
Operating Expenses				
Personal services	902,200	-	-	902,200
Operating expenses	885,304	645,631	462,770	1,993,705
Estimated closure and post-closure care costs	33,209	-	-	33,209
Supplies and materials	377,276	-	-	377,276
Small equipment	289,536	-	62,086	351,622
Total operating expenses	<u>2,487,525</u>	<u>645,631</u>	<u>524,856</u>	<u>3,658,012</u>
Operating Income	<u>2,404,853</u>	<u>109,867</u>	<u>1,547,704</u>	<u>4,062,424</u>
Non-Operating Revenues (Expenses)				
Interest expense	-	(1,241,610)	-	(1,241,610)
Federal interest rate subsidy	-	186,319	-	186,319
Miscellaneous	77,296	-	-	77,296
Total non-operating revenues (expenses)	<u>77,296</u>	<u>(1,055,291)</u>	<u>-</u>	<u>(977,995)</u>
Income (Loss) Before Contributions and Transfers	2,482,149	(945,424)	1,547,704	3,084,429
Capital Contributions	-	1,150,865	99,320	1,250,185
Transfers In	-	870,000	-	870,000
Change in Net Position	<u>2,482,149</u>	<u>1,075,441</u>	<u>1,647,024</u>	<u>5,204,614</u>
Net Position - Beginning of Year, Before Restatement	7,665,305	1,257,324	5,128,316	14,050,945
Adjustment due to Implementation of GASB 65	-	(413,056)	-	(413,056)
Net Assets - Beginning of Year, After Restatement	<u>7,665,305</u>	<u>844,268</u>	<u>5,128,316</u>	<u>13,637,889</u>
Net Position - End of Year	<u>\$ 10,147,454</u>	<u>\$ 1,919,709</u>	<u>\$ 6,775,340</u>	<u>\$ 18,842,503</u>

Sarpy County, Nebraska
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Landfill Fund	Stadium Fund	Sewer Fund	Total
Cash Flows from Operating Activities				
Receipts from customers	\$ 5,151,401	\$ 693,837	\$ 2,072,560	\$ 7,917,798
Payments to suppliers	(1,415,469)	(72,198)	(34,582)	(1,522,249)
Payments to employees	(922,342)	-	-	(922,342)
Net cash provided by operating activities	<u>2,813,590</u>	<u>621,639</u>	<u>2,037,978</u>	<u>5,473,207</u>
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	-	870,000	-	870,000
Repayments of advances from General Fund	-	(24,000)	-	(24,000)
Other noncapital financing receipts	77,296	-	-	77,296
Net cash provided by noncapital financing activities	<u>77,296</u>	<u>846,000</u>	<u>-</u>	<u>923,296</u>
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(535,066)	(36,828)	(516,882)	(1,088,776)
Receipt of federal interest subsidy	-	186,319	-	186,319
Principal payments on capital debt	-	(1,340,000)	-	(1,340,000)
Interest payments on capital debt	-	(1,234,065)	-	(1,234,065)
Net cash used in capital and related financing activities	<u>(535,066)</u>	<u>(2,424,574)</u>	<u>(516,882)</u>	<u>(3,476,522)</u>
Increase (Decrease) in Cash	2,355,820	(956,935)	1,521,096	2,919,981
Cash - Beginning of Year	<u>12,525,652</u>	<u>1,714,005</u>	<u>1,430,219</u>	<u>15,669,876</u>
Cash - End of Year	<u>\$ 14,881,472</u>	<u>\$ 757,070</u>	<u>\$ 2,951,315</u>	<u>\$ 18,589,857</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 2,404,853	\$ 109,867	\$ 1,547,704	\$ 4,062,424
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	113,516	567,538	119,818	800,872
Loss on disposal of capital assets	105,291	-	-	105,291
Changes in operating assets and liabilities				
Receivables	259,023	18,339	-	277,362
Accounts payable	(82,160)	5,895	370,456	294,191
Advance payments	-	(80,000)	-	(80,000)
Other liabilities	(20,142)	-	-	(20,142)
Landfill closure and post-closure costs	33,209	-	-	33,209
Net cash provided by operating activities	<u>\$ 2,813,590</u>	<u>\$ 621,639</u>	<u>\$ 2,037,978</u>	<u>\$ 5,473,207</u>
Supplemental Cash Flows Information				
Capital asset acquisitions included in accounts payable	\$ -	\$ -	\$ 359,365	\$ 359,365

Sarpy County, Nebraska
Statement of Net Position
Fiduciary Fund
June 30, 2014

Assets

Cash and investments	\$ 59,171,310
Taxes receivable	<u>93,221,180</u>
Total assets	<u><u>\$ 152,392,490</u></u>

Liabilities

Due to employees	\$ 57,017
Due to other governmental entities	<u>152,335,473</u>
Total liabilities	<u><u>\$ 152,392,490</u></u>

Sarpy County, Nebraska

Notes to Financial Statements

June 30, 2014

Note 1: Summary of Significant Accounting Policies

Organization

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

Reporting Entity

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 1: Summary of Significant Accounting Policies - Continued

Government-Wide Financial Statements

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

These statements are presented on an economic resources measurement focus and on the accrual basis of accounting. Accordingly, all of the County's assets, 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 Statements
June 30, 2014

Note 1: Summary of Significant Accounting Policies - Continued

Governmental Funds - Continued

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

The County reports the following major governmental funds:

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

Proprietary Funds

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

The County reports the following major proprietary funds:

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

Sarpy County, Nebraska

Notes to Financial Statements

June 30, 2014

Note 1: Summary of Significant Accounting Policies - Continued

Fiduciary Fund

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

Budgets and Budgetary Accounting

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

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

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

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, revisions that alter the total expenditures of any fund require that an additional public hearing be held. During the year ended June 30, 2014, 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 Statements
June 30, 2014

Note 1: Summary of Significant Accounting Policies - Continued

Property Taxes

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

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

Counties are permitted by State Constitution to levy a tax up to \$0.50 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. The County may levy taxes in addition to the \$0.50 limitation upon a vote of the people. The tax levy remained below the \$0.50 limitation for 2014.

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

Inventories

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

Capital Assets (Including Intangible Assets)

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

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 1: Summary of Significant Accounting Policies - Continued

Capital Assets (Including Intangible Assets) - Continued

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed. No interest costs were capitalized during 2014.

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.

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 1: Summary of Significant Accounting Policies - Continued

Fund Balance - Governmental Funds - Continued

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

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

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

Net Position Classification

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

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. 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), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

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

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

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 1: Summary of Significant Accounting Policies - Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, 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 2014, the County implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This standard established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities. In addition, the statement changes the method of reporting debt issuance costs. Prior to implementation of GASB Statement No. 65, the County reported debt issuance costs as deferred charges which were capitalized and amortized over the life of the related debt. These deferred charges were reported as an asset on the statement of net position. Under GASB Statement No. 65, debt issuance costs are to be recognized in the period of the debt issue. Implementation of GASB Statement No. 65 resulted in a restatement of previously reported net position for the retrospective removal of these debt issuance costs.

Note 2: Deposits and Investments

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

Deposits

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

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 2: Deposits and Investments - Continued

Investments

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

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

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County limits its interest rate risk by investing primarily in securities with original maturities of less than one year. Money market mutual funds and the NPAIT investment pool are presented as investments with a maturity of less than one year because they are redeemable in full immediately. The County has one repurchase agreement in the amount of \$1,000,000, which matures in July 2015, and is invested in nonnegotiable certificates of deposit totaling \$5,500,000 that are scheduled to mature during the 2016 fiscal year. All other investment securities held at June 30, 2014 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, 2014, the County's investment in the NPAIT investment pool comprised approximately 40% of the County's total investments.

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 2: Deposits and Investments - Continued

Summary of Carrying Values

The carrying values of deposits and investments at June 30, 2014, and reconciliation to amounts shown in the financial statements, are as follows:

Carrying Values	
Cash on hand	\$ 942,631
Deposits	
Cash in bank (checking, money market)	42,776,617
Money market deposits	256,142
Nonnegotiable certificates of deposit	23,559,884
Total deposits	<u>66,592,643</u>
Investments	
Money market mutual funds	602,723
NPAIT investment pool	15,484,037
U.S. Treasury Bills	12,902,200
Negotiable certificates of deposit	7,742,900
Repurchase agreements (with NPAIT)	2,377,273
Total investments	<u>39,109,133</u>
Total cash, deposits and investments	<u><u>\$ 106,644,407</u></u>
Reconciliation to the Financial Statements	
Government Wide cash and investments	\$ 39,533,900
Government Wide restricted cash	7,939,197
Fiduciary fund cash and investments	59,171,310
Total cash and investments	<u><u>\$ 106,644,407</u></u>

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 3: Interfund Balances and Transfers

“Due to” and “Due from” balances are recorded as a result of temporary loans from the general fund to cover cash shortages in other County funds. Balances due to/from other funds at June 30, 2014, consisted of \$424,000 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, 2014, consist of the following:

Transfer To	Transfer From General Fund	Transfer From Other Governmental Funds
General Fund	\$ -	\$ 32,000
Special Roads Fund	3,565,320	-
Other Governmental Funds	2,320,612	-
Stadium Fund	100,000	770,000
	\$ 5,985,932	\$ 802,000

Additionally, in 2014, the general fund purchased land in the amount of \$1,150,865, for the purpose of additional parking for the benefit of the stadium fund. This activity is shown as an expenditure from the general fund and capital contribution revenue to the stadium fund, in the fund financial statements. However, this activity is shown within transfers in the government-wide financial statements.

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities				
Nondepreciable capital assets				
Land	\$ 4,610,105	\$ 515,317	\$ -	\$ 5,125,422
Total nondepreciable capital assets	<u>4,610,105</u>	<u>515,317</u>	<u>-</u>	<u>5,125,422</u>
Depreciable capital assets				
Intangible assets	106,638	-	-	106,638
Infrastructure	143,767,361	7,874,268	-	151,641,629
Buildings and improvements	42,298,441	499,148	-	42,797,589
Machinery and equipment	<u>21,400,660</u>	<u>1,906,242</u>	<u>(980,471)</u>	<u>22,326,431</u>
Total depreciable capital assets	<u>207,573,100</u>	<u>10,279,658</u>	<u>(980,471)</u>	<u>216,872,287</u>
Accumulated depreciation				
Intangible assets	(69,797)	(21,328)	-	(91,125)
Infrastructure	(50,535,158)	(3,423,266)	-	(53,958,424)
Buildings and improvements	(11,160,622)	(849,823)	-	(12,010,445)
Machinery and equipment	<u>(15,117,582)</u>	<u>(1,110,278)</u>	<u>899,986</u>	<u>(15,327,874)</u>
Total accumulated depreciation	<u>(76,883,159)</u>	<u>(5,404,695)</u>	<u>899,986</u>	<u>(81,387,868)</u>
Capital assets being depreciated, net	<u>130,689,941</u>	<u>4,874,963</u>	<u>(80,485)</u>	<u>135,484,419</u>
Governmental activities capital assets, net	<u>\$ 135,300,046</u>	<u>\$ 5,390,280</u>	<u>\$ (80,485)</u>	<u>\$ 140,609,841</u>
Business-type Activities				
Nondepreciable capital assets				
Land	\$ 1,296,017	\$ 1,169,055	\$ -	\$ 2,465,072
Total nondepreciable capital assets	<u>1,296,017</u>	<u>1,169,055</u>	<u>-</u>	<u>2,465,072</u>
Depreciable capital assets				
Infrastructure	5,255,707	957,377	-	6,213,084
Buildings and improvements	29,364,678	400,000	(176,000)	29,588,678
Machinery and equipment	<u>2,949,866</u>	<u>135,066</u>	<u>(249,020)</u>	<u>2,835,912</u>
Total depreciable capital assets	<u>37,570,251</u>	<u>1,492,443</u>	<u>(425,020)</u>	<u>38,637,674</u>
Accumulated depreciation				
Infrastructure	(1,554,296)	(119,818)	-	(1,674,114)
Buildings and improvements	(2,140,494)	(584,737)	79,121	(2,646,110)
Machinery and equipment	<u>(2,323,465)</u>	<u>(96,317)</u>	<u>240,608</u>	<u>(2,179,174)</u>
Total accumulated depreciation	<u>(6,018,255)</u>	<u>(800,872)</u>	<u>319,729</u>	<u>(6,499,398)</u>
Capital assets being depreciated, net	<u>31,551,996</u>	<u>691,571</u>	<u>(105,291)</u>	<u>32,138,276</u>
Business-type activities capital assets, net	<u>\$ 32,848,013</u>	<u>\$ 1,860,626</u>	<u>\$ (105,291)</u>	<u>\$ 34,603,348</u>

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 4: Capital Assets - Continued

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

Governmental Activities	
General government	\$ 438,845
Public health	928
Public safety	1,135,832
Roads	<u>3,829,090</u>
Total governmental activities depreciation expense	<u>\$ 5,404,695</u>
Business-type Activities	
Landfill	\$ 113,516
Stadium	567,538
Sewer	<u>119,818</u>
Total business-type activities depreciation expense	<u>\$ 800,872</u>

Note 5: Leases

Operating Lease – Stadium

The County leases the stadium property to the Omaha Storm Chasers. This lease is a twenty-five year lease with rent to be adjusted every five years. The initial payments will be \$450,000 annually, paid in two installments. In addition, the lease agreement provided for the County to receive two equal capital contributions of \$1,000,000 each from the Omaha Storm Chasers. The first contribution was received during the 2011 fiscal year upon completion of the stadium and the second contribution was received in the 2013 fiscal year, after the end of the second lease year. 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>	<u>Amount</u>
2015	\$ 450,000
2016	450,000
2017	450,000
2018	450,000
2019	450,000
Thereafter	<u>7,425,000</u>
	<u>\$ 9,675,000</u>

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 6: Long-term Liabilities

The following is a summary of long-term liability transactions for the year ended June 30, 2014:

	Beginning Balance	Increases	Decreases	Ending Balances	Due Within One Year
<u>Governmental Activities</u>					
General obligation bonds	\$ 13,080,000	\$ 7,990,000	\$ (11,105,000)	\$ 9,965,000	\$ 2,250,000
Bond issue discount	-	(13,781)	2,297	(11,484)	-
Total general obligation bonds	13,080,000	7,976,219	(11,102,703)	9,953,516	2,250,000
Notes payable	1,364,270	1,986,488	(953,875)	2,396,883	954,133
Compensated absences	7,567,363	830,871	(276,435)	8,121,799	296,689
Other post-employment benefits	647,676	144,468	-	792,144	171,247
Governmental activities long-term liabilities	<u>\$ 22,659,309</u>	<u>\$ 10,938,046</u>	<u>\$ (12,333,013)</u>	<u>\$ 21,264,342</u>	<u>\$ 3,672,069</u>
<u>Business-type Activities</u>					
Revenue bonds	\$ 26,720,000	\$ -	\$ (1,340,000)	\$ 25,380,000	\$ 445,000
Bond issue discount	(176,569)	-	8,479	(168,090)	-
Total revenue bonds	26,543,431	-	(1,331,521)	25,211,910	445,000
Compensated absences	145,217	-	(29,231)	115,986	14,366
Other post-employment benefits	12,765	8,452	-	21,217	-
Landfill closure and post-closure costs	6,808,520	33,209	-	6,841,729	-
Business-type activities long-term liabilities	<u>\$ 33,509,933</u>	<u>\$ 41,661</u>	<u>\$ (1,360,752)</u>	<u>\$ 32,190,842</u>	<u>\$ 459,366</u>

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Original Issue Amount	Date Callable	Outstanding at June 30, 2014
<u>Governmental Activities</u>					
Bonds Payable					
Limited tax refunding bonds	December 2016	0.25% - 1.60%	\$ 4,165,000	N/A	\$ 2,375,000
Limited tax refunding building bonds	June 2018	0.35% - 1.70%	2,900,000	N/A	2,500,000
Limited tax refunding building bonds	December 2019	0.25% - 1.30%	5,090,000	2019	5,090,000
					<u>\$ 9,965,000</u>
Notes Payable					
ENHSA house 3	December 2018	4.65%	\$ 153,061	N/A	\$ 57,412
ENHSA house 4	June 2019	5.00%	190,000	N/A	79,614
ENHSA house 5	June 2023	4.70%	178,575	N/A	121,774
Equipment notes	Monthly through December 2016	1.58% - 2.36%	4,830,582	Various	2,138,083
					<u>\$ 2,396,883</u>
<u>Business-Type Activities</u>					
Bonds Payable					
Stadium revenue bonds - Series A	June 2025	1.50% - 3.75%	\$ 4,195,000	2019	\$ 3,520,000
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	4,500,000
Stadium COPS - Series 2010	December 2035	1.50% - 4.00%	8,070,000	2020	8,070,000
					<u>\$ 25,380,000</u>

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 6: Long-term Liabilities - Continued

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

Governmental Activities – Bonds

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,250,000	\$ 87,111	\$ 2,337,111
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>\$ 9,965,000</u>	<u>\$ 265,046</u>	<u>\$ 10,230,046</u>

Governmental Activities – Notes Payable

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 954,133	\$ 16,474	\$ 970,607
2016	690,121	36,623	726,744
2017	611,170	20,735	631,905
2018	43,001	5,934	48,935
2019	37,964	3,829	41,793
2020-2023	60,494	5,983	66,477
	<u>\$ 2,396,883</u>	<u>\$ 89,578</u>	<u>\$ 2,486,461</u>

Business-Type Activities – Bonds

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 445,000	\$ 1,211,814	\$ 1,656,814
2016	595,000	1,199,168	1,794,168
2017	645,000	1,183,228	1,828,228
2018	700,000	1,163,838	1,863,838
2019	710,000	1,141,701	1,851,701
2020-2024	4,220,000	5,277,626	9,497,626
2025-2029	6,100,000	4,086,555	10,186,555
2030-2034	8,165,000	2,113,203	10,278,203
2035-2036	3,800,000	203,044	4,003,044
	<u>\$ 25,380,000</u>	<u>\$ 17,580,177</u>	<u>\$ 42,960,177</u>

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 6: Long-term Liabilities - Continued

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

The 2009 Series A and B Stadium revenue bonds, the 2009 Series C Stadium revenue bonds and the Series 2010 Stadium COPS are secured by a pledge of the revenues derived from lease payments received pursuant to a Public Payment Lease and a Private Payment Lease, respectively. The total principal and interest remaining to be paid on the bonds and certificates of participation is \$42,960,177, 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 \$2,574,065 and \$1,811,817, 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%.

Bond Refundings

In October 2013, the County issued \$2,900,000 of Limited Tax Refunding Building Bonds, at an average interest rate of 1.25%, along with existing debt service funds of approximately \$225,000, to refund \$3,060,000 of Limited Tax Building Bonds, Series 2008, with an average interest rate of 3.50%. The County completed the refunding to reduce its total debt service payments over the next 5 years by approximately \$159,000, for an economic gain (difference between the present values of the old and new debt service payments) of approximately \$153,000.

In April 2014, the County issued \$5,090,000 of Limited Tax Refunding Building Bonds, at an average interest rate of 0.85%, along with existing debt service funds of approximately \$36,000, to advance refund \$4,875,000 of Limited Tax Building Bonds, Series 2009, with an average interest rate of 3.10%. The County completed the refunding to reduce its total debt service payments over the next 6 years by approximately \$180,000, for an economic gain of approximately \$176,000. The net proceeds of the 2014 refunding bonds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the Series 2009 bonds are considered defeased and the liability for these bonds has been removed from the financial statements. At June 30, 2014, the outstanding balance of the refunded Series 2009 bonds was \$4,875,000.

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 7: Employees' Retirement System

Pension Plan

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

For the year ended June 30, 2014, the County's payroll for covered employees was \$35,244,804 and the total payroll for the County was \$35,474,035. The County contributed \$2,577,711 to the employees account and paid \$1,092 for prior service benefits during 2014. The employees contributed \$1,784,175 to the plan for the year ended June 30, 2014.

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 \$534,213 to the plan for the year ended June 30, 2014.

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

Other 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.

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 7: Employees' Retirement System - Continued

Other Postemployment Benefits - Continued

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:

	Governmental	Proprietary
Annual required contribution	\$ 266,503	\$ 7,361
Interest on net OPEB obligation	22,494	621
Adjustments to annual required contribution	(35,165)	470
Annual OPEB cost (expense)	253,832	8,452
Contributions made	(109,364)	-
Increase in net OPEB obligation	144,468	8,452
Net OPEB obligation - beginning of year	647,676	12,765
Net OPEB obligation - end of year	<u>\$ 792,144</u>	<u>\$ 21,217</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 262,284	41.7%	\$ 813,361
June 30, 2013	265,248	48.1%	660,441
June 30, 2012	267,852	38.0%	522,868

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.

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 7: Employees' Retirement System - Continued

Other Postemployment Benefits - Continued

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

As required by GASB 45, the County, acting with the advice of the actuary, has allocated the cost of benefits to years of active service using the Projected Unit Credit Actuarial Cost Method. In the most current valuation, July 1, 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.

Note 8: Commitments and Contingencies

Federal Financial Awards

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

Litigation

The County is involved in lawsuits arising in the ordinary course of business, including claims for property damage and personal injury. In the opinion of County management, based on the advice of the County Attorney with respect to litigation, these matters are not expected to have a materially adverse effect on the County's financial position at June 30, 2014.

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 9: Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used during the year. Based on a cost estimate performed in 2014, closure costs will be \$4,126,093 and an additional \$2,945,462 will be required for post-closure care. The estimated total of the landfill closure and post-closure care of \$7,071,555 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 97% used (filled). The County expects to close the landfill in 2016. The County has accrued approximately 97% of the total landfill closure and post-closure care of \$6,841,729 as of June 30, 2014.

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, 2014, investments of \$7,182,127 are held for these purposes. These are reported as restricted assets on the proprietary fund statement of net position.

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

Note 10: Public Entity Risk Pool

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (“NIRMA”), a public entity risk pool currently operating as a common risk management and insurance program for 79 counties throughout Nebraska. NIRMA was created as a result of the Intergovernmental Risk Management Act authorized by State Statute Section 44-4301 R.R. S. 1943, which resulted in two programs being established, NIRMA and NIRMA II.

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

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 10: Public Entity Risk Pool - Continued

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.

Note 11: Governmental Fund Balances

Governmental fund balances are classified as follows at June 30, 2014:

	General Fund	Special Roads Fund	Other Governmental Funds	Total
Nonspendable:				
Inventory	\$ -	\$ 556,729	\$ -	\$ 556,729
Restricted for:				
Debt service	146,226	130,585	3,158,764	3,435,575
Emergency communications	-	-	133,769	133,769
Social services	-	-	48,696	48,696
Tourism	-	-	1,187,759	1,187,759
Public health and welfare	-	-	371,683	371,683
Grant stipulations	-	-	839,632	839,632
Community betterment	-	-	87,268	87,268
Capital projects	-	3,360,226	-	3,360,226
Information systems	-	-	707,869	707,869
	<u>146,226</u>	<u>3,490,811</u>	<u>6,535,440</u>	<u>10,172,477</u>

Sarpy County, Nebraska
Notes to Financial Statements
June 30, 2014

Note 11: Governmental Fund Balances - Continued

	General Fund	Special Roads Fund	Other Governmental Funds	Total
Assigned to:				
Wireless communications	\$ 108,943	\$ -	\$ -	\$ 108,943
Public health and welfare	56	-	-	56
Public safety	98,001	-	-	98,001
Fleet services	66,898	-	-	66,898
Other purposes	10,978	-	-	10,978
	<u>284,876</u>	<u>-</u>	<u>-</u>	<u>284,876</u>
Unassigned:	<u>28,595,485</u>	<u>-</u>	<u>(350,572)</u>	<u>28,244,913</u>
Total fund balances	<u><u>\$ 29,026,587</u></u>	<u><u>\$ 4,047,540</u></u>	<u><u>\$ 6,184,868</u></u>	<u><u>\$ 39,258,995</u></u>

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, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Tax	\$ 29,824,976	\$ 29,824,976	\$ 28,780,037	\$ (1,044,939)
Federal	148,900	148,900	232,200	83,300
State	837,500	837,500	1,913,655	1,076,155
Local	17,046,131	17,046,131	20,108,425	3,062,294
Total revenues	<u>47,857,507</u>	<u>47,857,507</u>	<u>51,034,317</u>	<u>3,176,810</u>
Expenditures				
General government				
County Board	151,666	151,666	151,100	566
County Clerk	685,938	685,938	683,137	2,801
County Treasurer	1,591,633	1,591,633	1,545,151	46,482
Register of Deeds	502,458	502,458	495,597	6,861
County Assessor	1,278,249	1,278,249	1,214,788	63,461
Election Commissioner	488,739	488,739	482,157	6,582
Planning and Zoning	395,260	395,260	353,770	41,490
Administration	417,746	417,746	412,883	4,863
Personnel	388,497	388,497	331,609	56,888
Records Management	199,161	199,161	189,596	9,565
Fiscal Administration	264,543	264,543	261,675	2,868
Board of Equalization	23,000	23,000	10,220	12,780
Facilities Management	1,113,516	1,113,516	1,127,229	(13,713)
Public Property Utilities	696,000	696,000	611,398	84,602
Jail Maintenance	246,556	246,556	235,039	11,517
Juvenile Justice Center Maintenance	81,876	81,876	77,340	4,536
Sheriff Admin Maintenance	98,180	98,180	95,748	2,432
Extension Agent	125,381	125,381	126,258	(877)
Other Intergovernmental	775,500	775,500	574,149	201,351
Miscellaneous General	7,875,690	7,875,690	5,831,572	2,044,118
Capital Projects	866,586	866,586	517,728	348,858
Wireless Communications	136,830	136,830	53,387	83,443
Inheritance Tax	4,848,594	4,848,594	1,376,451	3,472,143
Purchasing	123,203	123,203	113,207	9,996
Fleet	1,147,400	1,147,400	1,070,449	76,951
Public Safety				
Sheriff	2,160,944	2,160,944	2,149,898	11,046
County Attorney	3,186,059	3,186,059	3,131,131	54,928
Investigations	1,532,709	1,532,709	1,530,095	2,614
Road Patrol	5,106,312	5,106,312	5,039,679	66,633
Sheriff Merit Commission	15,758	15,758	1,998	13,760
Vehicle Inspection	124,618	124,618	124,788	(170)

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, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures - Continued				
Public Safety - Continued				
Tow Lot	\$ 288,917	\$ 288,917	\$ 210,730	\$ 78,187
Juvenile Diversion	355,658	355,658	349,558	6,100
Victim Witness	236,981	236,981	225,887	11,094
Pre-Trial/Community Service	485,005	485,005	461,615	23,390
Juvenile Justice Center	2,544,596	2,544,596	2,473,375	71,221
County Jail	5,161,165	5,161,165	5,280,921	(119,756)
Court Services	1,412,575	1,412,575	1,378,805	33,770
Warrants Extradition	572,889	572,889	553,736	19,153
Adult Probation	88,200	88,200	79,557	8,643
Adult Diversion	581,271	581,271	551,551	29,720
Emergency Management	157,048	157,048	151,069	5,979
Clerk of the District Court	665,602	665,602	662,503	3,099
County Court	122,390	122,390	132,106	(9,716)
Juvenile Probation	19,991	19,991	15,941	4,050
Juvenile Court Judge	548,583	548,583	539,437	9,146
District Judge	576,463	576,463	561,343	15,120
Public Defender	1,339,380	1,339,380	1,337,646	1,734
Federal Grant - Drug Court	500	500	-	500
STOP Program	91,000	91,000	6,882	84,118
Jury Commissioner	126,811	126,811	114,894	11,917
CASA	177,507	177,507	174,543	2,964
Public Health				
Animal Control	481,264	481,264	467,823	13,441
Mental Health	104,383	104,383	81,593	22,790
Landfill Bond Surplus	775,000	775,000	-	775,000
Connection Fee	20,000	20,000	10,450	9,550
Noxious Weed	63,663	63,663	64,084	(421)
Public Welfare and Social Services				
Veterans Services	247,360	247,360	247,226	134
Human Services	761,680	761,680	879,242	(117,562)
Total expenditures	<u>54,654,484</u>	<u>54,654,484</u>	<u>46,931,744</u>	<u>7,722,740</u>
Other Financing Sources (Uses)				
Operating transfer in	1,433,803	1,434,303	3,493,538	2,059,235
Operating transfer out	(7,060,735)	(7,061,235)	(9,540,880)	(2,479,645)
Total transfers	<u>(5,626,932)</u>	<u>(5,626,932)</u>	<u>(6,047,342)</u>	<u>(420,410)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(12,423,909)</u>	<u>(12,423,909)</u>	<u>(1,944,769)</u>	<u>10,479,140</u>
Fund Balance - Beginning of Year	<u>18,523,909</u>	<u>18,523,909</u>	<u>18,523,909</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 6,100,000</u>	<u>\$ 6,100,000</u>	<u>\$ 16,579,140</u>	<u>\$ 10,479,140</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, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal	\$ -	\$ -	\$ 100,251	\$ 100,251
State	9,242,750	9,242,750	10,652,324	1,409,574
Local	1,514,198	1,514,198	737,069	(777,129)
	<u>10,756,948</u>	<u>10,756,948</u>	<u>11,489,644</u>	<u>732,696</u>
Expenditures				
Personal services	3,419,865	3,419,865	3,375,651	44,214
Operating expenses	732,465	732,465	814,640	(82,175)
Supplies and materials	1,917,578	1,917,578	1,701,527	216,051
Equipment and office rental	34,250	34,250	31,768	2,482
Capital outlays	11,533,586	11,533,586	7,326,931	4,206,655
Principal and interest	1,261,875	1,261,875	1,262,900	(1,025)
	<u>18,899,619</u>	<u>18,899,619</u>	<u>14,513,417</u>	<u>4,386,202</u>
Operating transfer in	<u>3,565,320</u>	<u>3,565,320</u>	<u>3,565,320</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,577,351)</u>	<u>(4,577,351)</u>	<u>541,547</u>	<u>5,118,898</u>
Fund Balance - Beginning of Year	<u>4,577,351</u>	<u>4,577,351</u>	<u>4,577,351</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,118,898</u>	<u>\$ 5,118,898</u>

Sarpy County, Nebraska
Note to Required Supplementary Information –
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual (Cash Basis)
For the Year Ended June 30, 2014

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, 2014

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	7.9%
7/1/2014	-	2,573,655	2,573,655	0.00%	32,816,110	7.8%

Other Supplementary Information

Sarpy County, Nebraska
Tax Certification, Correction and Collections
As of June 30, 2014

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Tax Certified by the Assessor			
Real estate	\$ 228,871,834	\$ 234,245,153	\$ 241,783,772
Personal	5,750,094	6,124,707	6,349,051
Centrally assessed	<u>1,088,752</u>	<u>1,291,352</u>	<u>1,265,916</u>
Total certified tax	<u>\$ 235,710,680</u>	<u>\$ 241,661,212</u>	<u>\$ 249,398,739</u>
Net Tax Collected by the County Treasurer as of June 30, 2014			
Real estate	\$ 228,796,967	\$ 233,307,344	\$ 131,446,024
Personal	5,737,644	6,061,868	4,341,780
Centrally assessed	<u>1,088,752</u>	<u>1,291,352</u>	<u>743,959</u>
Total collected tax	<u>\$ 235,623,363</u>	<u>\$ 240,660,564</u>	<u>\$ 136,531,763</u>
Total Uncollected Tax as of June 30, 2014			
Real estate	\$ 74,867	\$ 937,809	\$ 110,337,748
Personal	12,450	62,839	2,007,271
Centrally assessed	<u>-</u>	<u>-</u>	<u>521,957</u>
Total uncollected	<u>\$ 87,317</u>	<u>\$ 1,000,648</u>	<u>\$ 112,866,976</u>
Percentage Uncollected Tax	0.04%	0.41%	45.26%

Sarpy County, Nebraska
Schedule of Statement of Accountability
County Clerk
For the Year Ended June 30, 2014

Balance on hand, beginning of year	
Cash on hand	\$ 600
Cash in bank	2,359
	2,959
 Collections	
Recording and miscellaneous fees	3,646
Marriage licenses	16,365
Prepaid certified marriage licenses	6,295
Passports	18,975
Miscellaneous	46
Other licenses	13,573
	58,900
 Credits	
Paid to County Treasurer	
Recording and miscellaneous fees	3,544
Marriage licenses	16,245
Prepaid certified marriage licenses	6,210
Passports	11,750
Miscellaneous	48
Other licenses	13,508
	51,305
 Balance on hand, end of year	\$ 10,554
 Summary of balance, end of year	
Cash on hand	\$ 600
Cash in bank	9,954
	\$ 10,554

Sarpy County, Nebraska
Schedule of Statement of Accountability
Register of Deeds
For the Year Ended June 30, 2014

Balance on hand, beginning of year	
Cash on hand	\$ 150
Cash in bank	308,228
Accounts receivable	3,609
	311,987
 Collections	
Recording fees	919,992
Copies fees	6,755
Non-credit refunds	26
Federal tax liens	2,884
State tax liens	1,750
Documentary stamp tax	1,879,717
Interest	210
	2,811,334
 Credits	
Paid to County Treasurer	
Recording fees	955,172
Copies fees	6,659
Non-credit refunds	32
Federal tax liens	3,040
State tax liens	1,750
Documentary stamp tax	410,106
Interest	208
	1,376,967
 Paid to State of Nebraska	
Documentary stamp tax	1,435,556
	1,435,556
 Balance on hand, end of year	\$ 310,798
 Summary of balance, end of year	
Cash on hand	\$ 150
Cash in bank	303,015
Accounts receivable	7,633
	\$ 310,798

Sarpy County, Nebraska
Schedule of Statement of Accountability
Clerk of the District Court
For the Year Ended June 30, 2014

Balance on hand, beginning of year		
Cash on hand	\$	650
Cash in bank		3,155,811
		3,156,461
Collections		
Dissolution fees		64,950
State fees		197,889
Regular fees		446,007
Retirement fees		23,754
Law enforcement fees		1,376
Trust		8,030,171
Drug court		
County fees		16,828
State fees		10,197
		8,791,172
Credits		
Dissolution fees		64,150
State fees		216,328
Regular fees		446,007
Retirement fees		25,603
Law enforcement fees		1,822
Trust		10,373,454
Drug court		
County fees		16,489
State fees		9,880
		11,153,733
Balance on hand, end of year	\$	793,900
Summary of balance, end of year		
Cash on hand	\$	650
Cash in bank		793,250
		793,900
	\$	793,900

Sarpy County, Nebraska
Schedule of Statement of Accountability
County Sheriff
For the Year Ended June 30, 2014

Balance on hand, beginning of year	
Cash on hand	\$ 200
Cash in bank	164,954
	<hr/>
	165,154
	<hr/>
Collections	
Civil process	310,392
Inmate	1,940,883
Distress warrants	236,420
Miscellaneous and administrative	170,033
VIN	107,579
CID	6,601
DARE	8,131
Tow lot	379,601
	<hr/>
	3,159,640
	<hr/>
Credits	
Paid to County Treasurer	
Civil process	298,763
Inmate	1,943,515
Distress warrants	236,420
Miscellaneous and administrative	170,033
VIN	107,579
CID	5,373
DARE	5,113
Tow lot	277,834
	<hr/>
	3,044,630
	<hr/>
Balance on hand, end of year	\$ 280,164
	<hr/> <hr/>
Summary of balance, end of year	
Cash on hand	\$ 168
Cash in bank	279,996
	<hr/>
	\$ 280,164
	<hr/> <hr/>

Sarpy County, Nebraska
Schedule of Statement of Accountability
County Attorney
For the Year Ended June 30, 2014

Balance on hand, beginning of year	
Cash in bank	<u>\$ 30,362</u>
Collections	
Restitution	114,731
Collection on bad checks	24,691
Collection fees	1,140
Law enforcement fund	2,338
Miscellaneous	<u>50</u>
	<u>142,950</u>
Credits	
Restitution payment	116,465
Payments on bad checks collected	27,001
Collection fees remitted to the County Treasurer	1,120
Subpoena and miscellaneous expenditures paid	2,246
Miscellaneous	<u>127</u>
	<u>146,959</u>
Balance on hand, end of year	
Cash in bank	<u><u>\$ 26,353</u></u>

Sarpy County, Nebraska
Schedule of Statement of Accountability
County Surveyor
For the Year Ended June 30, 2014

Balance on hand, beginning of year	
Cash on hand	\$ 50
Collections	9
Credits	<u>59</u>
Balance on hand, end of year	<u><u>\$ -</u></u>

Sarpy County, Nebraska
Schedule of Statement of Accountability
County Election Commissioner
For the Year Ended June 30, 2014

Balance on hand, beginning of year	<u>\$ -</u>
Collections	
Election cost recoveries	<u>49,840</u>
Credits	
Paid to County Treasurer	<u>49,840</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, 2014

Balance on hand, beginning of year		
Cash in bank	\$	23,571
Contractor deposits		104,829
		128,400
Collections		
Permit fees		1,107,009
Sewer fees		2,049,101
Watershed fees		282,825
Tiburon water fees		11,500
Other grading deposits		42,492
Wireless tower fees		68,000
		3,560,927
Credits		
Paid to County Treasurer		
Permit fees		1,127,543
Sewer fees		2,072,830
Watershed fees		286,575
Tiburon water fees		11,500
Other grading deposits		18,956
Wireless tower fees		68,000
		3,585,404
Balance on hand, end of year		
Contractor deposits	\$	103,923
		103,923

Sarpy County, Nebraska
Schedule of Statement of Accountability
County Landfill
For the Year Ended June 30, 2014

Balance on hand, beginning of year		
Cash on hand	\$	530
Accounts receivable		822,811
		<u>823,341</u>
 Collections		 <u>4,907,793</u>
 Credits		
Paid to County Treasurer		<u>5,166,816</u>
 Balance on hand, end of year		 <u><u>\$ 564,318</u></u>
 Summary of balance, end of year		
Cash on hand	\$	530
Accounts receivable		<u>563,788</u>
		<u><u>\$ 564,318</u></u>

Sarpy County, Nebraska
Schedule of Statement of Accountability
County Alcohol Diversion
For the Year Ended June 30, 2014

Balance on hand, beginning of year	
Cash on hand	<u>\$ 1,525</u>
Collections	
Alcohol diversion	184,738
Adult education	37,807
Adult shoplifters	11,701
Adult community service	2,086
Victim impact panel	5,906
Juvenile intake	53,618
Juvenile community service	1,920
Teen court	5,410
Restitution	34,187
Miscellaneous	<u>7,600</u>
	<u>344,973</u>
Credits	
Alcohol diversion	185,388
Adult education	38,172
Adult shoplifters	11,621
Adult community service	2,111
Victim impact panel	5,936
Juvenile intake	53,588
Juvenile community service	1,920
Teen court	5,460
Restitution	34,127
Miscellaneous	<u>7,600</u>
	<u>345,923</u>
Balance on hand, end of year	
Cash on hand	<u><u>\$ 575</u></u>

Sarpy County, Nebraska
Schedule of Statement of Accountability
County Pretrial Diversion
For the Year Ended June 30, 2014

Balance on hand, beginning of year	<u>\$ -</u>
Collections	
Drug testing	205
Electronic monitoring	2,808
Supervision	<u>10,215</u>
	<u>13,228</u>
Credits	
Paid to County Treasurer	<u>13,228</u>
Balance on hand, end of year	<u><u>\$ -</u></u>

Sarpy County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual (Cash Basis)
All Special Revenue Funds
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Tax	\$ 4,963,062	\$ 4,963,062	\$ 4,667,204	\$ (295,858)
Federal	1,716,260	1,796,260	1,909,042	112,782
State	925,391	925,391	771,202	(154,189)
Local	4,195,481	4,329,845	3,939,073	(390,772)
Total revenues	<u>11,800,194</u>	<u>12,014,558</u>	<u>11,286,521</u>	<u>(728,037)</u>
Expenditures				
E911 Communications	3,730,537	3,730,537	3,716,346	14,191
E911 Rebanding	8,619	8,619	-	8,619
District Court - Child Support	100,970	100,970	99,404	1,566
County Attorney - Child Support	1,021,210	1,021,210	1,019,591	1,619
Child Support Incentive	162,455	162,455	161,712	743
Tourism	1,084,398	1,084,398	510,513	573,885
Visitor's Improvement	1,178,861	1,178,861	770,000	408,861
Employment Security Act	50,000	50,000	11,152	38,848
County Medical	245,500	245,500	107,584	137,916
Institutions	45,000	45,000	94,170	(49,170)
County Drug Enforcement	10,000	10,000	-	10,000
Federal Grant - JAIBG	12,469	12,469	12,469	-
Federal Grant - Title 1D	55,437	55,437	45,684	9,753
State Education Reimbursement	349,557	349,557	278,335	71,222
Federal Grant -Juvenile Detention - JDAI	42,045	42,045	23,937	18,108
Federal Forfeiture	207,310	207,310	76,264	131,046
Federal Forfeiture - County Attorney	5,000	5,000	-	5,000
Sherwood Foundation	-	134,364	29,391	104,973
Federal Grant - Victim Witness	107,527	107,527	107,527	-
Federal Grant - Perkins Corrections	40,000	40,000	39,919	81
Federal Grant - Drug Enforcement	43,960	43,960	31,404	12,556
Juvenile Services LB640	134,011	134,011	134,011	-
Juvenile Services LB561	135,467	135,467	122,512	12,955
Juvenile Services LB561 Enhancement	18,490	18,490	13,390	5,100
County Aid Enhancement	10,500	10,500	10,500	-
Federal Grant-Traffic Enforcement	191,118	191,118	179,618	11,500
Federal Grant - GIS Transportation	103,000	103,000	103,000	-
Federal Grant - Adult Drug Court	52,400	52,400	18,374	34,026
Federal Grant - Drug Eradication	29,300	29,300	16,471	12,829
Federal Grant - Mental Health Management	-	80,000	23,569	56,431

Sarpy County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual (Cash Basis) - Continued
All Special Revenue Funds
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures - Continued				
State Grant - Trees for Nebraska Towns	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
State Grant - Stormwater	287,274	287,274	173,164	114,110
Keno	230,931	230,931	132,740	98,191
Courthouse Administration	1,609,204	1,609,204	808,864	800,340
Courthouse Remodel	722,012	722,012	645,484	76,528
Sheriff Admin Bond	1,724,166	1,724,166	746,624	977,542
Sinking Fund	1,034,894	1,034,894	731,251	303,643
Phase II Stormwater Fees	50,000	50,000	-	50,000
Watershed Fee Fund	232,750	232,750	-	232,750
Information Systems	1,753,820	1,753,820	1,731,343	22,477
CDBG - Revolving Loan Fund	805,040	805,040	55,040	750,000
GIS	427,160	427,160	417,468	9,692
Social Security Incentive	15,000	15,000	2,200	12,800
Register of Deeds Tech	243,426	243,426	9,211	234,215
E911 Wireless Service	188,978	188,978	189,585	(607)
E911 Wireless Sinking	178,969	178,969	117,493	61,476
Federal Grant - Truancy	33,553	33,553	33,553	-
NE CASA Association Grant	15,600	15,600	14,138	1,462
SCAAP	50,000	50,000	39,097	10,903
Learning Comm - Truancy	14,011	14,011	14,010	1
Total expenditures	18,794,429	19,008,793	13,620,612	5,388,181
Other Financing Sources (Uses)				
Operating transfer in	2,736,381	2,788,381	3,160,962	372,581
Operating transfer out	(750,769)	(802,769)	(783,350)	19,419
Total transfers	1,985,612	1,985,612	2,377,612	392,000
Excess (Deficiency) of Revenues Over Expenditures	(5,008,623)	(5,008,623)	43,521	5,052,144
Fund Balance - Beginning of Year	5,008,623	5,008,623	5,008,623	-
Fund Balance - End of Year	\$ -	\$ -	\$ 5,052,144	\$ 5,052,144

Sarpy County, Nebraska
Schedule of Receipts and Disbursements (Cash Basis)
All Special Revenue Funds
For the Year Ended June 30, 2014

	Fund Balance July 1, 2013	Receipts	Disbursements	Fund Balance June 30, 2014
Special Revenue Funds				
E911 Communications	\$ 225,079	\$ 3,587,914	\$ 3,716,346	\$ 96,647
E911 Wireless Service	-	231,680	231,680	-
E911 Sinking	137,454	42,095	117,493	62,056
E911 Rebanding	723	10,320	9,000	2,043
Child Support-District Court	775	182,629	146,404	37,000
Child Support-County Attorney	280,087	1,005,125	1,019,591	265,621
Child Support-Incentive	24,446	241,147	161,712	103,881
Tourism	599,667	606,956	510,514	696,109
Visitors Improvement	685,461	606,956	770,000	522,417
Employment Security	36,518	18,101	11,152	43,467
County Medical	160,368	82,186	107,584	134,970
Institutions	1,188	105,324	103,170	3,342
Register of Deeds Technology	75,426	133,012	9,211	199,227
County Drug Enforcement	4,109	686	-	4,795
Federal Grant-JAIBG	-	12,469	12,469	-
Federal Grant-Title 1D	2,232	48,977	50,184	1,025
State Education Reimbursement	3,657	433,184	434,335	2,506
Federal Grant-Truancy	-	33,553	33,553	-
Learning Comm-Truancy	14,010	-	14,010	-
Federal Grant-Juvenile Detention-JDAI	338	23,867	23,937	268
Juvenile Services LB561	-	123,677	122,512	1,165
LB561 Enhancement	-	13,390	13,390	-
Sherwood Foundation	-	134,364	29,392	104,972
Federal Forfeitures	184,942	39,128	76,263	147,807
Federal Forfeitures-County Attorney	-	746	-	746
SCAAP	2,800	36,297	39,097	-
Social Security Incentive	1,600	600	2,200	-
Federal Grant-Victim Witness	99	110,428	110,527	-
Nebraska CASA Grant	-	14,905	14,138	767
CDBG Revolving Loan	-	59,210	55,040	4,170
Federal Grant-Mental Health	-	28,800	23,569	5,231
Federal Grant-Perkins Corrections	127	73,342	71,919	1,550
State Grant-Trees for Nebraska Towns	-	2,500	2,500	-
Federal Grant-Drug Enforcement	382	31,404	31,404	382
Juvenile Service LB640	-	134,011	134,011	-
County Aid Enhancement	-	10,500	10,500	-
Federal Grant-JAG Equipment	143	4,857	5,000	-
Federal Grant-Traffic Enforcement	18,239	195,796	213,618	417
Federal Grant-GIS Transportation	51	134,709	104,500	30,260
Federal Grant-Adult Drug Court	45,441	16,489	18,374	43,556
Federal Grant-Drug Eradication	11,292	28,009	16,471	22,830
State Grant-Stormwater Mgt.	174,104	113,941	173,164	114,881
Keno	77,031	154,588	132,740	98,879
Courthouse Administration	817,876	672,233	808,864	681,245
Courthouse Remodel	84,068	670,599	645,484	109,183
Sheriff Administration	753,098	863,114	746,624	869,588
Sinking Fund	469,439	543,874	731,251	282,062
Phase II Stormwater Watershed Fee	32,000	-	32,000	-
Information Systems	33,231	286,575	-	319,806
Information Systems	46,604	2,105,549	2,123,597	28,556
GIS	4,518	437,667	433,468	8,717
Totals	\$ 5,008,623	\$ 14,447,483	\$ 14,403,962	\$ 5,052,144

Sarpy County, Nebraska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Cluster / Program	Federal Agency/ Pass-Through Entity	CFDA Number	Amount Expended
CDBG - State-Administered Small Cities Program Cluster			
Community Development Block Grants	U.S. Department of Housing & Urban Development / NE Department of Economic Development	14.228	\$ 500
			<u>500</u>
JAG Program Cluster			
Edward Byrne Memorial Justice Assistance Grant Program	U.S. Department of Justice / City of Omaha	16.738	31,404
Edward Byrne Memorial Justice Assistance Grant Program	U.S. Department of Justice / NE Crime Commission	16.738	<u>23,569</u>
			<u>54,973</u>
Highway Planning and Construction Cluster			
Recreational Trails Program	U.S. Department of Transportation / NE Game & Parks Commission	20.219	115,580
Highway Planning and Construction	U.S. Department of Transportation / Nebraska Department of Roads	20.205	68,609
Highway Planning and Construction	U.S. Department of Transportation / Nebraska Office of Highway Safety	20.205	<u>47,927</u>
			<u>232,116</u>
Highway Safety Cluster			
Alcohol Impaired Driving Countermeasures Incentive Grant	U.S. Department of Transportation / Nebraska Office of Highway Safety	20.601	<u>50,235</u>
			<u>50,235</u>
Payments in Lieu of Taxes	Department of Interior	15.226	3,054
Juvenile Accountability Block Grants	U.S. Department of Justice / Nebraska Crime Commission	16.523	12,469
Juvenile Justice & Delinquency Prevention - Allocation to States	U.S. Department of Justice / Nebraska Crime Commission	16.540	57,490

Sarpy County, Nebraska
Schedule of Expenditures of Federal Awards - Continued
Year Ended June 30, 2014

Cluster / Program	Federal Agency/ Pass-Through Entity	CFDA Number	Amount Expended
Crime Victim Assistance	U.S. Department of Justice / Nebraska Crime Commission	16.575	\$ 107,527
Violence Against Women Formula Grants	U.S. Department of Justice / Nebraska Crime Commission & Heartland Family Services	16.588	28,200
State Criminal Alien Assistance Program	U.S. Department of Justice Nebraska Office of Highway Safety	16.606	39,097
Enforcing Underage Drinking Laws Program	U.S. Department of Justice	16.727	2,793
Equitable Sharing Program	U.S. Department of Justice	16.922	76,263
Justice Benefits Reimbursement - Social Security Incentive	U.S. Department of Justice	16.xxx	2,200
Drug Eradication	U.S. Department of Justice	16.xxx	16,471
FBI Overtime Reimbursement - Cyber Crimes Task Force	U.S. Department of Justice	16.xxx	3,545
Prisoner Housing - Military Prisoner	U.S. Department of Justice	16.xxx	2,664
Organized Crime Drug Enforcement Task Force	U.S. Department of Justice	16.xxx	1,991
U.S. Immigrations - Juveniles	Immigration & Customs Enforcement	16.xxx	257
Metropolitan Transportation Planning	U.S. Department of Transportation / Metropolitan Area Planning Agency	20.505	103,000
National Priority Safety Programs	U.S. Department of Transportation / Nebraska Office of Highway Safety	20.616	137,686
Title I Grants to Local Educational Agencies	U.S. Department of Education / Papillion/ La Vista School District	84.010	45,684
Career and Technical Education - Basic Grants to States	U.S. Department. of Education / Nebraska Department of Education	84.048	39,919
Child Support Enforcement	U.S. Department of Health and Human Services / Nebraska Department of Health and Human Services	93.563	994,472
Children's Justice Grants to States	U.S. Department of Health and Human Services / Nebraska Department of Health and Human Services	93.643	14,138
Centers for Homeland Security	Department of Homeland Security / State of Nebraska / City of Omaha	97.061	2,620
Homeland Security Grant Program	U.S. Department of Homeland Security / State of Nebraska / City of Omaha	97.067	5,799
Emergency Management Performance Grants	U.S. Department of Homeland Security / Nebraska Emergency Management Agency	97.042	77,500
			<u>\$ 2,112,663</u>

Sarpy County, Nebraska
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

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

2. Of the federal expenditures presented in this schedule, the County provided federal awards to subrecipients as follows:

Program	CFDA Number	Subrecipient	Amount Provided
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	City of Bellevue	\$ 11,007
National Priority Safety Programs	20.616	City of Bellevue	<u>64,736</u>
			<u>\$ 75,743</u>

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based on an
Audit of the Financial Statements Performed in Accordance with
Government Auditing Standards**

Board of Commissioners
Sarpy County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sarpy County, Nebraska, (the County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 20, 2015, which contained an "Emphasis of Matter" paragraph regarding a change in accounting principle.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be a significant deficiency in internal control.

Compliance and Other Matters

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

The County's Response to Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Omaha, Nebraska
February 20, 2015

Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance

Independent Auditor's Report

Board of Commissioners
Sarpy County, Nebraska

Report on Compliance for the Major Federal Program

We have audited the compliance of Sarpy County, Nebraska (the County) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2014. The County's major federal program is 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 the County's major federal program based on our audit of the types of compliance requirements referred to above.

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

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

Opinion on the 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 its major federal program for the year ended June 30, 2014.

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 the County'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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-002, that we consider to be a significant deficiency.

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

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

BKD, LLP

Omaha, Nebraska
February 20, 2015

Sarpy County, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended June 30, 2014

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000.
9. The County qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No

Sarpy County, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended June 30, 2014

Findings Required to be Reported by Government Auditing Standards

Reference Number	Finding	Questioned Costs
2014-001	<p>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.</p> <p>Condition – The preparation of the County’s financial statements required proposed adjusting journal entries for proper financial statement presentation.</p> <p>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.</p> <p>Effect – Significant current year adjustments were identified and proposed in connection with the financial statement audit.</p> <p>Cause – Existing controls did not identify all adjustments necessary to convert the cash basis financial statements to the modified and full accrual basis.</p> <p>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.</p> <p>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.</p>	None

Sarpy County, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended June 30, 2014

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
2014-002	<p><i>Federal Program</i> – Child support enforcement (CFDA #93.563)</p> <p><i>Federal Agency</i> – U.S. Department of Health and Human Services</p> <p><i>Pass-Through Entity</i> – State of Nebraska Department of Health and Human Services</p> <p><i>Compliance Requirement</i> – Reporting</p> <p><i>Criteria or Specific Requirement</i> – 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.</p> <p><i>Condition</i> – Reports submitted to the pass-through entity included errors related to incentive program expenditures incurred by the County.</p> <p><i>Context</i> – Two reports submitted during the fiscal year did not include the appropriate amount of incentive program expenditures incurred by the County.</p> <p><i>Effect</i> – Incentive expenditures were under-reported to the pass-through entity, resulting in the County having to return certain incentive funding to the pass-through entity.</p> <p><i>Cause</i> – Controls were not in place to identify errors in the reports submitted to the pass-through entity.</p> <p><i>Recommendation</i> – Management should review its processes and controls around program reporting, and implement changes where necessary.</p> <p><i>Views of Responsible Officials and Planned Corrected Actions (Management’s Response)</i> – 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.</p>	None

Sarpy County, Nebraska
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2014

Reference Number	Summary of Finding	Status
No matters are reportable		