



**SARPY COUNTY, NEBRASKA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2019**



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January 24, 2020

## 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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sarpy County Nebraska, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sarpy County, Nebraska's basic financial statements. The schedules of statement of accountability, schedule of revenues, expenditures and changes in fund balances-budget and actual for the non-major special revenue funds, schedule of receipts and disbursements – all 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. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2020, on our consideration of Sarpy County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sarpy County, Nebraska's internal control over financial reporting and compliance.



**BerganKDV, LLC**

Omaha, Nebraska

## 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, 2019. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes to the financial statements.

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

### ***Financial Highlights***

As of June 30, 2019, the County's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows by \$209,687,035.

Total net position is comprised of the following:

- Net investment in capital assets, of \$147,850,051. 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 \$22,475,292
- Unrestricted net position of \$39,361,692

Prior to the Loss on Capital Assets, the County's total revenues exceeded its total expenses by \$10,868,185.

The County's governmental activities reported a net increase in net position of \$5,985,678 and a total ending net position balance of \$182,792,400.

The County's business-type activities reported a net increase in net position of \$3,436,984 and a total ending net position balance of \$26,894,635.

For the year ending June 30, 2019, the General Fund reported revenues in excess of expenditures before other financing sources and uses of \$9,318,773 and had an ending fund balance of \$40,343,295.

The County's total debt decreased by \$4,049,369 during the current fiscal year to a total debt balance of \$36,305,006 as of June 30, 2019.

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

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

## **Government-wide Financial Statements**

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

The first of these government-wide statements is the Statement of Net 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 \$209,687,035, as of June 30, 2019.

A significant portion of Sarpy County, Nebraska's net position (70.5%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Sarpy County, Nebraska's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current and other assets	\$ 77,004,889	\$ 17,593,555	\$ 94,598,444
Capital assets	144,574,251	38,976,786	183,551,037
Deferred outflows of revenues	<u>10,389,567</u>	<u>147,032</u>	<u>10,536,599</u>
Total assets and deferred outflows of resources	<u>231,968,707</u>	<u>56,717,373</u>	<u>288,686,080</u>
Current liabilities	18,131,763	4,979,173	23,110,936
Long-term liabilities	26,410,113	24,812,905	51,223,018
Deferred inflows of revenues	<u>4,634,431</u>	<u>30,660</u>	<u>4,665,091</u>
Total liabilities and deferred inflow of resources	<u>49,176,307</u>	<u>29,822,738</u>	<u>78,999,045</u>
Net position:			
Net investment in capital assets	130,618,114	17,231,937	147,850,051
Restricted	21,738,266	737,026	22,475,292
Unrestricted	<u>30,436,020</u>	<u>8,925,672</u>	<u>39,361,692</u>
Total net position	<u>\$ 182,792,400</u>	<u>\$ 26,894,635</u>	<u>\$ 209,687,035</u>

This reflects an increase in net position of \$9,422,662 or 4.7% for the County from the previous year restated net position balance of \$200,264,373. This increase is the result of an increase in both capital assets and cash assets.

The governmental activities had an increase in net position of \$5,985,678 and the business-type activities had an increase of \$3,436,984 for a total increase in net position for the County of \$9,422,662. A summary of the government-wide operations is presented below:

	<b>2019</b>	<b>2018</b>	<b>Change</b>
General revenues and transfers	\$ 66,497,068	\$ 62,473,308	\$ 4,023,760
Charges for services	31,324,469	23,800,520	7,523,949
Operating grants and contributions	18,198,663	15,986,893	2,211,770
Capital grants and contributions	<u>693,686</u>	<u>5,199,230</u>	<u>(4,505,544)</u>
Total revenues	116,713,886	107,459,951	9,253,935
Expenses	(105,845,701)	(94,102,058)	(11,743,643)
Loss on capital asset disposal	<u>(1,445,523)</u>	<u>(2,677,854)</u>	<u>1,232,331</u>
Change in net position	<u>\$ 9,422,662</u>	<u>\$ 10,680,039</u>	<u>\$ (1,257,377)</u>

The 2019 government-wide change in net position was \$1,257,377 less than it was in 2018. The County recorded a loss on capital asset disposals due to annexations in the amount of \$1,445,523 compared with \$2,677,854 in the 2018 fiscal year. It is helpful to look at some of the increases and decreases that contribute to the change in net position over the two years:

1. General revenues increased by approximately \$4.0M.
  - a. Property tax collections increased by \$3.8M due to higher valuations.
  - b. Investment income increased \$927K due to investing idle cash and higher interest rates.
  - c. Other revenues decreased by \$729K due to lower insurance settlements and sales of property.
2. Charges for services increased by approximately \$7.5M. Major factors involved for this increase:
  - a. General government increased \$928K due to increased Election recoveries, intergovernmental payments, cable TV commissions and transition payment reimbursements.
  - b. Public Health decreased by \$123K due to lower watershed fee revenue.
  - c. Public safety increased \$552K due to increased Tow Lot fees, Probation reimbursements and Community Corrections fees.
  - d. Roads increased \$2.7M due to higher intergovernmental payments, special assessments and ASIP fees received.
  - e. Landfill increased \$318K due to normal anticipated budget increases.
  - f. Stadium increased \$29K due to normal anticipated budget increases.
  - g. Sewer increased \$3.2M due to higher plat fees.
3. Operating grants increased by approximately \$2.2M
  - a. Public safety increased \$308K due to higher Child Support-County Attorney reimbursements.
  - b. Roads increased 2.0M due to higher highway street allocation funds.
4. Capital grants and contributions decreased by approximately \$4.5M
  - a. Roads decreased by \$3.5M due to fewer Nebraska Department of Transportation projects in 2019 compared to 2018.
  - b. Sewer decreased by \$1M due to a small business development grant from the Nebraska Department of Economic Development in 2018 not received in 2019.
5. Total expenses increased by \$11.7M.
  - a. General government increased by \$5.2M due to one-time increased Tourism occupancy expenses, higher actuarial pension adjustment expense, higher health insurance costs and other planned increases in costs.
  - b. Public safety increased by \$7.4M due to a higher actuarial pension expense adjustment, increases in E911 costs and other anticipated increases in expenses.
  - c. Debt service interest decreased by \$218K due to lower principal balances.
  - d. Landfill decreased by \$1.1M due to no additional landfill closure costs required in 2019.
  - e. Sewer decreased by \$478K due to reduced sewer hookup fee costs.

### GOVERNMENTAL ACTIVITY REVENUES

General revenues and transfers from governmental activities totaled \$65,080,471 in 2019, an increase of \$4,227,979 or 6.9% from 2018. The amount of general revenues by source and increase or decrease from the prior year is summarized below:

	<b>2019</b>	<b>2018</b>	<b>Increase (Decrease)</b>
Property taxes	\$ 60,172,051	\$ 56,346,794	\$ 3,825,257
Investment income	1,624,808	697,762	927,046
Miscellaneous	4,498,874	4,803,936	(305,062)
Transfers	(1,215,262)	(996,000)	(219,262)
 Total general revenues	 \$ 65,080,471	 \$ 60,852,492	 \$ 4,227,979

The County relies heavily on property taxes to support its governmental operations. Tax revenue provided approximately 58.5% of the County's total governmental revenues.

### GOVERNMENTAL ACTIVITY EXPENDITURES

Expenditures of governmental activities totaled \$94,208,982 for 2019, an increase of \$12,391,840 from 2018 expenditures of \$81,817,142. As shown below, there are a variety of factors affecting the increase in governmental activity expenditures. The increase in general government and public safety expenses was due to higher actuarially determined pension expenses plus higher operating and personnel costs due to wage, benefit and cost increases. The decrease in debt service interest was due to lower principal balances.

These expenditures, by function, are summarized below:

	<b>2019</b>	<b>2018</b>	<b>Increase (Decrease)</b>
General government	\$ 29,395,755	\$ 24,203,625	\$ 5,192,130
Public health	1,052,646	1,170,131	(117,485)
Public safety	46,664,788	39,253,753	7,411,035
Public welfare and social services	1,633,067	1,542,308	90,759
Special roads	15,256,298	15,222,723	33,575
Debt service interest	206,428	424,602	(218,174)
	 \$ 94,208,982	 \$ 81,817,142	 \$ 12,391,840

## 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, 2019, landfill expenditures exceeded revenues by \$796,728 and sewer revenues exceeded expenditures by \$4,015,291. Stadium activity is also shown as a business-type activity and revenues exceeded expenditures by \$218,421 for the year ending June 30, 2019. A summary of this activity is presented below.

	<u>2019</u>			<u>2018</u>		
	<u>Landfill</u>	<u>Stadium</u>	<u>Sewer</u>	<u>Landfill</u>	<u>Stadium</u>	<u>Sewer</u>
Operating revenues	\$ 6,213,404	\$ 816,973	\$ 6,627,070	\$ 5,895,048	\$ 787,547	\$ 4,472,302
Operating expenses	<u>(7,169,026)</u>	<u>(606,011)</u>	<u>(2,648,941)</u>	<u>(8,287,011)</u>	<u>(655,769)</u>	<u>(2,171,141)</u>
Operating income (loss)	(955,622)	210,962	3,978,129	(2,391,963)	131,778	1,301,161
Non-operating revenues	156,389	8,943	36,003	512,440	189,735	1,056,837
Non-operating expenses		(1,212,741)			(1,170,995)	
Transfers	2,846	1,211,257	1,159		996,000	
Loss on Asset Disposal	<u>(341)</u>			<u>(351,250)</u>		
Increase (decrease) in net position	<u>\$ (796,728)</u>	<u>\$ 218,421</u>	<u>\$ 4,015,291</u>	<u>\$ (2,230,773)</u>	<u>\$ 146,518</u>	<u>\$ 2,357,998</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 \$50,264,911 as of June 30, 2019, which represents 51.7% of total current expenditures.

The Governmental Fund information is summarized below:

	<b>Total Governmental Funds</b>	
	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Cash and investments	\$ 50,264,911	\$ 46,143,542
Accounts receivable	4,041,003	2,057,073
Taxes receivable	18,590,975	16,677,409
Grant receivable	1,785,293	1,277,765
Due from other funds	811,500	977,000
Inventory	598,741	698,520
Prepaid salary expense	1,723,966	1,757,180
Total assets	<u>\$ 77,816,389</u>	<u>\$ 69,588,489</u>
<b>Liabilities</b>		
Accounts payable	\$ 8,635,475	\$ 5,447,874
Due to other funds	811,500	977,000
Wages and benefits payable	2,865,679	2,594,974
Compensated absences	600,103	781,846
Total liabilities	<u>12,912,757</u>	<u>9,801,694</u>
<b>Deferred Inflow of Resources</b>		
Total deferred inflow of resources	<u>5,828,097</u>	<u>2,473,316</u>
<b>Fund Balances</b>		
Non-spendable	2,322,707	2,455,700
Restricted	16,961,719	19,337,718
Assigned	184,909	202,120
Unassigned	<u>39,606,200</u>	<u>35,317,941</u>
Total fund balances	<u>59,075,535</u>	<u>57,313,479</u>

Total liabilities, deferred inflows of resources and fund balances

The \$4.1M increase in cash and investments resulted from a \$1.7M increase in General Fund cash, a \$1.4M increase in Special Roads cash and a \$1.0M increase in Non-Major Fund cash. General Fund cash increased due to \$1.5M of additional Inheritance Tax funds retained for future projects. The increase in Special Roads cash was the result of project timing delays, resulting in the carryover of the cash. The Non-Major Fund cash increased due to increased Sinking fund cash.

**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 Excess of Revenues Collected over Expenditures Paid of \$2.1MM based on the cash basis of accounting. The excess is explained below.

The General Fund budgeted revenues (cash basis) for the 2019 fiscal year were \$62,582,730 while actual revenues (cash basis) were \$67,695,106 for a favorable variance of \$5,112,376. The General Fund budgeted expenses (cash basis) were \$69,518,120 while actual expenses (cash basis) were \$58,009,935 for a favorable variance of \$11,508,185. Some of the major factors influencing these variances are shown below:

	<u>Variation</u>
<u>Revenues</u>	
General Fund - Local	\$ 5.5 MM
General Fund - Taxes	(2.1 MM)
General Fund - State	1.7 MM
 <u>Expenditures</u>	
Miscellaneous General	\$ 2.8 MM
Inheritance Tax	5.8 MM
Capital Projects	.8 MM

**Assessed Valuation and Property Taxes**

Assessed valuation of \$15,511,549,423 represented a 7.0% increase over the preceding year's valuation of \$14,493,101,695. Property taxes are assessed on actual valuation. The tax rates are applied to each \$100 of actual valuation. The breakdown of tax rates for 2019 fiscal year and the preceding two years are as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
General fund	.2549	.2629	.2587
All other funds	<u>.0420</u>	<u>.0340</u>	<u>.0382</u>
Total	<u>.2969</u>	<u>.2969</u>	<u>.2969</u>
Total valuation	<u>\$15,511,549,423</u>	<u>\$14,493,101,695</u>	<u>\$13,565,438,185</u>
% valuation increase over preceding year	7.0%	6.8%	6.1%

## Capital Assets

As of June 30, 2019, the County had \$183,551,037 invested in capital assets, including roads, bridges, buildings, machinery, equipment, etc. This is an increase of \$2,702,768 from the previous year restated amount. The net book value of these assets is summarized below.

Land	\$ 10,344,212
Construction in progress	6,091,114
Infrastructure	101,938,362
Buildings	53,597,804
Machinery and equipment	11,579,545
Net investment in capital assets	<u>\$183,551,037</u>

The annual depreciation for the County for 2019 was \$6,756,527.

**Increase in Capital Assets:** The \$2.7M increase in Capital Assets resulted from \$10.9M of additions, offset by \$6.8M of depreciation expense and \$1.4M of net disposals.

## Debt Administration

At the end of the fiscal year, the County had total bonded debt and notes payable outstanding of \$36,169,749. During the current year, the County made principal payments on outstanding bonds totaling \$2,965,000. 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
2020	\$ 4,556,504	\$ 1,302,112	\$ 5,858,616
2021	3,408,630	1,210,476	4,619,106
2022	3,213,411	1,120,927	4,334,338
2023	3,266,204	1,030,315	4,296,519
2024	1,850,000	967,842	2,817,842
2025 and beyond	<u>19,875,000</u>	<u>6,237,888</u>	<u>26,112,888</u>
	<u>\$ 36,169,749</u>	<u>\$ 11,869,560</u>	<u>\$ 48,039,309</u>

## Economic Environment

Sarpy County encompasses approximately 249 square miles on the eastern border of Nebraska. While it is the smallest County by square mile in the State, it has the State's third largest population. It is located just south of the City of Omaha, and is home to the cities of Bellevue, Gretna, LaVista, Papillion and Springfield.

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 U.S. Strategic Command ("STRATCOM").

The County has one of the largest growing populations in the State due primarily to continued residential and commercial development west and south of the cities of Papillion and Gretna.

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

<u>Company</u>	<u>Industry</u>
Offutt Air Force Base	Military
PayPal, Inc.	Service
Papillion-LaVista Public Schools	Education
Werner Enterprises, Inc.	Trucking
Bellevue Public Schools	Education

Sarpy County's population figures from 2010 through 2018 are as follows:

<b>Year</b>	<b>Population</b>
July, 2010 (estimate)	158,840
July, 2011 (census)	162,561
July, 2012 (estimate)	165,853
July, 2013 (estimate)	169,331
July, 2014 (estimate)	172,193
July, 2015 (estimate)	175,692
July, 2016 (estimate)	179,023
July, 2017 (estimate)	181,439
July, 2018 (estimate)	184,459

Information for the number of building permits for single-family dwellings issued for Sarpy County (outside city zoning jurisdictions) from 2011 through 2019 are as follows:

<b>Year</b>	<b>Permits</b>	<b>Value</b>
2011	169	36,527,462
2012	195	38,787,474
2013	318	63,519,462
2014	320	76,495,447
2015	330	79,457,683
2016	276	68,739,432
2017	342	84,666,636
2018	329	81,169,710
2019	334	84,964,326

Information for the number of building permits for commercial/industrial buildings issued for Sarpy County from 2011 through 2019 are as follows:

<b>Year</b>	<b>Permits</b>	<b>Value</b>
2011	12	1,727,142
2012	17	6,540,526
2013	33	3,354,267
2014	9	23,277,076
2015	28	36,792,946
2016	52	33,244,920
2017	57	34,262,992
2018	87	20,185,899
2019	46	18,266,503

### **2018-2019 Budget**

For the year ending June 30, 2019, the County adopted a total budget of \$164,557,317, which was subsequently amended to a total of \$165,143,681. This is an increase of \$12,615,010 over the previous year budget of \$152,528,671. This increase was due mainly to \$9.4M in increased road projects, \$2.5M in increased sinking fund reserves for construction of a new jail, and \$2M in personnel increases in the General fund (\$1.1M of which is for higher health insurance premiums). The property tax request for the 2018-19 fiscal year was \$46,053,790 on assessed valuation of \$15,511,549,423 which results in a tax levy of \$0.2969 per \$100 of valuation. This is the same as the previous year.

### **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 Chief Financial Officer, 1210 Golden Gate Drive, Suite 1129, Papillion, Nebraska 68046.

**SARPY COUNTY, NEBRASKA**

**STATEMENT OF NET POSITION  
JUNE 30, 2019**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and investments	\$ 28,392,347	\$ 10,795,131	\$ 39,187,478
Accounts receivable	4,041,003	2,020,895	6,061,898
Grants receivable	1,785,293	223,516	2,008,809
Taxes receivable	18,590,975		18,590,975
Prepaid expense	1,723,966	12,003	1,735,969
Inventory	598,741		598,741
Restricted cash	21,872,564	4,542,010	26,414,574
Capital assets:			
Land	7,446,726	2,897,486	10,344,212
Work in Progress	4,560,234	1,530,880	6,091,114
Depreciable assets	217,643,176	43,270,046	260,913,222
Less accumulated depreciation	<u>(85,075,885)</u>	<u>(8,721,626)</u>	<u>(93,797,511)</u>
Total assets	<u>221,579,140</u>	<u>56,570,341</u>	<u>278,149,481</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred loss from refunding		82,623	82,623
Pension related deferred outflows	9,114,541	60,330	9,174,871
OPEB related deferred outflows	<u>1,275,026</u>	<u>4,079</u>	<u>1,279,105</u>
Total deferred outflow of resources	<u>10,389,567</u>	<u>147,032</u>	<u>10,536,599</u>
Total assets and deferred outflows of resources	<u>\$ 231,968,707</u>	<u>\$ 56,717,373</u>	<u>\$ 288,686,080</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 10,593,634	\$ 2,692,634	\$ 13,286,268
Wages and benefits payable	2,865,679	23,309	2,888,988
Interest payable	16,635	42,971	59,606
Advance payments		1,419,130	1,419,130
Pension liability	3,221,004	21,320	3,242,324
Compensated absences:			
Current	600,103	5,631	605,734
Non-current	8,587,113	31,908	8,619,021
Other post employment benefits:			
Current	294,208	498	294,706
Non-current	4,407,363	4,844	4,412,207
Landfill closure and post closure costs:			
Non-current		3,200,964	3,200,964
Bonds payable:			
Current	3,020,000	795,000	3,815,000
Non-current	9,726,388	21,553,869	31,280,257
Notes payable:			
Current	741,504		741,504
Non-current	<u>468,245</u>		<u>468,245</u>
Total liabilities	<u>44,541,876</u>	<u>29,792,078</u>	<u>74,333,954</u>
<b>DEFERRED INFLOW OF RESOURCES:</b>			
Pension related deferred inflows	<u>4,634,431</u>	<u>30,660</u>	<u>4,665,091</u>
<b>NET POSITION:</b>			
Net investment in capital assets	130,618,114	17,231,937	147,850,051
Restricted for:			
Debt service	7,002,109		7,002,109
Post closure costs		737,026	737,026
Grant stipulations	667,480		667,480
Other	14,068,677		14,068,677
Unrestricted	<u>30,436,020</u>	<u>8,925,672</u>	<u>39,361,692</u>
Total net position	<u>182,792,400</u>	<u>26,894,635</u>	<u>209,687,035</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 231,968,707</u>	<u>\$ 56,717,373</u>	<u>\$ 288,686,080</u>

See Accompanying Notes to the Financial Statements.



**SARPY COUNTY, NEBRASKA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	General Fund	Special Roads	Non-major Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash and investments	\$ 30,758,375	\$ 13,179,245	\$ 6,327,291	\$ 50,264,911
Accounts receivable	238,922	2,870,025	932,056	4,041,003
Grants receivable	183,987	912,164	689,142	1,785,293
Taxes receivable	15,963,726		2,627,249	18,590,975
Prepaid salary and benefit expenses	1,364,652	127,081	232,233	1,723,966
Due from other funds	811,500			811,500
Inventory		598,741		598,741
<b>Total assets</b>	<b>\$ 49,321,162</b>	<b>\$ 17,687,256</b>	<b>\$ 10,807,971</b>	<b>\$ 77,816,389</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 5,217,540	\$ 3,241,861	\$ 176,074	\$ 8,635,475
Due to other funds			811,500	811,500
Wages and benefits payable	2,216,173	199,828	449,678	2,865,679
Compensated absences	492,604	37,204	70,295	600,103
<b>Total liabilities</b>	<b>7,926,317</b>	<b>3,478,893</b>	<b>1,507,547</b>	<b>12,912,757</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenues	236,963	3,782,189	860,705	4,879,857
Unavailable tax revenues	814,587		133,653	948,240
<b>Total deferred inflows of resources</b>	<b>1,051,550</b>	<b>3,782,189</b>	<b>994,358</b>	<b>5,828,097</b>
<b>FUND BALANCES:</b>				
Nonspendable	1,364,652	725,822	232,233	2,322,707
Restricted	4,181,304	4,162,667	8,617,748	16,961,719
Assigned	184,909			184,909
Unassigned	34,612,430	5,537,685	(543,915)	39,606,200
<b>Total fund balances</b>	<b>40,343,295</b>	<b>10,426,174</b>	<b>8,306,066</b>	<b>59,075,535</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 49,321,162</b>	<b>\$ 17,687,256</b>	<b>\$ 10,807,971</b>	<b>\$ 77,816,389</b>

**RECONCILIATION:**

Total fund balances - Governmental Funds \$ 59,075,535

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

Deferred outflows of resources are non-current period items and therefore, are not reported in the governmental funds. These include the deferred loss from refunding, pension related deferred outflows and OPEB related deferred outflows. 10,389,567

Deferred inflows of resources are non-current period items and therefore, are not reported in the governmental funds. This includes the pension related deferred inflows. (4,634,431)

The net pension asset (liability) is a non-current period item and is not reported in the governmental funds. (3,221,004)

Unavailable revenues represent funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds. 5,828,097

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 144,574,251

Some liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Non-current portion of accounts payable	\$ (1,958,159)	
Interest payable	(16,635)	
Compensated absences	(8,587,113)	
Other post employment benefits	(4,701,571)	
Bonds payable, net of bond issue premium and discount	(12,746,388)	
Notes payable	(1,209,749)	
		<u>(29,219,615)</u>

Net position of Governmental Activities \$ 182,792,400

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Special Roads	Non-major Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 38,603,932		\$ 6,629,835	\$ 45,233,767
Intergovernmental:				
Federal	197,041		1,807,518	2,004,559
State	3,040,255	\$ 14,030,733	1,289,546	18,360,534
Local	26,928,033	3,731,611	3,528,091	34,187,735
Total revenues	68,769,261	17,762,344	13,254,990	99,786,595
EXPENDITURES:				
Current:				
General government	20,819,723		4,841,552	25,661,275
Special roads		7,504,737		7,504,737
Public safety	33,473,674		7,564,866	41,038,540
Public health	560,682		488,178	1,048,860
Public welfare and social services	1,508,621		133,576	1,642,197
Capital outlay	2,748,070	13,567,805	628,469	16,944,344
Debt service:				
Debt service principal	320,196	1,790,679	973,491	3,084,366
Debt service interest	19,522	160,508	15,820	195,850
Total expenditures	59,450,488	23,023,729	14,645,952	97,120,169
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,318,773	(5,261,385)	(1,390,962)	2,666,426
OTHER FINANCING SOURCES (USES):				
Investment Income	172,077	107,914	30,901	310,892
Operating transfers in	1,423	3,240,842	4,793,164	8,035,429
Operating transfers out	(7,789,816)		(1,460,875)	(9,250,691)
Net other financing sources (uses)	(7,616,316)	3,348,756	3,363,190	(904,370)
NET CHANGE IN FUND BALANCES	1,702,457	(1,912,629)	1,972,228	1,762,056
FUND BALANCES, BEGINNING OF YEAR	38,640,838	12,338,803	6,333,838	57,313,479
FUND BALANCES, END OF YEAR	\$ 40,343,295	\$ 10,426,174	\$ 8,306,066	\$ 59,075,535
RECONCILIATION:				
Total net change in fund balances for the governmental funds.				\$ 1,762,056
Amounts reported in the governmental activities in the government-wide statement of activities are different because:				
Unavailable revenues represent funds not available in the current period and, therefore, are not recognized as revenues in the governmental funds.				3,354,781
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 of \$9,108,738 exceed depreciation expense of \$5,839,324.				3,273,938
Governmental funds do not report gains or losses from the disposal of capital assets. However, they do record the proceeds received from disposals of capital assets. This is the amount of losses incurred from the disposals of capital assets plus proceeds, if any.				(1,445,182)
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. These include the changes in the following accounts from the prior year: net pension asset (liability) (\$10,083,909); deferred loss from refunding (\$13,417); pension related deferred outflows \$5,210,315; OPEB related deferred outflows \$350,773; non-current accounts payable \$46,778; interest payable (\$756); non-current compensated absences (\$666,254); OPEB liability (\$319,387); pension related deferred inflows \$978,530.				(4,497,327)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. These include bond principal payments \$2,965,000; amortization of bond premiums and discounts \$65,629; payments on notes payable \$913,587; issuance of notes payable (\$406,804).				3,537,412
Changes in net position of governmental activities.				\$ 5,985,678

See Accompanying Notes to the Financial Statements.

**SARPY COUNTY, NEBRASKA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019**

	Landfill	Stadium	Sewer	Total
<b>CURRENT ASSETS:</b>				
Cash and investments	\$ 2,696,500		\$ 8,098,631	\$ 10,795,131
Accounts receivable	715,258	\$ 165,990	1,139,647	2,020,895
Grants receivable	223,516			223,516
Prepaid expenses	10,658		1,345	12,003
Total current assets	3,645,932	165,990	9,239,623	13,051,545
<b>NON-CURRENT ASSETS:</b>				
Restricted cash	3,937,990	604,020		4,542,010
Capital assets:				
Land	676,017	1,770,865	450,604	2,897,486
Construction in progress			1,530,880	1,530,880
Land improvements	1,012,058	168,030		1,180,088
Infrastructure			12,433,316	12,433,316
Buildings	377,003	28,284,946		28,661,949
Machinery and equipment	233,361	761,332		994,693
Less accumulated depreciation	(998,113)	(4,887,800)	(2,835,713)	(8,721,626)
Total non-current assets	5,238,316	26,701,393	11,579,087	43,518,796
Total assets	8,884,248	26,867,383	20,818,710	56,570,341
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred loss from refunding		82,623		82,623
Pension related deferred outflows	60,330			60,330
Other post employment benefits related deferred outflows	4,079			4,079
Total assets and deferred outflows of resources	\$ 8,948,657	\$ 26,950,006	\$ 20,818,710	\$ 56,717,373
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$ 626,853	\$ 35,555	\$ 2,030,226	\$ 2,692,634
Wages and benefits payable	15,856		7,453	23,309
Interest payable		42,971		42,971
Compensated absences	5,631			5,631
Current maturities of long-term debt		795,000		795,000
Accrued other post employment benefits	498			498
Total current liabilities	648,838	873,526	2,037,679	3,560,043
<b>NON-CURRENT LIABILITIES:</b>				
Compensated absences	31,908			31,908
Advance payments		1,419,130		1,419,130
Bonds payable		21,553,869		21,553,869
Pension liability	21,320			21,320
Accrued other post employment benefits	4,844			4,844
Accrued landfill post closure costs	3,200,964			3,200,964
Total non-current liabilities	3,259,036	22,972,999		26,232,035
Total liabilities	3,907,874	23,846,525	2,037,679	29,792,078
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Pension related deferred inflows	30,660			30,660
<b>NET POSITION:</b>				
Net investment in capital assets	1,300,326	4,352,524	11,579,087	17,231,937
Restricted for post-closure costs	737,026			737,026
Unrestricted	2,972,771	(1,249,043)	7,201,944	8,925,672
Total net position	5,010,123	3,103,481	18,781,031	26,894,635
Total liabilities, deferred inflows of resources and net position	\$ 8,948,657	\$ 26,950,006	\$ 20,818,710	\$ 56,717,373

See Accompanying Notes to the Financial Statements.

**SARPY COUNTY, NEBRASKA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Landfill</u>	<u>Stadium</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES:				
Charges for services and facilities	\$ 6,213,404	\$ 816,973	\$ 6,627,070	\$ 13,657,447
OPERATING EXPENSES:				
Personal services	363,596		144,106	507,702
Operating expenses	6,751,713	606,011	2,504,835	9,862,559
Supplies and materials	20,229			20,229
Equipment rental	33,488			33,488
Total operating expenses	7,169,026	606,011	2,648,941	10,423,978
OPERATING INCOME (LOSS)	(955,622)	210,962	3,978,129	3,233,469
NON-OPERATING REVENUES (EXPENSES):				
Interest expense		(1,212,741)		(1,212,741)
Miscellaneous	156,389	8,943	36,003	201,335
Loss on capital asset disposals due to sales and annexations	(341)			(341)
Total non-operating revenues (expenses)	156,048	(1,203,798)	36,003	(1,011,747)
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	(799,574)	(992,836)	4,014,132	2,221,722
OPERATING TRANSFERS IN	2,846	1,211,257	1,159	1,215,262
CHANGE IN NET POSITION	(796,728)	218,421	4,015,291	3,436,984
NET POSITION, BEGINNING OF YEAR	5,806,851	2,885,060	14,765,740	23,457,651
NET POSITION, END OF YEAR	\$ 5,010,123	\$ 3,103,481	\$ 18,781,031	\$ 26,894,635

See Accompanying Notes to the Financial Statements.

**SARPY COUNTY, NEBRASKA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Landfill	Stadium	Sewer	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 5,977,863	\$ 750,306	\$ 5,544,017	\$ 12,272,186
Payments to suppliers	(7,695,788)	(48,419)	(1,424,474)	(9,168,681)
Payments to employees	(358,275)		(143,578)	(501,853)
Net cash provided by (used in) operating activities	(2,076,200)	701,887	3,975,965	2,601,652
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchase of capital assets	(182,856)	(123,483)	(1,216,639)	(1,522,978)
Principal payments on capital debt		(710,000)		(710,000)
Proceeds from refunding		187,207		187,207
Interest and other charges paid on debt		(1,202,156)		(1,202,156)
Net cash used in capital and related financing activities	(182,856)	(1,848,432)	(1,216,639)	(3,435,134)
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Operating transfers in	2,846	1,211,257	1,159	1,215,262
Other non-capital financing activities	156,389	8,943	36,003	201,335
Net cash provided by non-capital and related financing activities	159,235	1,220,200	37,162	1,416,597
<b>NET INCREASE (DECREASE) IN CASH, INVESTMENTS AND RESTRICTED CASH</b>	(2,099,821)	73,655	2,796,488	583,115
<b>CASH, INVESTMENTS AND RESTRICTED CASH, BEGINNING OF YEAR</b>	8,734,311	530,365	5,302,143	14,566,819
<b>CASH, INVESTMENTS AND RESTRICTED CASH, END OF YEAR</b>	\$ 6,634,490	\$ 604,020	\$ 8,098,631	\$ 15,337,141
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (955,622)	\$ 210,962	\$ 3,978,129	\$ 3,233,469
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	45,187	636,665	235,351	917,203
Changes in operating assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	(137,491)	46,703	(1,083,053)	(1,173,841)
Grants receivable	(98,050)			(98,050)
Prepaid expenses	1,937		(135)	1,802
Net pension asset	44,094			44,094
Net pension liability	21,320			21,320
Pension related deferred outflows	(35,246)			(35,246)
Other post employment benefits related deferred outflows	(377)			(377)
Deferred loss on refunding		(86,972)		(86,972)
Accounts payable	(644,820)	7,899	845,409	208,488
Accrued wages and benefits payable	(754)		264	(490)
Compensated absences	5,652			5,652
Advance payments		(113,370)		(113,370)
Change in accrued other post employment benefits	800			800
Change in accrued landfill closure and post closure costs	(317,443)			(317,443)
Pension related deferred inflows	(5,387)			(5,387)
Net cash provided by (used in) operating activities	\$ (2,076,200)	\$ 701,887	\$ 3,975,965	\$ 2,601,652
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Capital asset additions	\$ (97,356)	\$ (127,796)	\$ (1,566,404)	\$ (1,791,556)
Capital asset acquisitions included in accounts payable in prior year	(85,500)	(5,991)	(650,235)	
Capital asset acquisitions included in accounts payable in current year		10,304	1,000,000	1,010,304
Net cash paid for purchase of capital assets	\$ (182,856)	\$ (123,483)	\$ (1,216,639)	\$ (781,252)
Proceeds from refunding, net of discount			\$ 4,002,207	
Proceeds used to refund debt			\$ (3,815,000)	
Net proceeds from refunding debt			\$ 187,207	

See Accompanying Notes to the Financial Statements.

**SARPY COUNTY, NEBRASKA**

**STATEMENT OF NET POSITION - FIDUCIARY FUND  
JUNE 30, 2019**

ASSETS:	
Cash and investments	\$ 72,207,187
Taxes receivable	<u>126,511,063</u>
Total assets	<u>\$ 198,718,250</u>
LIABILITIES:	
Due to other governmental entities	<u>\$ 198,718,250</u>

See Accompanying Notes to the Financial Statements.

**SARPY COUNTY, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENT**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

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

**Reporting Entity**

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

*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.

# SARPY COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENT, CONTINUED

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### *Government-Wide Financial Statements, Continued*

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.

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.

# SARPY COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENT, CONTINUED

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### *Governmental Funds - Continued*

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.

#### *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.

# SARPY COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENT, CONTINUED

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### **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, 2019, the County amended its original budget for the purpose of accommodating unanticipated expenditures.

#### **Pooled Cash and Investments**

The County's cash resources are combined to form a cash and investment pool managed by the County Treasurer.

The County's cash and cash equivalents are considered to be cash in bank, cash on hand and short-term investments with original maturities of 90 days or less from the date of acquisition.

The County's investments are stated at fair value, see footnote 3.

#### **Receivables**

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

#### **Property Taxes**

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

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

# SARPY COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENT, CONTINUED

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### Property Taxes, Continued

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 2019.

Additionally, \$0.05 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.

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 2019.

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

# SARPY COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENT, CONTINUED

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### 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.

#### Other Post-Employment Benefits

The net position of the County's Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from the Plan's net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

#### Fund Balance - Governmental Funds

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

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

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

**Committed** - Committed fund balances may be used only for the specific purposes determined by resolution of the Board of Commissioners. Commitments may be changed or lifted only by issuance of a resolution by the County Board of Commissioners. The County did not have any committed fund balances as of June 30, 2019.

**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.

# SARPY COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENT, CONTINUED

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### Net Position Classification

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

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

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

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

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

#### 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.

### 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 by the Federal Deposit Insurance Corporation (FDIC) and other pledged collateral. At June 30, 2019, all of the County's deposits were fully insured or collateralized.

## SARPY COUNTY, NEBRASKA

### NOTES TO FINANCIAL STATEMENT, CONTINUED

#### 2. DEPOSITS AND INVESTMENTS, CONTINUED

##### Investments

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

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

*Interest rate risk* - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County limits its interest rate risk by investing primarily in securities with original maturities of less than one year. Money market mutual funds and the NPAIT investment pool are presented as investments with a maturity of less than one year because they are redeemable in full immediately. The County has \$12,081,164 invested in nonnegotiable certificates of deposit that are scheduled to mature during the 2021 fiscal year. All other investment securities held at June 30, 2019 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, 2019, the County's investment in the NPAIT investment pool comprised approximately 44% of the County's total investments.

## SARPY COUNTY, NEBRASKA

### NOTES TO FINANCIAL STATEMENT, CONTINUED

#### 2. DEPOSITS AND INVESTMENTS, CONTINUED

##### Summary of Carrying Values

The carrying values of deposits and investments at June 30, 2019, and reconciliation to amounts shown in the financial statements, are as follows:

<b>Cash:</b>	
Cash on hand	\$ 635,303
Cash in bank (checking, money market)	<u>19,955,030</u>
Total cash	<u>20,590,333</u>
<b>Certificates of deposit:</b>	
NPAIT certificates of deposit	9,396,795
Bank certificates of deposit and CDARs	<u>33,937,052</u>
Total certificates of deposit	<u>43,333,847</u>
<b>Investments:</b>	
U.S. Treasury Bills	21,187,984
NPAIT money market	46,099,204
Other money market accounts	<u>6,597,871</u>
Total investments	<u>73,885,059</u>
Total cash, certificates of deposit and investments	<u>\$ 137,809,239</u>
<b>Reconciliation to the financial statements:</b>	
Government-Wide cash and investments	\$ 39,187,478
Government-Wide restricted cash	26,414,574
Fiduciary fund cash and investments	<u>72,207,187</u>
	<u>\$ 137,809,239</u>

#### 3. FAIR VALUE MEASUREMENTS

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets.

Assets and liabilities are classified into one of the following categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. All the County's certificate of deposits and investments, as shown in Note 2, as of June 30, 2019 are categorized as level 2 investments.

**SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENT, CONTINUED**

**3. FAIR VALUE MEASUREMENTS, CONTINUED**

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.

**4. 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, 2019, consisted of \$811,500 owed to the general fund entirely by 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, 2019, consist of the following:

<b>Transfer to:</b>	<b>Transfer from general fund</b>	<b>Transfer from other governmental funds</b>
General fund		\$ 1,423
Special roads fund	\$ 3,240,842	
Other governmental funds	4,314,969	478,195
Landfill fund	2,846	
Sewer fund	1,159	
Stadium fund	230,000	981,257
Total	\$ 7,789,816	\$ 1,460,875



**SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENT, CONTINUED**

**5. CAPITAL ASSETS, CONTINUED**

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

<b>Governmental Activities:</b>	
General government	\$ 886,162
Public health	37,516
Public safety	1,340,668
Roads	<u>3,574,978</u>
Total governmental activities depreciation expense	<u>\$ 5,839,324</u>
<b>Business-type Activities:</b>	
Landfill	\$ 45,187
Stadium	636,665
Sewer	<u>235,351</u>
Total business-type activities depreciation expense	<u>\$ 917,203</u>

**6. LEASES**

**Operating Lease Revenue - 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 beginning base rent was \$450,000 annually and increases every five years based on the change in the Midwest Consumer Price Index. 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.

The base rent under the agreement has been amended to include additional amounts to fund a portion of a new electronic scoreboard and for improvements to the stadium and facilities for professional soccer.

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

<u>Year ending June 30,</u>	
2020	\$ 527,460
2021	554,856
2022	582,253
2023	569,649
2024	569,649
Thereafter	<u>6,813,793</u>
	<u>\$ 9,617,660</u>

## SARPY COUNTY, NEBRASKA

### NOTES TO FINANCIAL STATEMENT, CONTINUED

#### 6. LEASES, CONTINUED

##### Operating Lease Obligations

The County is committed under various noncancelable operating leases primarily for outside office space at various locations. Future annual minimum lease payments due under these operating leases as of June 30, 2019 are as follows:

<u>Year ending June 30,</u>	
2020	\$ 246,608
2021	226,870
2022	72,345
2023	38,790
2024	36,729
Thereafter	<u>302,645</u>
	<u>\$ 923,987</u>

#### 7. LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 15,430,000	\$	\$ (2,965,000)	\$ 12,465,000	\$ 3,020,000
Bond issue premium	349,314		(67,926)	281,388	
Bond issue discount	<u>(2,297)</u>		<u>2,297</u>		
Total general obligation bonds	15,777,017		(3,030,629)	12,746,388	3,020,000
Notes payable	1,716,532	406,804	(913,587)	1,209,749	741,504
Compensated absences	8,702,705	1,052,966	(568,455)	9,187,216	600,103
Other post-employment benefits	<u>4,382,184</u>	<u>624,995</u>	<u>(305,608)</u>	<u>4,701,571</u>	<u>294,208</u>
Total governmental activities					
long-term liabilities	<u>\$ 30,578,438</u>	<u>\$ 2,084,765</u>	<u>\$ (4,818,279)</u>	<u>\$ 27,844,924</u>	<u>\$ 4,655,815</u>
<b>Business-type Activities:</b>					
Revenue bonds	\$ 22,995,000	\$ 4,025,000	\$ (4,525,000)	\$ 22,495,000	\$ 795,000
Bond issue discount	<u>(134,174)</u>	<u>(22,793)</u>	<u>10,836</u>	<u>(146,131)</u>	
Total revenue bonds	22,860,826	4,002,207	(4,514,164)	22,348,869	795,000
Compensated absences	31,887	5,652		37,539	5,631
Other post-employment benefits	4,542	800		5,342	498
Landfill closure and post-closure costs	<u>3,518,407</u>		<u>(317,443)</u>	<u>3,200,964</u>	
Total business-type activities					
long-term liabilities	<u>\$ 26,415,662</u>	<u>\$ 4,008,659</u>	<u>\$ (4,831,607)</u>	<u>\$ 25,592,714</u>	<u>\$ 801,129</u>

## SARPY COUNTY, NEBRASKA

### NOTES TO FINANCIAL STATEMENT, CONTINUED

#### 7. LONG-TERM LIABILITIES, CONTINUED

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Original Issue Amount	Date Callable	Outstanding at June 30, 2019
<b>Governmental Activities:</b>					
Bonds payable:					
Limited tax refunding building bonds	December 2019	0.25% - 1.30%	\$ 5,090,000	2019	\$ 850,000
Radio coverage bond	June 2026	1.625% - 2.000%	8,165,000	N/A	6,015,000
Highway Allocation Bonds	December 2022	1.000% - 4.000%	6,920,000	N/A	<u>5,600,000</u>
					<u>\$ 12,465,000</u>
Notes payable:					
ENHSA house 5	June 2023	4.70%	\$ 178,575	N/A	\$ 60,495
Equipment notes	April 2022	1.58% - 2.36%	2,715,445	Various	<u>1,149,254</u>
					<u>\$ 1,209,749</u>
<b>Business-type Activities:</b>					
Bonds payable:					
Stadium revenue bonds - Series A	June 2025	1.50% - 3.75%	\$ 4,195,000	2019	\$ 1,720,000
Stadium revenue bonds - Series B	June 2036	6.05% - 6.25%	9,290,000	2019	9,290,000
Stadium revenue bonds - Series C - refunding	June 2030	2.90% - 3.55%	5,500,000	2019	4,025,000
Stadium COPS - Series 2010	December 2035	1.50% - 4.00%	8,070,000	2020	<u>7,460,000</u>
					<u>\$ 22,495,000</u>

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:

Year ending June 30,	Principal	Interest	Total
2020	\$ 3,020,000	\$ 244,718	\$ 3,264,718
2021	2,205,000	195,542	2,400,542
2022	2,250,000	137,043	2,387,043
2023	2,310,000	78,565	2,388,565
2024	880,000	47,988	927,988
2024 - 2026	<u>1,800,000</u>	<u>46,313</u>	<u>1,846,313</u>
	<u>\$ 12,465,000</u>	<u>\$ 750,169</u>	<u>\$ 13,215,169</u>

#### Governmental Activities – Notes Payable

Year ending June 30,	Principal	Interest	Total
2020	\$ 741,504	\$ 26,084	\$ 767,588
2021	393,630	7,097	400,727
2022	58,411	2,231	60,642
2023	<u>16,204</u>	<u>415</u>	<u>16,619</u>
	<u>\$ 1,209,749</u>	<u>\$ 35,827</u>	<u>\$ 1,245,576</u>

## SARPY COUNTY, NEBRASKA

### NOTES TO FINANCIAL STATEMENT, CONTINUED

#### 7. LONG-TERM LIABILITIES, CONTINUED

##### Business-Type Activities – Bonds

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 795,000	\$ 1,031,310	\$ 1,826,310
2021	810,000	1,007,837	1,817,837
2022	905,000	981,653	1,886,653
2023	940,000	951,335	1,891,335
2024	970,000	919,854	1,889,854
2024 - 2036	<u>18,075,000</u>	<u>6,191,575</u>	<u>24,266,575</u>
	<u>\$ 22,495,000</u>	<u>\$ 11,083,564</u>	<u>\$ 33,578,564</u>

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, 2018 refunding 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 \$33,578,564, with annual payments expected to require 100 percent of the revenues derived from the lease payments. Principal and interest for the current year and revenues from lease payments and other sources were \$1,916,505 and \$1,807,173, respectively. On December 3, 2019, the 2009 Series A and B stadium revenue bonds and 2010 Series Stadium COPs were refunded, see Note 13, Subsequent Events.

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.

In December 2018, the Sarpy County Leasing Corporation issued \$4,025,000 of Taxable Refunding Bonds, at an average interest rate of 3.40%, to advance refund \$3,815,000 of Series 2009C Bonds, with an average interest rate of 5.88%. The County completed the refunding to reduce its total debt service payments over the next 11 years by approximately \$432,000, or a present value economic gain of approximately \$350,000. The net proceeds of the 2018 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 2009C Bonds are considered defeased and the liability for these bonds has been removed from the financial statements.

# SARPY COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENT, CONTINUED

### 8. EMPLOYEES' RETIREMENT SYSTEM

#### Defined Benefit Plan

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

The Nebraska Public Employees Retirement Board (NPERS) was created in 1971 to administer the Nebraska retirement plans. In 1973, The State Legislature brought the County Employees Retirement Plan under the administration of NPERS. During the NPERS plan year ended December 31, 2018, there were 106 participating County employer entities. These were the employers that made contributions during the calendar year. All regular County employees in Nebraska are members of the plan.

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

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

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

For the County's year ended June 30, 2019, the County's total payroll for all employees was \$42,468,914. Total covered payroll was \$41,857,735. Covered payroll refers to all compensation paid by the County to active employees covered by the Plan.

#### *Contributions*

The County's contribution is based on 150% of the members' contributions to the fund. The county contribution shall be credited to the employer cash balance account. The participating counties will also match the additional contribution made by commissioned law enforcement personnel at a rate of 100%. The County's contribution to the Plan for the year ended June 30, 2019 was \$3,036,075.

#### *Pension Liabilities*

At December 31, 2018, the County had a liability of \$3,242,324 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of that date. The NPERS County Plan was 95.14% funded (actuarial accrued liability less actuarial assets) as of December 31, 2018. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2018, the County's proportion was 12.94 percent, which was an increase of .17 percent from its proportion measured as of December 31, 2017.

## SARPY COUNTY, NEBRASKA

### NOTES TO FINANCIAL STATEMENT, CONTINUED

#### 8. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

For the year ended December 31, 2018, the County's allocated pension expense was \$6,379,234.

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 52,910	\$ (1,493,788)
Changes of assumptions	732,724	
Net difference between projected and actual earnings on pension plan	6,701,859	(3,105,553)
Changes in proportion	143,849	(65,750)
Total as of measurement date	7,631,342	(4,665,091)
Contributions subsequent to the measurement date*	1,543,529	
Total	\$ 9,174,871	\$ (4,665,091)

\* Subsequent event is not amortized

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Amount
2019	\$ 2,498,496
2020	296,802
2021	374,711
2022	1,420,216
2023	(64,368)
Thereafter	(16,077)
Total	\$ 4,509,780

#### *Actuarial Assumptions*

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price Inflation	2.75 %
Wage Inflation	3.50 %
Salary increases, including wage inflation	3.80 – 8.00 %
Long-term Rate of Return, net of investment expense, incl. price inflation	7.50 %
Municipal Bond Index Rate	4.13 %
Year FNP is Projected to be Depleted	N/A
Single Equivalent Int. Rate, net of investment expense, incl. price inflation	7.50 %
Interest crediting rate, including dividends	6.25 %

## SARPY COUNTY, NEBRASKA

### NOTES TO FINANCIAL STATEMENT, CONTINUED

#### 8. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

The County Plan's pre-retirement mortality rates were based on the RP-2014 White Collar Table for Employees (100% of male rates for males, 55% of female rates for females), projected generationally with MP-2015.

The County Plan's post-retirement rates were based on the RP-2014 White Collar Table for Employees, set back two years, scaled (males: under 80, 1.008; over 80, 1.449; females: under 85, 0.924; over 85, 1.5855; geometrically blended), projected generationally from 2013 with a SOA projection scale tool using a 0.5% ultimate 2035 rate in 2035.

The County Plan's mortality for annuitizing cash balance accounts were based on the 1994 Group Annuity Mortality Table, with 50% Male, 50% Female blending for members hired before January 1, 2018 (set statutorily).

The actuarial assumptions used in the December 31, 2016, valuations for the County plan are based on the results of the actuarial experience study, which covered the four-year period ending June 30, 2015. The experience study report is dated November 17, 2016.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2019, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Large Cap U.S. Equity	26.10%	5.83%
Small Cap U.S. Equity	2.90%	7.56%
Global Equity	15.00%	6.51%
International Developed Equity	10.80%	6.80%
Emerging Markets	2.70%	10.55%
Cored Bonds	20.00%	1.63%
High Yield	3.50%	5.22%
Bank Loans	5.00%	2.78%
International Bonds	1.50%	1.41%
Private Equity	5.00%	9.70%
Real Estate	7.50%	5.18%
Total	100.00%	

\*Arithmetic mean, net of investment expenses.

# SARPY COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENT, CONTINUED

### 8. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

#### *Discount Rate*

The discount rate used to measure the Total Pension Asset (Liability) at December 31, 2017 and 2018, was 7.50 %. The discount rate is reviewed as part of the actuarial experience study, which was last performed for the period July 1, 2011, through June 30, 2015. The actuarial experience study is reviewed by the NPERS Board, which must vote to change the discount rate.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability. The projected future benefit payment for all current plan members was projected through 2118.

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

The following presents the County's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.50 %, as well as what the County's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 %) or 1-percentage-point higher (8.50 %) than the current rate:

	Discount rate	County's proportionate share of <u>net pension (liability) asset</u>
1% decrease	6.50%	\$ (9,556,250)
Current discount rate	7.50%	\$ (3,242,324)
1% increase	8.50%	\$ 2,086,780

#### *Plan Fiduciary Net Position*

Detailed information about the Plan's fiduciary net position is available in the separately issued Nebraska Public Employees Retirement Systems Plan financial report. NPERS issues a publicly available financial report that includes financial statements and required supplementary information for NPERS. That report may be obtained by writing the NPERS, P.O. Box 94816, Lincoln, NE 68509-4816, by calling 1-800-245-5712 or via the internet at <https://npers.ne.gov/SelfService/public/howto/publications/GASB.jsp>

#### **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 \$792,401 to the plan for the year ended June 30, 2019.

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

# SARPY COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENT, CONTINUED

### 8. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

#### Other Post-employment Benefits

The County maintains a single-employer defined benefit OPEB plan and accounts for the plan under GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

#### *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*

Costs under the County's group insurance program are paid as they come due from general operating assets. This arrangement does not qualify as an "OPEB Plan" under GASB requirements and thus these assets may not be reported as an offset to GASB liabilities.

#### *Contributions and Other Plan Information*

As of June 30, 2018, (the date of the most recent actuarial valuation), the County had 17 retirees receiving benefits under the plan. There were no terminated members entitled to, but not yet receiving benefits. The County had 601 employees in active service eligible for benefits under the plan. The County's Board maintains the right to amend the provisions of the plan, including employer and employee obligations to contribute to the plan.

The County is required to contribute the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 75. 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 liability (or funding excess) on an open basis over a period not to exceed thirty years.

#### *OPEB Liability, OPEB Expense, and Deferred Outflows of Resources Related to OPEB*

At June 30, 2019, the County reported an OPEB liability of \$4,706,913. The OPEB liability was determined by an actuarial valuation as of June 30, 2019. For the year ended June 30, 2019, the County recognized OPEB expense of \$274,645.

**SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENT, CONTINUED**

**8. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED**

**Other Postemployment Benefits - Continued**

	<u>Governmental</u>	<u>Proprietary</u>
Service Cost	\$ 151,334	\$ 290
Interest Cost	144,564	159
Differences between actual and expected experience	290,027	309
Changes in benefit terms	(149,453)	(159)
Changes in assumptions and inputs	<u>188,523</u>	<u>201</u>
Annual OPEB cost	624,995	800
Contributions made	<u>(305,608)</u>	
Increase in net OPEB obligation	<u>319,387</u>	<u>800</u>
Net OPEB obligation - beginning of year	<u>4,382,184</u>	<u>4,542</u>
Net OPEB obligation - end of year	<u>\$ 4,701,571</u>	<u>\$ 5,342</u>

At June 30, 2019, the County reported deferred outflows of resources related to the OPEB plan from the following sources:

	<u>Governmental</u>	<u>Proprietary</u>
Differences between expected and actual experience	\$ 546,379	\$ 1,498
Changes in assumptions	<u>728,647</u>	<u>2,581</u>
Total	<u>\$ 1,275,026</u>	<u>\$ 4,079</u>

Such amounts will be recognized in OPEB expense as follows:

<u>Year ended June 30</u>	<u>Deferred Outflow of Resources</u>	
	<u>Governmental</u>	<u>Proprietary</u>
2019	\$ 127,500	\$ 410
2020	127,500	410
2021	127,500	410
2022	127,500	410
2023	127,500	410
Thereafter	637,526	2,029

*Discount Rate*

The average of the S&P Municipal Bond 20 Year High Grade and Fidelity GO AA-20 Year published yields was evaluated to determine the discount rate. The selected rates are 3.30% as of June 30, 2018 (beginning-of-year measurement) and 3.00% as of June 30, 2019 (end-of-year measurement).

*Actuarial Assumptions*

The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENT, CONTINUED**

**8. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED**

Other Postemployment Benefits - Continued

Discount rate: 3.0% per annum  
 Actuarial measurement date: June 30, 2019  
 Actuarial valuation date: July 1, 2018  
 Medical/Rx premium cost trend: 8.0% initially, reduced incrementally .50% per year down to 4.50%  
 Expected health care cost by age:

Age	Medical/Rx	
	Male	Female
55	1,012	1,109
57	1,121	1,171
60	1,300	1,294
62	1,433	1,401
64	1,581	1,525

Timing of benefit payments: Mid-year  
 Non-spouse dependents: Deemed immaterial and not valued  
 Medicare eligibility age: Age 65  
 Enrollment for future retirees: Seventy percent (70%) of future eligible retirees are assumed to elect coverage with the County upon retirement. This is based on County experience from June 2009 to June 2018.

Retirement age:	Age(s)	Annual Rate
	55 - 60	4.5%
	61	5.0%
	62 - 64	10.0%
	65 - 66	20.0%
	67 - 69	15.0%
	70 - 79	20.0%
	80	100.0%

Withdrawal: Withdrawal rates project the percentage of employees who will terminate employment for reasons other than retirement, death or disability. Withdrawal rates are not applied when retirement eligibility is achieved. Assumed rates are based on those used for the pension valuation of the Nebraska Public Employees Retirement Systems. Sample annual rates of withdrawal are shown below.

Service	Rate
<1	25.00%
1	20.00%
5	11.50%
10	6.00%
15	4.75%
20	3.50%
25	2.25%
26	2.00%

**SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENT, CONTINUED**

**8. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED**

Other Postemployment Benefits - Continued

Spousal participation:	Thirty percent (30%) of future participating retirees are assumed to have a covered spouse during retirement. Actual elections were valued for spouses of current retirees.
Age Difference for covered spouses:	Males are assumed to be 3 years older than their female spouses for future retirees. Actual spouse age was valued for current retirees.
Duration of coverage:	Coverage is assumed to continue to Medicare age eligibility
Disability incidence:	None
Mortality:	Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2017 Full Generational Improvement
Salary scale per employee:	4.0% per year

Other Postemployment Benefits - Continued

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

The following presents the net OPEB liability of the County calculated using the discount rate of 3.00%, as well as what the district's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00%) or 1-percentage-point higher (4.00%) than the current rate:

	<u>Discount rate</u>	<u>County's OPEB liability</u>
1% decrease	2.00%	\$ 5,058,364
Current discount rate	3.00%	\$ 4,706,913
1% increase	4.00%	\$ 4,372,992

The following presents the OPEB liability of the County calculated using the healthcare cost trend rate, as well as what the district's OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>County's OPEB liability</u>
1% decrease	\$ 4,203,764
Current healthcare cost trend rate	\$ 4,706,913
1% increase	\$ 5,300,278

# SARPY COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENT, CONTINUED

### 9. COMMITMENTS AND CONTINGENCIES

#### Federal Financial Awards

The County participates in a number of federally assisted grant programs. Compliance with the grants is subject to audit by various governmental agencies that may impose sanctions in the event of noncompliance. Management believes that they have complied with all aspects of the various grant provisions, 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, 2019.

### 10. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require the County to place a final cover on its landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. Although closure and 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 2019, there will be no closure costs and an additional \$3,200,964 will be required for post-closure care. The estimated total of the landfill closure and post-closure care of \$3,200,964 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 the County closed the landfill in 2017. During the year ended June 30, 2019 the County incurred no closure costs and has accrued additional landfill closure and post-closure care costs in the amount of \$3,200,964 as of June 30, 2019.

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, 2019, investments of \$3,937,990 are held for these purposes. These are reported as restricted assets on the proprietary fund statement of net position.

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

## SARPY COUNTY, NEBRASKA

### NOTES TO FINANCIAL STATEMENT, CONTINUED

#### 11. PUBLIC ENTITY RISK POOL

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

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

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

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

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

**SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENT, CONTINUED**

**12. GOVERNMENTAL FUND BALANCES**

Governmental fund balances are classified as follows at June 30, 2019:

	<b>General Fund</b>	<b>Special Roads Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Nonspendable:</b>				
Inventory		\$ 598,741		\$ 598,741
Prepaid salary expenses	\$ 1,364,652	127,081	\$ 232,233	1,723,966
Total nonspendable	<u>1,364,652</u>	<u>725,822</u>	<u>232,233</u>	<u>2,322,707</u>
<b>Restricted for:</b>				
Debt service	868,864	1,756,331	4,376,914	7,002,109
Emergency communications			885,428	885,428
Social services			63,556	63,556
Tourism			712,382	712,382
Institutions			81,198	81,198
Register of deeds - technology			614,194	614,194
Public health and welfare			161,319	161,319
Grant stipulations			667,480	667,480
Community betterment			86,429	86,429
Capital projects	3,312,440	2,406,336		5,718,776
Sheriff admin bond			336,651	336,651
Courthouse remodel bond			37	37
Courthouse admin bond			21	21
Papio Creek Stormwater			182	182
Information systems			631,957	631,957
Total restricted	<u>4,181,304</u>	<u>4,162,667</u>	<u>8,617,748</u>	<u>16,961,719</u>
<b>Assigned to:</b>				
Wireless communications	131,152			131,152
STOP Program	53,757			53,757
Total assigned	<u>184,909</u>			<u>184,909</u>
<b>Unassigned</b>	<u>34,612,430</u>	<u>5,537,685</u>	<u>(543,915)</u>	<u>39,606,200</u>
<b>Total fund balances</b>	<u>\$ 40,343,295</u>	<u>\$ 10,426,174</u>	<u>\$ 8,306,066</u>	<u>\$ 59,075,535</u>

# SARPY COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENT, CONTINUED

### 12. GOVERNMENTAL FUND BALANCES, CONTINUED

At June 30, 2019, the following funds had deficit fund balances:

<u>Fund:</u>	<u>Deficit Fund Balance</u>
State Education Reimb	\$ (264,007)
Juv Services LB561 2018	(190,776)
FG-Victim Witness 2018	(1,820)
FG-Mental Health 2018	(18,422)
FG-Planning Transportation	(2,252)
FG-Perkins Corrections	(16)
Connection Fee	(475)
GIS	(40,460)
	<u>\$ (518,228)</u>

A significant portion of the deficit fund balances will be reduced as unavailable revenues are earned in future years.

### 13. SUBSEQUENT EVENT

#### The Sarpy County and Sarpy Cities Wastewater Agency NDEE Note

The County and cities within the County formed the Sarpy County and Cities Wastewater Agency (the "Agency") to provide wastewater system services to certain areas of the County.

The County and the Agency have entered into a Loan Agreement with the Nebraska Department of Environment and Energy (formerly the Nebraska Department of Environmental Quality) dated as of July 22, 2019, evidenced by a promissory note (the "Note") in the principal amount of up to \$5,000,000, to provide funds to pay costs of such wastewater system improvements.

The Agency is expected to pay all debt service on the Note from funds contributed by Agency members, including the County. The County has cash on hand sufficient to pay debt service on the Note in the event the Agency fails to timely pay. The Note is payable from ad valorem taxes levied by the County, to the extent not paid from other sources.

#### Bond Refunding

In December 2019, subsequent to the fiscal year, the Sarpy County Leasing Corporation issued \$20,790,000 of Taxable Facilities and Refunding Bonds, at an average interest rate of 2.9%, to refund the 2009 Series A and B Stadium Revenue Bonds, to advance refund the Series 2010 Stadium CoPs and to fund \$2,450,000 in stadium improvements for professional soccer.

The County completed the refunding to reduce its total debt service payments over the next 15 years by a present value economic gain of approximately \$1,526,000. A portion of the net proceeds of the 2019 refunding bonds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2010 Stadium COPS which will be refunded in November 2020.

**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, 2019**

	Budget Amounts		Actual	Favorable
	Original	Final		(Unfavorable) Variance
<b>REVENUES COLLECTED:</b>				
Tax	\$ 39,544,479	\$ 39,544,479	\$ 37,409,898	\$ (2,134,581)
Federal	139,750	139,750	197,041	57,291
State	1,367,760	1,367,760	3,039,265	1,671,505
Local	21,530,741	21,530,741	27,048,902	5,518,161
Total revenues collected	<u>62,582,730</u>	<u>62,582,730</u>	<u>67,695,106</u>	<u>5,112,376</u>
<b>EXPENDITURES PAID:</b>				
General Government:				
County Board	228,940	228,940	225,325	3,615
County Clerk	935,343	941,455	966,511	(25,056)
County Treasurer	1,739,835	1,764,244	1,731,201	33,043
Register of Deeds	395,758	372,694	343,681	29,013
County Assessor	1,513,567	1,533,553	1,519,081	14,472
Election Commissioner	715,571	720,686	616,301	104,385
Planning and Zoning	536,474	541,223	510,366	30,857
Administration	837,569	843,177	739,903	103,274
Personnel	565,167	568,682	544,492	24,190
Records Management	337,049	339,345	319,322	20,023
Fiscal Administration	375,950	379,348	328,241	51,107
Board of Equalization	41,530	41,530	38,320	3,210
Facilities Management	1,545,178	1,614,823	1,613,851	972
Public Property Utilities	653,300	653,300	611,655	41,645
Jail Maintenance	236,371	214,026	213,503	523
Juvenile Justice Center Maintenance	131,914	149,753	149,459	294
Sheriff Admin Maintenance	139,814	130,894	130,012	882
Extension Agent	167,246	167,246	166,934	312
Other Intergovernmental	818,000	818,000	640,623	177,377
Miscellaneous General	11,552,384	10,710,345	7,908,371	2,801,974
Payroll Accrual	250,000	250,000		250,000
Capital Projects	1,337,478	1,337,478	558,194	779,284
Wireless Communications	146,166	146,166	22,154	124,012
Inheritance Tax	5,909,655	5,909,655	114,341	5,795,314
Purchasing	131,191	132,016	119,645	12,371
Fleet	1,303,661	1,316,057	1,312,283	3,774
Public Safety:				
Sheriff	2,280,325	2,153,901	2,051,312	102,589
County Attorney	3,655,869	3,842,116	3,840,897	1,219
Investigations	1,945,606	1,947,317	1,937,302	10,015
Road Patrol	6,082,794	6,082,794	6,021,618	61,176
Sheriff Merit Commission	5,000	5,000	2,500	2,500
Vehicle Inspection	120,794	121,729	116,339	5,390
Tow Lot	256,794	273,764	272,213	1,551
Juvenile Diversion	953,307	935,528	925,287	10,241
Victim Witness	266,489	312,974	311,572	1,402
Board of Corrections	3,984,489	4,119,112	3,868,571	250,541
Juvenile Justice Center	2,551,846	2,620,828	2,619,239	1,589
County Jail	2,446,127	2,479,629	2,426,061	53,568

**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, 2019**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
EXPENDITURES PAID - CONTINUED:				
Public Safety, Continued:				
Support Services	\$ 2,523,358	\$ 2,533,243	\$ 2,532,004	\$ 1,239
Warrants Extradition	696,826	737,071	735,212	1,859
Adult Probation	84,323	84,323	77,483	6,840
Emergency Management	215,821	217,591	217,041	550
Clerk of the District Court	734,652	744,801	643,661	101,140
County Court	137,574	162,574	161,848	726
Juvenile Probation	61,845	61,845	58,365	3,480
Juvenile Court Judge	655,967	674,881	674,092	789
District Judge	689,561	692,400	613,333	79,067
Public Defender	1,831,598	1,869,492	1,829,158	40,334
STOP Program	122,780	122,780	51,072	71,708
Jury Commissioner	132,628	140,899	140,166	733
CASA	247,949	250,019	246,465	3,554
Radio Coverage Bonds	930,088	930,088	926,860	3,228
Mental Health Diversion	119,292	162,303	161,173	1,130
Community Corrections	907,301	913,238	908,536	4,702
Public Health:				
Animal Control	561,381	561,381	549,528	11,853
Mental Health Board	50,827	50,827	36,010	14,817
Mental Health Leadership	250,000	250,000		250,000
Noxious Weed	103,822	104,507	103,264	1,243
Public Welfare and Social Services:				
Veterans Services	295,992	298,248	294,950	3,298
Human Services	1,235,506	1,236,281	1,213,034	23,247
Total expenditures paid	<u>69,683,642</u>	<u>69,518,120</u>	<u>58,009,935</u>	<u>11,508,185</u>
Operating transfer in	2,020,640	2,034,546	978,423	(1,056,123)
Operating transfer out	<u>(8,597,338)</u>	<u>(8,776,766)</u>	<u>(8,601,316)</u>	<u>175,450</u>
Total transfers	<u>(6,576,698)</u>	<u>(6,742,220)</u>	<u>(7,622,893)</u>	<u>(880,673)</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>\$ (13,677,610)</u>	<u>\$ (13,677,610)</u>	2,062,278	<u>\$ 15,739,888</u>
FUND BALANCES, BEGINNING OF YEAR			<u>20,551,418</u>	
FUND BALANCE, END OF YEAR			22,613,696	
RECONCILIATION TO BALANCE SHEET - GOVERNMENTAL FUNDS				
Accrued interest on investments			98,158	
Proceeds from radio coverage bonds - held in escrow at beginning of the year			4,195,661	
Disbursements of cash from escrow account for construction			(957,141)	
Income on cash held in escrow			73,920	
Cash held at County departments that will be remitted to County Treasurer's Office subsequent to year-end			269,357	
Cash held at County departments that has a related liability			<u>4,464,724</u>	
TOTAL CASH AND INVESTMENTS - GENERAL FUND			<u>\$ 30,758,375</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, 2019**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES COLLECTED:				
Federal	\$ 233,300	\$ 233,300	\$ 12,310	\$ (220,990)
State	13,929,692	13,929,692	14,030,733	101,041
Local	<u>5,267,460</u>	<u>5,267,460</u>	<u>4,493,530</u>	<u>(773,930)</u>
Total revenues collected	<u>19,430,452</u>	<u>19,430,452</u>	<u>18,536,573</u>	<u>(893,879)</u>
EXPENDITURES PAID:				
Personal services	4,047,980	4,092,648	3,945,575	147,073
Operating expenses	836,072	836,072	1,048,867	(212,795)
Supplies and materials	1,759,700	1,759,700	2,568,881	(809,181)
Equipment and office rental	34,250	34,250	27,073	7,177
Capital outlays	22,024,292	22,024,292	8,888,793	13,135,499
Debt service	<u>1,558,769</u>	<u>1,558,769</u>	<u>1,463,827</u>	<u>94,942</u>
Total expenditures paid	<u>30,261,063</u>	<u>30,305,731</u>	<u>17,943,016</u>	<u>12,362,715</u>
Operating transfer in	<u>3,196,174</u>	<u>3,240,842</u>	<u>3,240,842</u>	
Total transfers	<u>3,196,174</u>	<u>3,240,842</u>	<u>3,240,842</u>	
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>\$ (7,634,437)</u>	<u>\$ (7,634,437)</u>	3,834,399	<u>\$ 11,468,836</u>
FUND BALANCE, BEGINNING OF YEAR			<u>7,634,437</u>	
FUND BALANCE, END OF YEAR			11,468,836	
RECONCILIATION TO BALANCE SHEET - GOVERNMENTAL FUNDS				
Accrued interest on investments			51,213	
Proceeds from series 2017 highway allocation bonds - in escrow at beginning of year			4,157,456	
Disbursements of cash from escrow account for construction			(2,554,961)	
Income on cash held in escrow			<u>56,701</u>	
TOTAL CASH AND INVESTMENTS - SPECIAL ROADS FUND			<u>\$ 13,179,245</u>	

## **SARPY COUNTY, NEBRASKA**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (CASH BASIS) FOR THE YEAR ENDED JUNE 30, 2019**

#### **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**

**SCHEDULE OF CHANGES IN THE NET OTHER POSTEMPLOYMENT  
BENEFITS LIABILITY AND RELATED RATIOS  
AS OF JUNE 30, 2019  
Last 10 Fiscal Years\***

	2019	2018
Total OPEB Liability:		
Service Cost	\$ 151,624	\$ 145,642
Interest Cost	144,723	114,443
Differences between actual and expected experience	290,336	340,721
Changes in benefit terms	(149,612)	
Changes in assumptions and inputs	188,724	671,593
Contributions made	(305,608)	(211,977)
Increase (decrease) in net OPEB obligation	320,187	1,060,422
Net OPEB obligation - beginning of year	4,386,726	3,326,304
Net OPEB obligation - end of year	\$ 4,706,913	\$ 4,386,726
Plan net position as a percentage of the total OPEB liability	0%	0%
Covered-employee payroll	\$ 37,430,537	\$ 37,430,537
OPEB liability as a percentage of covered-employee payroll	12.6%	11.7%

\* GASB 75 requires presentation of ten years. As of June 30, 2019, only two years of information is available.

**Notes to Required Supplementary Information:**

There are no assets accumulated in a trust to pay related benefits.

See Note 8 for significant actuarial assumptions and methods.

There were no material changes in the assumptions.

Change in Benefit Terms - Effective January 1, 2019 the County offers three networks (instead of one) and the in-network plan coinsurance changes from 70% to 80%. The net impact of the changes is a decrease in the actuarial accrued liability of \$149,612. This is fully recognized as an income item in the current year.

## **OTHER SUPPLEMENTARY INFORMATION**

**SARPY COUNTY, NEBRASKA**

**TAX CERTIFICATION, CORRECTION AND COLLECTIONS  
AS OF JUNE 30, 2019**

	RELATED TO THE TAXABLE YEAR		
	2016	2017	2018
<b>TAX CERTIFIED BY THE ASSESSOR -</b>			
<b>INCLUDING INTEREST &amp; PUBLICATION FEES:</b>			
Real estate	\$ 284,652,230	\$ 303,856,990	\$ 323,668,524
Personal	8,105,627	8,273,437	8,141,786
Centrally assessed	1,646,328	1,763,712	1,977,765
	<u>\$ 294,404,185</u>	<u>\$ 313,894,139</u>	<u>\$ 333,788,075</u>
<b>NET TAX COLLECTED BY THE COUNTY TREASURER -</b>			
<b>INCLUDING INTEREST &amp; PUBLICATION FEES</b>			
<b>AS OF JUNE 30, 2019:</b>			
Real estate	\$ 284,620,780	\$ 303,800,075	\$ 182,098,079
Personal	8,099,505	8,249,226	5,575,979
Centrally assessed	1,641,119	1,759,322	1,174,644
	<u>\$ 294,361,404</u>	<u>\$ 313,808,623</u>	<u>\$ 188,848,702</u>
<b>TOTAL UNCOLLECTED TAX AS OF JUNE 30, 2018:</b>			
Real estate	\$ 31,450	\$ 56,915	\$ 141,570,445
Personal	6,122	24,211	2,565,807
Centrally assessed	5,209	4,390	803,121
	<u>\$ 42,781</u>	<u>\$ 85,516</u>	<u>\$ 144,939,373</u>
<b>PERCENTAGE UNCOLLECTED TAX</b>	0.01%	0.03%	43.42%

**SARPY COUNTY, NEBRASKA**

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY  
COUNTY CLERK  
FOR THE YEAR ENDED JUNE 30, 2019**

BALANCE ON HAND, BEGINNING OF YEAR:

Cash on hand	\$ 600
Cash in bank	<u>28,812</u>
	<u>29,412</u>

COLLECTIONS:

Recording and miscellaneous fees	6,696
Marriage licenses	29,100
Prepaid certified marriage licenses	12,465
Miscellaneous	12
Other licenses	16,634
Passports	<u>307,010</u>
	<u>371,917</u>

CREDITS:

Paid to County Treasurer	
Recording and miscellaneous fees	6,795
Marriage licenses	29,325
Prepaid certified marriage licenses	12,735
Miscellaneous	17
Other licenses	16,876
Passports	<u>307,367</u>
	<u>373,115</u>

BALANCE ON HAND, END OF YEAR

\$ 28,214

SUMMARY OF BALANCE, END OF YEAR:

Cash on hand	\$ 650
Cash in bank	<u>27,564</u>
	<u>\$ 28,214</u>

SARPY COUNTY, NEBRASKA

SCHEDULE OF STATEMENT OF ACCOUNTABILITY  
REGISTER OF DEEDS  
FOR THE YEAR ENDED JUNE 30, 2019

BALANCE ON HAND, BEGINNING OF YEAR:

Cash on hand	\$	150
Cash in bank		356,904
Accounts receivable		13,475
		<u>370,529</u>

COLLECTIONS:

Recording fees		924,417
Copies fees		3,369
Non-credit refunds		4
Federal lien		2,232
State tax lien		1,828
Documentary stamp tax		3,159,137
Interest		633
SID penalties		680
		<u>4,092,300</u>

CREDITS:

Paid to County Treasurer:

Recording fees		928,646
Copy fees		3,527
Non-credit refunds		4
Federal tax lien		1,972
State tax lien		1,828
Documentary stamp tax		701,576
Interest		641
SID penalties		680
		<u>1,638,874</u>

Paid to state:

Documentary stamp tax		<u>2,455,833</u>
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BALANCE ON HAND, END OF YEAR

\$ 368,122

SUMMARY OF BALANCE, END OF YEAR:

Cash on hand	\$	150
Cash in bank		348,923
Accounts receivable		19,049
		<u>\$ 368,122</u>

# SARPY COUNTY, NEBRASKA

## SCHEDULE OF STATEMENT OF ACCOUNTABILITY CLERK OF THE DISTRICT COURT FOR THE YEAR ENDED JUNE 30, 2019

### BALANCE ON HAND, BEGINNING OF YEAR:

Cash on hand	\$	650
Cash in bank		<u>3,287,262</u>
		<u>3,287,912</u>

### COLLECTIONS:

Dissolution fees		65,800
State fees		195,544
Regular fees		356,384
Retirement fees		37,298
Law enforcement fees		1,808
Passport fees		11,276
Trust		5,741,311
Drug court:		
County fees		2,447
State fees		<u>1,660</u>
		<u>6,413,528</u>

### CREDITS:

Dissolution fees		66,225
State fees		221,546
Regular fees		356,384
Retirement fees		41,642
Law enforcement fees		2,480
Passport fees		13,055
Trust		5,034,933
Drug court:		
County fees		2,679
State fees		<u>1,798</u>
		<u>5,740,742</u>

### BALANCE ON HAND, END OF YEAR

\$ 3,960,698

### SUMMARY OF BALANCE, END OF YEAR:

Cash on hand	\$	650
Cash in bank		<u>3,960,048</u>
	\$	<u>3,960,698</u>

**SARPY COUNTY, NEBRASKA**

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY  
COUNTY SHERIFF  
FOR THE YEAR ENDED JUNE 30, 2019**

BALANCE ON HAND, BEGINNING OF YEAR:

Cash on hand	\$	239
Cash in bank		140,871
		<u>141,110</u>

COLLECTIONS:

Civil process		370,739
Inmate		2,927,129
Distress warrants		161,357
Miscellaneous and administrative		40,003
VIN		152,042
CID		4,550
DARE		2,948
Tow lot		473,717
		<u>4,132,485</u>

CREDITS:

Paid to County Treasurer:

Civil process		354,207
Inmate		2,913,644
Distress warrants		161,357
Miscellaneous and administrative		40,003
VIN		152,042
CID		2,000
DARE		11,094
Tow lot		478,104
		<u>4,112,451</u>

BALANCE ON HAND, END OF YEAR

\$ 161,144

SUMMARY OF BALANCE, END OF YEAR:

Cash on hand	\$	168
Cash in bank		160,976
		<u>\$ 161,144</u>

**SARPY COUNTY, NEBRASKA**

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY  
COUNTY ATTORNEY  
FOR THE YEAR ENDED JUNE 30, 2019**

BALANCE ON HAND, BEGINNING OF YEAR:

	\$	
Cash in bank		39,781
		<u>39,781</u>

COLLECTIONS:

Restitution	89,888
Collection on bad checks	60,076
Collection fees	890
Law enforcement fund	1,206
Reimburesment for check printing	231
Miscellaneous	2,829
	<u>155,120</u>

CREDITS:

Restitution payments	105,375
Payments on bad checks collected	60,016
Collection fees remitted to the County Treasurer	1,290
Subpoena and miscellaneous expenditures paid	1,210
Check printing charges	184
	<u>168,075</u>

BALANCE ON HAND, END OF YEAR

\$ 26,826

SUMMARY OF BALANCE, END OF YEAR:

Cash in bank	<u>\$ 26,826</u>
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**SARPY COUNTY, NEBRASKA**

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY  
COUNTY ELECTION COMMISSIONER  
FOR THE YEAR ENDED JUNE 30, 2019**

BALANCE ON HAND, BEGINNING OF YEAR	\$ _____
COLLECTIONS:	
Election cost recoveries	163,355
Filing fees	<u>7</u>
	<u>163,362</u>
CREDITS:	
Paid to County Treasurer	<u>163,362</u>
BALANCE ON HAND, END OF YEAR	\$ _____

**SARPY COUNTY, NEBRASKA**

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY  
COUNTY BUILDING INSPECTOR  
FOR THE YEAR ENDED JUNE 30, 2019**

BALANCE ON HAND, BEGINNING OF YEAR:	
Contractor deposits	\$ <u>104,359</u>
COLLECTIONS:	
Permit fees	1,300,847
ASIP fees	834,211
Sewer fees	6,010,446
Watershed fees	316,092
Tiburon water fees	1,500
Other grading deposits	6,040
Wireless tower fees	33,990
Other	226
	<u>8,503,352</u>
CREDITS:	
Paid to County Treasurer	
Permit fees	1,297,963
ASIP fees	834,212
Sewer fees	6,010,446
Watershed fees	316,092
Tiburon water fees	1,500
Grading permit fees	8,940
Wireless tower fees	33,990
	<u>8,503,143</u>
BALANCE ON HAND, END OF YEAR	\$ <u>104,568</u>
SUMMARY OF BALANCE ON HAND, END OF YEAR:	
Contractor deposits	\$ <u>104,568</u>

**SARPY COUNTY, NEBRASKA**

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY  
COUNTY LANDFILL  
FOR THE YEAR ENDED JUNE 30, 2019**

BALANCE ON HAND, BEGINNING OF YEAR:	
Cash on hand	\$          730
Accounts receivable	<u>         577,767</u>
	<u>         578,497</u>
COLLECTIONS	<u>         6,199,498</u>
CREDITS:	
Paid to County Treasurer	<u>         6,084,454</u>
BALANCE ON HAND, END OF YEAR	<u>\$         693,541</u>
SUMMARY OF BALANCE ON HAND, END OF YEAR	
Cash on hand	\$          730
Accounts receivable	<u>         692,811</u>
	<u>\$         693,541</u>

**SARPY COUNTY, NEBRASKA**

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY  
COUNTY ALCOHOL DIVERSION  
FOR THE YEAR ENDED JUNE 30, 2019**

BALANCE ON HAND, BEGINNING OF YEAR:

Cash on hand \$ 205

COLLECTIONS:

Alcohol diversion	156,287
Adult education	33,005
Adult shoplifters	12,388
Adult community service	1,740
Victim impact panel	3,720
Juvenile intake	40,380
Juvenile community service	1,880
Teen court	3,490
Restitution	2,460
Felony	3,145
Adult restitution	14,106
Adult mental health	<u>5,240</u>
	<u>277,841</u>

CREDITS:

Alcohol diversion	155,862
Adult education	33,005
Adult shoplifters	12,388
Adult community service	1,740
Victim impact panel	3,720
Juvenile intake	40,040
Juvenile community service	1,860
Teen court	3,490
Restitution	2,460
Felony	3,145
Adult restitution	14,106
Adult mental health	<u>5,240</u>
	<u>277,056</u>

BALANCE ON HAND, END OF YEAR:

\$ 990

SUMMARY OF BALANCE ON HAND, END OF YEAR:

Cash on hand \$ 990

**SARPY COUNTY, NEBRASKA**

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY  
COUNTY VETERAN'S SERVICES  
FOR THE YEAR ENDED JUNE 30, 2019**

BALANCE ON HAND, BEGINNING OF YEAR:

Cash on hand	\$	6,796
Accounts payable		<u>(6,796)</u>
		<u>                    </u>

COLLECTIONS:

Interest		12
Tax levy		<u>1,000</u>
		<u>1,012</u>

CREDITS:

Electric		1,278
Water and sewer		160
Food		<u>500</u>
		<u>1,938</u>

BALANCE ON HAND, END OF YEAR:

\$ (926)

SUMMARY OF BALANCE ON HAND, END OF YEAR:

Cash on hand	\$	5,870
Accounts payable		<u>(5,870)</u>
	\$	<u>                    </u>

**SARPY COUNTY, NEBRASKA**

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY  
COUNTY CHILD SUPPORT ATTORNEY  
FOR THE YEAR ENDED JUNE 30, 2019**

BALANCE ON HAND, BEGINNING OF YEAR:

Cash in bank	\$ 1,053
Accounts payable	<u>(1,053)</u>
	<u>                    </u>

COLLECTIONS:

Sarpy clerk district court	2,909
Law Enforcement - check service of process reimb.	<u>623</u>
	<u>3,532</u>

CREDITS:

Law Enforcement - service of process	3,521
Miscellaneous	<u>333</u>
	<u>3,854</u>

BALANCE ON HAND, END OF YEAR:

\$ (322)

SUMMARY OF BALANCE ON HAND, END OF YEAR:

Cash in bank	\$ 731
Accounts payable	<u>(731)</u>
	<u>\$</u>

**SARPY COUNTY, NEBRASKA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (CASH BASIS)  
ALL NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Favorable (Unfavorable)
	Original	Final		Variance
<b>REVENUES COLLECTED:</b>				
Tax	\$ 7,138,627	\$ 7,138,627	\$ 5,956,852	\$ (1,181,775)
Federal	1,898,687	2,044,302	2,105,790	61,488
State	1,636,540	1,636,540	1,289,546	(346,994)
Local	3,226,045	3,226,045	3,129,046	(96,999)
Total revenues collected	13,899,899	14,045,514	12,481,234	(1,564,280)
<b>EXPENDITURES PAID:</b>				
E911 Communications	5,024,628	5,052,562	4,406,852	645,710
E911 Wireless Service	249,915	249,915	205,020	44,895
E911 Sinking	176,174	176,174	15,960	160,214
Child Support - District Court	158,854	161,435	161,270	165
Child Support - County Attorney	1,438,621	1,464,587	1,548,145	(83,558)
Child Support - Incentive	17,000	17,000	31,614	(14,614)
Tourism	1,929,551	1,931,679	1,739,143	192,536
Visitors Improvement	859,058	859,058		859,058
Employment Security Act	55,000	55,000		55,000
County Medical	236,500	236,500	87,586	148,914
Institutions	110,000	110,000	45,990	64,010
Register of Deeds Technology	743,493	743,493	69,752	673,741
County Drug Enforcement	35,000	35,000	9,579	25,421
Federal Grant - Title 1D	27,267	27,267	28,593	(1,326)
State Education Reimbursement	554,770	565,156	490,639	74,517
Federal Forfeiture	175,000	175,000	22,939	152,061
Federal Forfeiture - County Attorney	18,000	18,000		18,000
SCAAP	45,000	45,000	38,463	6,537
Social Security Incentive	6,625	6,625	4,800	1,825
CDBG - Revolving Loan Fund	1,424	1,424		1,424
Federal Grant - Perkins Corrections	41,025	41,025	40,896	129
Federal Grant - Victim Witness 2018	141,305	141,305	136,943	4,362
Federal Grant - Mental Health Collaborative		81,700		81,700
Federal Grant - Mental Health 2018	62,205	62,776	18,837	43,939
Federal Grant - Mental Health 2019		63,915	41,007	22,908
Federal Grant - GIS Transportation	31,634	31,634	31,715	(81)
Federal Grant - Adult Drug Court	55,800	55,800	11,091	44,709
Federal Grant - Drug Eradication	32,399	32,399	21,602	10,797
Federal Grant - Planning Transportation	25,285	25,285	25,285	

**SARPY COUNTY, NEBRASKA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (CASH BASIS) - CONTINUED  
ALL NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
<b>EXPENDITURES PAID - CONTINUED:</b>				
State Grant - Stormwater	\$ 85,552	\$ 85,552	\$ 85,590	\$ (38)
Keno	310,657	310,657	168,536	142,121
Courthouse Remodel	7,000	7,000	551	6,449
Sheriff Admin Bond	1,722,700	1,722,700	863,542	859,158
Sinking Fund	3,300,000	3,300,000		3,300,000
Information Systems	2,838,333	2,855,204	2,841,048	14,156
GIS	535,514	539,926	521,060	18,866
Papio WS Sewer-Stormsewer	450,000	450,000	360,000	90,000
Tiburon SID Sewer-Connection Fee	3,000	3,000	1,900	1,100
S Sarpy WS Sewer-Stormsewer	250,000	250,000		250,000
SG-Justice Reinvestment	69,920	69,920	2,627	67,293
SG-LB561-2018 FY Grant	9,578	9,578	9,578	
SG-LB561-2019 FY Grant	599,606	599,606	564,424	35,182
Total expenditures paid	<u>22,433,393</u>	<u>22,669,857</u>	<u>14,652,577</u>	<u>8,017,280</u>
Operating transfer in	4,640,825	4,840,995	5,604,664	763,669
Operating transfer out	<u>(2,269,359)</u>	<u>(2,378,680)</u>	<u>(2,437,875)</u>	<u>(59,195)</u>
Total transfers	<u>2,371,466</u>	<u>2,462,315</u>	<u>3,166,789</u>	<u>704,474</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
COLLECTED OVER EXPENDITURES PAID	<u>\$ (6,162,028)</u>	<u>\$ (6,162,028)</u>	995,446	<u>\$ 7,157,474</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>5,302,968</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 6,298,414</u>	

**SARPY COUNTY, NEBRASKA**

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS (CASH BASIS)  
ALL NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Fund Balance July 1, 2018	Receipts	Disbursements	Fund Balance June 30, 2019
<b>SPECIAL REVENUE FUNDS:</b>				
E911 Communications	\$ 245,984	\$ 4,793,894	\$ 4,406,852	\$ 633,026
E911 Wireless Service		249,914	249,914	
E911 Sinking	176,173	44,893	15,960	205,106
Child Support - District Court	36,890	130,538	161,270	6,158
Child Support - County Attorney	58,753	1,839,329	1,548,145	349,937
Child Support - Incentive	465	129,149	129,614	
Tourism	1,219,520	793,139	1,739,143	273,516
Visitors Improvement	148,530	786,629	835,000	100,159
Employment Security Act	40,334	17,496		57,830
County Medical	145,804	72,527	87,586	130,745
Institutions	96,315	44,205	45,990	94,530
Register of Deeds Technology	623,492	57,724	69,752	611,464
County Drug Enforcement	27,378	5,272	9,579	23,071
Federal Grant - Title 1D	1,786	32,054	31,593	2,247
State Education Reimbursement	7,364	740,389	740,639	7,114
State Grant-Justice Reinvestment	19,919	43,200	2,627	60,492
Federal Forfeiture	160,382	18,430	22,939	155,873
Federal Forfeiture - County Attorney	16,480	1,104		17,584
SCAAP		38,463	38,463	
Social Security Incentive	200	5,800	4,800	1,200
CDBG - Revolving Loan Fund	1,423		1,423	
Federal Grant - Planning Transportation		26,030	25,285	745
Federal Grant - Perkins Corrections	476	75,167	76,896	(1,253)
Federal Grant - GIS Transportation	137	34,578	34,715	
Federal Grant - Adult Drug Court	34,612	2,679	11,091	26,200
Federal Grant - Drug Eradication	12,398	8,817	21,602	(387)
State Grant - Stormwater Management	85,551	39	85,590	
Keno	106,007	288,822	314,793	80,036
Courthouse Remodel	1,150	152,401	153,551	
Sheriff Admin Bond	857,565	858,318	863,542	852,341
Sinking Fund	951,232	1,564,217		2,515,449
Watershed Fee	84,597	316,091	360,000	40,688
Connection Fee	475	1,450	1,900	25
Information Systems	92,938	3,350,371	3,409,349	33,960
GIS	35,480	489,251	521,060	3,671
State Grant - LB561 2018 FY Grant	8,882	175,696	184,578	
Federal Grant-Victim Witness 2018 FY Grant	3,261	230,655	218,943	14,973
Federal Grant-Mental Health 2018 FY Grant	1,015	60,393	60,837	571
Federal Grant-Mental Health 2019 FY Grant		41,287	41,007	280
State Grant - LB561 2019 FY Grant		565,487	564,424	1,063
<b>Totals</b>	<u>\$ 5,302,968</u>	<u>\$ 18,085,898</u>	<u>\$ 17,090,452</u>	<u>\$ 6,298,414</u>

**SARPY COUNTY, NEBRASKA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Health and Human Services</u>		
Passed through Nebraska Department of Health and Human Services:		
Child Support Enforcement:		
District Court	93.563	\$ 132,823
County Attorney	93.563	1,157,557
Incentive Program (CS-CA Incentive)	93.563	<u>31,614</u>
Total Child Support Enforcement		<u>1,321,994</u>
Total U.S. Department of Health and Human Services		<u>1,321,994</u>
<u>U.S. Department of Education</u>		
Passed through Papillion/La Vista School District		
Title I Grants to Local Educational Agencies	84.010	28,594
Passed through Nebraska Department of Education		
Perkins Correction	84.048	<u>40,897</u>
Total U.S. Department of Education		<u>69,491</u>
<u>U.S. Department of Justice</u>		
Passed through Nebraska Crime Commission		
Crime Victim Assistance	16.575	136,944
Edward Byrne Memorial Justice Assistance Grant Program - Mental Health	16.738	59,844
Passed through NE Crime Commission & Heartland Family Services		
Domestic Violence Attorney-County Attorney	16.588	30,757
FG - Drug Eradication	16.xxx	21,603
Prisoner Housing - U.S. Marshall	16.xxx	1,080
Equitable Sharing Program	16.922	22,939
Justice Benefits Reimbursement	16.606	38,463
FBI Overtime Reimbursement - Child Exploitation Task Force	16.xxx	14,536
eCitations Equipment	16.111	17,515
Joint Law Enforcement Operations U.S. Marshall	16.111	<u>7,157</u>
Total U.S. Department of Justice		<u>350,838</u>
<u>U.S. Department of Treasury</u>		
Joint Operations Training Reimbursement (Conference)		<u>4,353</u>
<u>U.S. Department of Transportation</u>		
Passed through Nebraska Office of Highway Safety:		
Highway Planning and Construction Cluster:		
Highway Planning and Construction - You Drink, Drive, You Lose-December	20.616	4,138
Highway Planning and Construction - Click It or Ticket-November	20.616	2,969
Highway Planning and Construction - Compliance Checks	20.600	3,404
Highway Planning and Construction - Training-Traffic Crash Reconstruction	20.600	1,715
Highway Planning and Construction - Drive Sober or Get Pulled Over-Aug-Sep	20.600	5,102
Passed through Metro Area Planning Agency:		
Highway Planning and Construction - Planning Transportation	20.205	25,287
Highway Planning and Construction - GIS Transportation	20.205	<u>31,714</u>
Total U.S. Department of Transportation		<u>74,329</u>
<u>U.S. Department of Homeland Security</u>		
Passed through Nebraska Emergency Management Association		
FEMA Disaster	97.036	935,183
Emergency Management Performance Grants - Civil Defense Reimbursement	97.042	<u>103,558</u>
Total U.S. Department of Homeland Security		<u>1,038,741</u>
<u>Department of the Interior</u>		
Payment in Lieu of Tax	15.226	<u>3,279</u>
<u>Social Security Administration</u>		
Justice Benefits Reimbursement - Social Security Initiative	96.xxx	<u>4,800</u>
Total Expenditures of Federal Awards		<u>\$ 2,867,825</u>

## **SARPY COUNTY, NEBRASKA**

### **NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019**

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 the Uniform Guidance, 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.

The County has not made the election to use the 10% de minimis cost rate as covered in Uniform Guidance Section 200.414 Indirect (F&A) costs

January 24, 2020

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

Board of Commissioners  
**Sarpy County, Nebraska**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sarpy County, Nebraska, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Sarpy County, Nebraska's basic financial statements and have issued our report thereon dated January 24, 2020.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

**Compliance and Other Matters**

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

## **Sarpy County, Nebraska's Response to Findings**

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

### **Purpose of this Report**

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



**BerganKDV, LLC**  
Omaha, Nebraska

January 24, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners  
**Sarpy County, Nebraska**

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

We have audited Sarpy County, Nebraska's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sarpy County, Nebraska's major federal programs for the year ended June 30, 2019. Sarpy County, Nebraska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Sarpy County, Nebraska's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sarpy County, Nebraska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, Sarpy County, Nebraska, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

## Report on Internal Control over Compliance

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

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

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

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



**BerganKDV, LLC**

Omaha, Nebraska

## SARPY COUNTY, NEBRASKA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

#### A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report on the basic financial statements expressed an unmodified opinion.
2. Material weaknesses in internal control over financial reporting were reported.
3. No instances of noncompliance considered material to the financial statements was disclosed by the audit.
4. No material weaknesses in internal control over compliance with requirements applicable to major federal award programs were reported.
5. The independent auditor's report on compliance with requirements applicable to major federal award programs expressed an unmodified opinion.
6. The audit did not disclose any findings required to be reported by the Uniform Guidance.
7. The major programs for the County for the year ended June 30, 2019 are as follows:
  - Disaster Grants – Public Assistance – CFDA # 97.036
8. A threshold of \$750,000 was used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance.
9. The County did qualify as a low-risk auditee as that term is defined in the Uniform Guidance.

#### B. FINANCIAL STATEMENT FINDINGS

##### 2019-001 MATERIAL WEAKNESS

###### Adjusting Journal Entries

*Condition:* The County maintains its general ledger on the cash basis of accounting which is consistent with budgetary requirements. The County adjusts its general ledger at year end to present the financial statements in accordance with accounting principles generally accepted in the United States of America; however, during our audit we identified significant adjustments that needed to be made in order to present the financial statements in accordance with accounting principles generally accepted in the United States of America.

*Criteria:* Management is responsible for achieving appropriate financial reporting objectives, including maintaining complete accounting records and preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

*Effect:* Intentional and unintentional errors could be made and not detected within a timely period by County personnel in the normal course of performing their assigned functions since they are not performing this process.

*Recommendation:* A remedy for this situation would be for the County to hire additional accounting staff or engage an outsourced accountant to perform assist with this function.

*Response:* Management will review its year-end accounting and internal control procedures and implement improvements where practical.

**SARPY COUNTY, NEBRASKA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2019**

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**SARPY COUNTY, NEBRASKA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**FINDINGS REQUIRED TO BE REPORTED BY GOVERNMENT AUDITING STANDARDS**

None