

Sarpy County NEBRASKA



FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2020



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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Sarpy County, Nebraska

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sarpy County, Nebraska (the "County"), as of and for the year ended June 30, 2020, 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, and the aggregate remaining fund information of Sarpy County, Nebraska, as of June 30, 2020, 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. 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 with 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 nonmajor 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 the statement.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2021, on our consideration of Sarpy County, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 *Governmental Auditing Standards* in considering Sarpy County, Nebraska's internal control over financial reporting and compliance.

Hayes & Associates, LLC

Hayes & Associates, LLC
Omaha, Nebraska
January 19, 2021

SARPY COUNTY, NEBRASKA

MANAGEMENT DISCUSSION & ANALYSIS

As management of Sarpy County, Nebraska, we offer readers this narrative overview and analysis of the financial activities of Sarpy County, Nebraska (“the County”) for the fiscal year ended June 30, 2020. 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, 2020, the County’s total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows by \$229,060,741.

Total net position is comprised of the following:

- Net investment in capital assets, of \$158,505,384. 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 \$23,591,445.
- Unrestricted net position of \$46,963,912.

Prior to the Loss on Capital Assets, the County’s total revenues exceeded its total expenses by \$26,096,938.

The County’s governmental activities reported a net increase in net position of \$19,213,008 and a total ending net position balance of \$202,005,408.

The County’s business-type activities reported a net increase in net position of \$160,698 and a total ending net position balance of \$27,055,333.

For the year ending June 30, 2020, the General Fund reported revenues in excess of expenditures before other financing sources and uses of \$8,469,370 and had an ending fund balance of \$42,153,800.

The County’s total debt (bonds and notes payable) decreased by \$1,746,349 during the current fiscal year to a total debt balance of \$34,558,657 as of June 30, 2020.

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.

SARPY COUNTY, NEBRASKA

MANAGEMENT DISCUSSION & ANALYSIS

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.

SARPY COUNTY, NEBRASKA

MANAGEMENT DISCUSSION & ANALYSIS

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 \$229,060,741, as of June 30, 2020, having increased \$19.4M, or 9.2% from 2019.

SARPY COUNTY, NEBRASKA

MANAGEMENT DISCUSSION & ANALYSIS

A significant portion of Sarpy County's net position (69.2%) 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's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 137,204,416	\$ 15,682,821	\$ 152,887,237
Capital assets	151,912,785	41,061,836	192,974,621
Deferred outflows of revenues	8,078,254	118,093	8,196,347
Total assets and deferred outflows of resources	297,195,455	56,862,750	354,058,205
Current liabilities	64,160,265	2,726,886	66,887,151
Long-term liabilities	21,092,571	27,024,322	48,116,893
Deferred inflows of revenues	9,937,211	56,209	9,993,420
Total liabilities and deferred inflow of resources	95,190,047	29,807,417	124,997,464
Net position:			
Net investment in capital assets	141,610,911	16,894,473	158,505,384
Restricted	23,360,927	230,518	23,591,445
Unrestricted	37,033,570	9,930,342	46,963,912
Total net position	\$ 202,005,408	\$ 27,055,333	\$ 229,060,741

The increase in government-wide total net position is the result of an increase in both capital assets and cash assets.

The governmental activities had an increase in net position of \$19.2M and the business-type activities had an increase of \$0.2M for a total increase in net position for the County of \$19.4M (rounded). A summary of the government-wide operations is presented below:

SARPY COUNTY, NEBRASKA

MANAGEMENT DISCUSSION & ANALYSIS

	<u>2020</u>	<u>2019</u>	<u>Change</u>
General revenues and transfers	\$ 69,297,729	\$ 66,497,068	\$ 2,800,661
Charges for services	30,317,327	31,324,469	(1,007,142)
Operating grants and contributions	9,915,388	5,147,184	4,768,204
Capital grants and contributions	<u>14,299,458</u>	<u>13,745,165</u>	<u>554,293</u>
Total revenues	123,829,902	116,713,886	7,116,016
Expenses	(97,732,964)	(105,845,701)	8,112,737
Loss on capital asset disposal	<u>(6,723,232)</u>	<u>(1,445,523)</u>	<u>(5,277,709)</u>
Change in net position	<u>\$ 19,373,706</u>	<u>\$ 9,422,662</u>	<u>\$ 9,951,044</u>

As shown above, the 2020 increase in government-wide net position was \$10.0M higher than it was in 2019 even though the County recorded a loss on capital asset disposals due to annexations in the amount of \$6.7M in the 2020 fiscal year compared with \$1.4M in the 2019 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 \$2.8M.
 - a. Property tax collections and assessments increased by \$1.4M due to higher valuations.
 - b. Investment income decreased \$43K due to lower interest rates.
 - c. Other revenues increased by \$1.4M due to higher commissions on motor vehicle, property tax and special assessment fees and due to a \$826,000 repayment from the 2019 stadium bond issue to the General Fund for advances made for construction costs to modify the stadium for professional soccer.
2. Charges for services decreased by approximately \$1.0M. Major factors involved for this increase:
 - a. General government increased \$3.1M due to intergovernmental payments, cable TV commissions and transition payment reimbursements.
 - b. Public safety increased \$685K due to increased Tow Lot fees, Probation reimbursements and Community Corrections fees.
 - c. Landfill decreased \$1.3M due to outsourcing of the landfill scale house operation.
 - d. Sewer decreased \$3.6M due to lower plat and connection fees.
3. Operating grants increased by approximately \$4.8M primarily due to COVID-19 reimbursements and grants.
4. Capital grants and contributions increased by \$554K due to an increase in state highway allocation and road buyback funds.
5. Total expenses decreased by \$8.1M.
 - a. General government costs increased by \$0.4M due to planned cost increases offset by a \$1.1M reduction in pension expense.
 - b. Public safety costs decreased by \$2.4M due to a \$3.6M lower actuarial pension expense adjustment, net of planned increases in costs.

SARPY COUNTY, NEBRASKA

MANAGEMENT DISCUSSION & ANALYSIS

- c. Special Roads costs decreased by \$6.0M due primarily due to lower equipment rental and various other expenses as a result of the 2018 flood and the impact on 2019 expenses.
- d. Landfill costs decreased by \$0.8M due to outsourcing of the landfill scale house operation.
- e. Sewer costs decreased by \$0.9M due to reduced sewer hookup fee costs.

GOVERNMENTAL ACTIVITY REVENUES

General revenues and transfers of governmental activities totaled approximately \$68.0M in 2020, an increase of \$2.9M or 4.5% from 2019. The amount of general revenues by source and increase or decrease from the prior year is summarized below:

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Property taxes and assessments	\$ 61,620,554	\$ 60,172,051	\$ 1,448,503
Investment income	1,581,787	1,624,808	(43,021)
Miscellaneous	6,086,242	4,498,874	1,587,368
Transfers	<u>(1,303,500)</u>	<u>(1,215,262)</u>	<u>(88,238)</u>
Total general revenues	<u>\$ 67,985,083</u>	<u>\$ 65,080,471</u>	<u>\$ 2,904,612</u>

The County relies heavily on property taxes to support its governmental operations. Tax revenue provided approximately 53.6% of the County's total governmental revenues.

GOVERNMENTAL ACTIVITY EXPENDITURES

Expenditures of governmental activities totaled \$87.6M for 2020, a decrease of \$6.6M from 2019 expenditures of \$94.2M. These expenditures, by function, are summarized below and the explanations for the significant variances are on the previous page:

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
General government	\$ 29,762,734	\$ 29,395,755	\$ 366,979
Public health	908,550	1,052,646	(144,096)
Public safety	44,245,405	46,664,788	(2,419,383)
Public welfare and social services	3,247,095	1,633,067	1,614,028
Special roads	9,254,666	15,256,298	(6,001,632)
Debt service interest	<u>203,457</u>	<u>206,428</u>	<u>(2,971)</u>
	<u>\$ 87,621,907</u>	<u>\$ 94,208,982</u>	<u>\$ (6,587,075)</u>

SARPY COUNTY, NEBRASKA

MANAGEMENT DISCUSSION & ANALYSIS

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, 2020, landfill expenditures exceeded revenues by \$1.3M and sewer revenues exceeded expenditures by \$1.2M. Stadium activity is also shown as a business-type activity and revenues exceeded expenditures by \$200K. A summary of this activity is presented below.

	2020			2019		
	<u>Landfill</u>	<u>Stadium</u>	<u>Sewer</u>	<u>Landfill</u>	<u>Stadium</u>	<u>Sewer</u>
Operating revenues	\$ 4,960,834	\$ 775,320	\$ 3,033,753	\$ 6,213,404	\$ 816,973	\$ 6,627,070
Operating expenses	<u>(6,409,314)</u>	<u>(898,362)</u>	<u>(1,784,838)</u>	<u>(7,169,026)</u>	<u>(606,011)</u>	<u>(2,648,941)</u>
Operating income (loss)	(1,448,480)	(123,042)	1,248,915	(955,622)	210,962	3,978,129
Non-operating revenues	3,126	6,020		156,389	8,943	36,003
Non-operating expenses		(1,018,543)			(1,212,741)	
Transfers		1,303,500		2,846	1,211,257	1,159
Capital contributions	189,202					
Loss on Asset Disposal				<u>(341)</u>		
Increase (decrease) in net position	<u>\$ (1,256,152)</u>	<u>\$ 167,935</u>	<u>\$ 1,248,915</u>	<u>\$ (796,728)</u>	<u>\$ 218,421</u>	<u>\$ 4,015,291</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 \$100,304,078 as of June 30, 2020. Excluding a \$50M District Court deposit, cash and investments at June 30, 2020 represents 47.4% of total current expenditures.

SARPY COUNTY, NEBRASKA

MANAGEMENT DISCUSSION & ANALYSIS

The Governmental Fund information is summarized below:

	Total Governmental Funds	
	2020	2019
Assets		
Cash and investments	\$ 100,304,075	\$ 50,264,909
Accounts receivable	2,370,776	4,041,003
Taxes receivable	19,968,795	18,590,975
Grant receivable	6,970,013	1,785,293
Due from other funds	1,510,050	811,500
Inventory	752,831	598,741
Prepaid salary expense	1,646,320	1,723,966
Total assets	\$ 133,522,860	\$ 77,816,387
Liabilities		
Accounts payable	\$ 55,528,942	\$ 8,635,475
Due to other funds	1,465,050	811,500
Wages and benefits payable	3,378,807	2,865,679
Compensated absences	458,814	600,103
Total liabilities	60,831,613	12,912,757
Deferred Inflow of Resources		
Total deferred inflow of resources	9,572,924	5,828,097
Fund Balances		
Non-spendable	2,399,151	2,322,707
Restricted	19,944,498	16,961,719
Assigned	227,896	184,909
Unassigned	40,456,778	39,606,198
Total fund balances	63,118,323	59,075,533
Total liabilities, deferred inflows of resources and fund balances	\$ 133,522,860	\$ 77,816,387

The \$50.0M increase in cash and investments resulted from a deposit required for a district court appeal case. This deposit is included in Accounts Payable. Grants Receivable increased \$2.5M due to anticipated COVID-19 grants.

SARPY COUNTY, NEBRASKA

MANAGEMENT DISCUSSION & ANALYSIS

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 \$1.8M based on the cash basis of accounting.

When comparing actual-to-budget on a cash basis, the General Fund budgeted revenues for the 2020 fiscal year were \$68.4M while actual revenues were \$77.6M for a favorable variance of \$9.2M. The General Fund budgeted expenses and transfers were \$84.2M, while actual expenses and transfers were \$75.8M for a favorable variance of \$8.4M. The total budget variance for Revenues Collected over Expenditures Paid was \$17.6M for the 2020 fiscal year. Some of the major factors influencing these variances are shown below:

	Budget Variation
<u>Revenues</u>	
General Fund - Local	\$ 9.7 M
General Fund - Taxes	(2.2 M)
General Fund - State	1.6 M
 <u>Expenditures</u>	
Inheritance Tax	\$ 5.0 M
Capital Projects	1.3 M
Board of Corrections	0.4 M
Miscellaneous General	0.3 M

ASSESSED VALUATION AND PROPERTY TAXES

Assessed valuation of \$16,801,973,211 represented an 8.3% increase over the preceding year's valuation of \$15,511,549,423. Property taxes are assessed on actual valuation. The tax rates are applied to each \$100 of actual valuation. The breakdown of tax rates for 2020 fiscal year and the preceding two years are as follows:

	2020	2019	2018
General fund	\$.2461	\$.2549	\$.2629
All other funds	<u>.0508</u>	<u>.0420</u>	<u>.0340</u>
Total	<u>\$.2969</u>	<u>\$.2969</u>	<u>\$.2969</u>
 Total valuation	 <u>\$16,801,973,211</u>	 <u>\$15,511,549,423</u>	 <u>\$14,493,101,695</u>
% increase over prior year	8.3%	7.0%	6.8%

CAPITAL ASSETS

As of June 30, 2020, the County had \$192,974,621 invested in capital assets, including roads, bridges, buildings, machinery, equipment, etc. This is an increase of \$9,423,584 from the previous year amount. The net book value of these assets is summarized below.

SARPY COUNTY, NEBRASKA

MANAGEMENT DISCUSSION & ANALYSIS

Capital Assets Summary

Land	\$ 11,076,643
Construction in progress	13,234,972
Infrastructure	101,655,836
Buildings	54,920,353
Machinery and equipment	<u>12,086,817</u>
Net investment in capital assets	<u>\$192,974,621</u>

The annual depreciation expense for the County for the 2020 fiscal year was \$7,154,788.

The \$9.4M increase in Capital Assets resulted from \$23.3M of additions, offset by \$7.2M of depreciation expense and \$6.7M of net disposals.

DEBT ADMINISTRATION

At the end of the fiscal year, the County had total bonded debt and notes payable outstanding of \$34,668,412. During the current year, the County made principal payments on outstanding bonds totaling \$3,635,000. 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
2021	\$ 3,669,641	\$ 878,177	\$ 4,547,819
2022	3,517,055	786,040	4,303,095
2023	3,491,716	697,867	4,189,581
2024	2,065,000	638,906	2,703,906
2025	2,105,000	591,564	2,696,564
2026 and beyond	<u>19,820,000</u>	<u>3,313,281</u>	<u>23,133,281</u>
	<u>\$ 34,668,412</u>	<u>\$ 6,905,834</u>	<u>\$ 41,574,245</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.

SARPY COUNTY, NEBRASKA

MANAGEMENT DISCUSSION & ANALYSIS

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
Bellevue Public Schools	Education
Werner Enterprises, Inc.	Trucking

Sarpy County's population figures from 2010 through 2019 are as follows:

<u>Year</u>	<u>Population</u>
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
July, 2019 (estimate)	187,196

Information for the number of building permits issued for single-family dwellings and commercial/industrial buildings in Sarpy County (outside city zoning jurisdictions) from 2011 through 2020 are as follows:

<u>Year</u>	<u>Single-Family Dwellings</u>		<u>Commercial/Industrial Buildings</u>	
	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>
2011	169	\$ 36,527,462	12	\$ 1,727,142
2012	195	38,787,474	17	6,540,526
2013	318	63,519,462	33	3,354,267
2014	320	76,495,447	9	23,277,076
2015	330	79,457,683	28	36,792,946
2016	276	68,739,432	52	33,244,920
2017	342	84,666,636	57	34,262,992
2018	329	81,169,710	87	20,185,899
2019	334	84,964,326	46	18,266,503
2020	320	79,878,686	12	5,701,222

SARPY COUNTY, NEBRASKA

MANAGEMENT DISCUSSION & ANALYSIS

2019-2020 BUDGET

For the year ending June 30, 2020, the County adopted a total budget of \$176,169,730, which was subsequently amended to a total of \$177,563,730. This was an increase of \$12,420,049 over the previous year (fiscal 2019) amended budget of \$165,143,681. This increase was due mainly to \$4.1M in increased sinking fund reserves for construction of a new correctional center, \$3.9M increase in sewer projects, \$2.6M in increased road projects and public works operating costs, and \$2.4M in increased governmental operating costs in the General Fund. The property tax request for the 2019-20 fiscal year was \$49,885,058 on assessed valuation of \$16,801,973,211 which resulted in a tax levy of \$0.2969 per \$100 of valuation. This tax levy was 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, 2020**

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 76,927,001	\$ 10,776,280	\$ 87,703,281
Accounts receivable	2,370,776	868,358	3,239,134
Grants receivable	6,970,013	20,101	6,990,114
Taxes receivable	19,968,795	-	19,968,795
Prepaid expense	1,646,320	5,665	1,651,985
Inventory	752,831	-	752,831
Restricted cash	23,377,074	4,027,409	27,404,483
Net pension asset	5,146,606	30,008	5,176,614
Due from (to)	45,000	(45,000)	-
Capital assets:			
Land	8,179,157	2,897,486	11,076,643
Work in Progress	13,234,972	-	13,234,972
Depreciable assets	220,560,099	47,856,052	268,416,151
Less accumulated depreciation	<u>(90,061,443)</u>	<u>(9,691,702)</u>	<u>(99,753,145)</u>
Total assets	<u>289,117,201</u>	<u>56,744,657</u>	<u>345,861,858</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss from refunding	-	73,926	73,926
Pension related deferred outflows	6,931,002	40,224	6,971,226
OPEB related deferred outflows	<u>1,147,252</u>	<u>3,943</u>	<u>1,151,195</u>
Total deferred outflow of resources	<u>8,078,254</u>	<u>118,093</u>	<u>8,196,347</u>
Total assets and deferred outflows of resources	<u>\$ 297,195,455</u>	<u>\$ 56,862,750</u>	<u>\$ 354,058,205</u>
LIABILITIES:			
Accounts payable	\$ 57,224,055	\$ 355,500	\$ 57,579,555
Wages and benefits payable	3,378,807	26,450	3,405,257
Interest payable	12,375	28,303	40,678
Advance payments	-	1,335,652	1,335,652
Pension liability	-	-	-
Compensated absences:			
Current	458,814	5,323	464,137
Non-current	9,490,137	30,161	9,520,298
Other post employment benefits:			
Current	391,573	658	392,231
Non-current	3,995,201	4,907	4,000,108
Landfill closure and post closure costs:			
Non-current	-	3,707,471	3,707,471
Bonds payable:			
Current	2,205,000	975,000	3,180,000
Non-current	7,453,462	23,281,783	30,735,245
Notes payable:			
Current	489,641	-	489,641
Non-current	<u>153,771</u>	<u>-</u>	<u>153,771</u>
Total liabilities	<u>85,252,836</u>	<u>29,751,208</u>	<u>115,004,044</u>
DEFERRED INFLOW OF RESOURCES:			
OPEB related deferred inflows	321,418	273	321,691
Pension related deferred inflows	<u>9,615,793</u>	<u>55,936</u>	<u>9,671,729</u>
	<u>9,937,211</u>	<u>56,209</u>	<u>9,993,420</u>
NET POSITION:			
Net investment in capital assets	141,610,911	16,894,473	158,505,384
Restricted for:			
Debt service	10,828,518	-	10,828,518
Post closure costs	-	230,518	230,518
Grant stipulations	557,452	-	557,452
Other	11,974,957	-	11,974,957
Unrestricted	<u>37,033,570</u>	<u>9,930,342</u>	<u>46,963,912</u>
Total net position	<u>202,005,408</u>	<u>27,055,333</u>	<u>229,060,741</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 297,195,455</u>	<u>\$ 56,862,750</u>	<u>\$ 354,058,205</u>

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General Fund	Special Roads	Non-major Funds	Total Governmental Funds
ASSETS:				
Cash and investments	\$ 78,973,149	\$ 12,177,704	\$ 9,153,222	\$ 100,304,075
Accounts receivable	260,776	1,544,152	565,848	2,370,776
Grants receivable	4,994,829	623,576	1,351,608	6,970,013
Taxes receivable	17,842,647	-	2,126,148	19,968,795
Prepaid salary and benefit expenses	1,329,883	117,275	199,162	1,646,320
Due from other funds	1,510,050	-	-	1,510,050
Inventory	-	752,831	-	752,831
Total assets	<u>\$ 104,911,334</u>	<u>\$ 15,215,538</u>	<u>\$ 13,395,988</u>	<u>\$ 133,522,860</u>
LIABILITIES:				
Accounts payable	\$ 53,397,806	\$ 1,878,234	\$ 252,902	\$ 55,528,942
Due to other funds	-	876,550	588,500	1,465,050
Wages and benefits payable	2,799,980	204,096	374,731	3,378,807
Compensated absences	403,253	25,950	29,611	458,814
Total liabilities	<u>56,601,039</u>	<u>2,984,830</u>	<u>1,245,744</u>	<u>60,831,613</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	5,050,521	1,896,922	1,292,958	8,240,401
Unavailable tax revenues	1,105,974	-	226,549	1,332,523
Total deferred inflows of resources	<u>6,156,495</u>	<u>1,896,922</u>	<u>1,519,507</u>	<u>9,572,924</u>
FUND BALANCES:				
Nonspendable	1,329,883	870,106	199,162	2,399,151
Restricted	3,620,282	5,362,349	10,961,867	19,944,498
Assigned	227,896	-	-	227,896
Unassigned	36,975,739	4,101,331	(530,292)	40,546,778
Total fund balances	<u>42,153,800</u>	<u>10,333,786</u>	<u>10,630,737</u>	<u>63,118,323</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 104,911,334</u>	<u>\$ 15,215,538</u>	<u>\$ 13,395,988</u>	<u>\$ 133,522,860</u>
RECONCILIATION:				
Total fund balances - Governmental Funds				\$ 63,118,323
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.				8,078,254
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.				(9,937,211)
The net pension asset (liability) is a non-current period item and is not reported in the governmental funds.				5,146,606
Unavailable revenues represent funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.				9,572,924
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.				151,912,785
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			\$ (1,695,113)	
Interest payable			(12,375)	
Compensated absences			(9,490,137)	
Other post employment benefits			(4,386,774)	
Bonds payable, net of bond issue premium and discount			(9,658,462)	
Notes payable			(643,412)	
			<u>(25,886,273)</u>	
Net position of Governmental Activities				<u>\$ 202,005,408</u>

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Special Roads	Non-major Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 43,032,064	\$ -	\$ 4,858,557	\$ 47,890,621
Intergovernmental:				
Federal	276,704	220,990	1,833,268	2,330,962
State	2,909,520	14,901,359	1,463,289	19,274,168
Local	31,916,567	6,868,570	3,066,001	41,851,138
Total revenues	78,134,855	21,990,919	11,221,115	111,346,889
EXPENDITURES:				
Current:				
General government	26,586,293	-	1,249,197	27,835,490
Special roads	-	6,011,709	-	6,011,709
Public safety	33,999,912	-	8,036,116	42,036,028
Public health	614,118	-	295,373	909,491
Public welfare and social services	1,439,831	-	135,605	1,575,436
Capital outlay	5,754,936	17,410,056	351,253	23,516,245
Debt service:				
Debt service principal	1,138,928	1,810,764	850,000	3,799,692
Debt service interest	131,467	138,674	5,502	275,643
Total expenditures	69,665,485	25,371,203	10,923,046	105,959,734
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,469,370	(3,380,284)	298,069	5,387,155
OTHER FINANCING SOURCES (USES):				
Investment Income	(19,093)	(12,104)	(9,670)	(40,867)
Operating transfers in	1,154,959	3,300,000	3,906,634	8,361,593
Operating transfers out	(7,794,731)	-	(1,870,362)	(9,665,093)
Net other financing sources (uses)	(6,658,865)	3,287,896	2,026,602	(1,344,367)
NET CHANGE IN FUND BALANCES	1,810,505	(92,388)	2,324,671	4,042,788
FUND BALANCES, BEGINNING OF YEAR	40,343,295	10,426,174	8,306,066	59,075,535
FUND BALANCES, END OF YEAR	\$ 42,153,800	\$ 10,333,786	\$ 10,630,737	\$ 63,118,323
RECONCILIATION:				
Total net change in fund balances for the governmental funds.				\$ 4,042,788
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.				
				3,744,827
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 \$20,455,425 exceed depreciation expense of \$6,204,457.				
				14,250,968
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.				
				(6,912,434)
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: non-current compensated absences (\$903,024); interest payable \$4,260; OPEB liability \$314,797; non-current accounts payable \$263,046; pension related deferred outflows (\$2,183,539); OPEB related deferred outflows (\$127,774); OPEB related deferred inflows (\$321,418); pension related deferred inflows (\$4,981,362); net pension asset (liability) 8,367,610.				
				432,596
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 \$3,020,000; amortization of bond premiums and discounts \$67,926; payments on notes payable \$780,283; issuance of notes payable (\$213,946).				
				3,654,263
Changes in net position of governmental activities.				\$ 19,213,008

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020**

	Landfill	Stadium	Sewer	Total
CURRENT ASSETS:				
Cash and investments	\$ 2,005,542	\$ -	\$ 8,770,738	\$ 10,776,280
Accounts receivable	99,029	319,232	450,097	868,358
Grants receivable	20,101	-	-	20,101
Prepaid expenses	4,751	-	914	5,665
Total current assets	2,129,423	319,232	9,221,749	11,670,404
NON-CURRENT ASSETS:				
Restricted cash	3,937,989	89,420	-	4,027,409
Net pension asset	30,008	-	-	30,008
Capital assets:				
Land	676,017	1,770,865	450,604	2,897,486
Construction in progress	-	-	-	-
Land improvements	1,012,058	168,030	-	1,180,088
Infrastructure	-	-	13,817,437	13,817,437
Buildings	437,699	30,846,708	-	31,284,407
Machinery and equipment	407,390	1,166,730	-	1,574,120
Less accumulated depreciation	(1,067,449)	(5,534,506)	(3,089,747)	(9,691,702)
Total non-current assets	5,433,712	28,507,247	11,178,294	45,119,253
Total assets	7,563,135	28,826,479	20,400,043	56,789,657
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred loss from refunding	-	73,926	-	73,926
Pension related deferred outflows	40,224	-	-	40,224
Other post employment benefits related deferred outflows	3,943	-	-	3,943
Total assets and deferred outflows of resources	\$ 7,607,302	\$ 28,900,405	\$ 20,400,043	\$ 56,907,750
CURRENT LIABILITIES:				
Accounts payable	\$ 35,321	\$ 8,251	\$ 311,928	\$ 355,500
Due to general fund	-	-	45,000	45,000
Wages and benefits payable	13,281	-	13,169	26,450
Interest payable	-	28,303	-	28,303
Compensated absences	5,323	-	-	5,323
Current maturities of long-term debt	-	975,000	-	975,000
Accrued other post employment benefits	658	-	-	658
Total current liabilities	54,583	1,011,554	370,097	1,436,234
NON-CURRENT LIABILITIES:				
Compensated absences	30,161	-	-	30,161
Advance payments	-	1,335,652	-	1,335,652
Bonds payable	-	23,281,783	-	23,281,783
Pension liability	-	-	-	-
Accrued other post employment benefits	4,907	-	-	4,907
Accrued landfill post closure costs	3,707,471	-	-	3,707,471
Total non-current liabilities	3,742,539	24,617,435	-	28,359,974
Total liabilities	3,797,122	25,628,989	370,097	29,796,208
DEFERRED INFLOWS OF RESOURCES:				
OPEB related deferred inflows	273	-	-	273
Pension related deferred inflows	55,936	-	-	55,936
Total deferred inflows of resources	56,209	-	-	56,209
NET POSITION:				
Net investment in capital assets	1,465,715	4,250,464	11,178,294	16,894,473
Restricted for post-closure costs	230,518	-	-	230,518
Unrestricted	2,057,738	(979,048)	8,851,652	9,930,342
Total net position	3,753,971	3,271,416	20,029,946	27,055,333
Total liabilities, deferred inflows of resources and net position	\$ 7,607,302	\$ 28,900,405	\$ 20,400,043	\$ 56,907,750

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, 2020**

	Landfill	Stadium	Sewer	Total
OPERATING REVENUES:				
Charges for services and facilities	\$ 4,960,834	\$ 775,320	\$ 3,033,753	\$ 8,769,907
OPERATING EXPENSES:				
Personal services	277,272	-	153,453	430,725
Operating expenses	6,118,358	898,362	1,631,385	8,648,105
Estimated closure and post-closure care costs	-	-	-	-
Supplies and materials	10,546	-	-	10,546
Equipment rental	3,138	-	-	3,138
Total operating expenses	6,409,314	898,362	1,784,838	9,092,514
OPERATING INCOME (LOSS)	(1,448,480)	(123,042)	1,248,915	(322,607)
NON-OPERATING REVENUES (EXPENSES):				
Interest expense	-	(1,018,543)	-	(1,018,543)
Miscellaneous	3,126	6,020	-	9,146
Loss on capital asset disposals due to sales and annexations	-	-	-	-
Total non-operating revenues (expenses)	3,126	(1,012,523)	-	(1,009,397)
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	(1,445,354)	(1,135,565)	1,248,915	(1,332,004)
CAPITAL CONTRIBUTION	189,202	-	-	189,202
OPERATING TRANSFERS IN	-	1,303,500	-	1,303,500
CHANGE IN NET POSITION	(1,256,152)	167,935	1,248,915	160,698
NET POSITION, BEGINNING OF YEAR	5,010,123	3,103,481	18,781,031	26,894,635
NET POSITION, END OF YEAR	\$ 3,753,971	\$ 3,271,416	\$ 20,029,946	\$ 27,055,333

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Landfill	Stadium	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 5,780,478	\$ 538,600	\$ 3,723,303	\$ 10,042,381
Payments to suppliers	(6,167,242)	(268,656)	(1,492,594)	(7,928,492)
Payments to employees	(281,543)	-	(142,021)	(423,564)
Net cash provided by (used in) operating activities	(668,307)	269,944	2,088,688	1,690,325
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(25,778)	(2,977,464)	(1,461,581)	(4,464,823)
Principal payments on capital debt	-	(775,000)	-	(775,000)
Proceeds from refunding	-	2,659,960	-	2,659,960
Interest and other charges paid on debt	-	(1,001,560)	-	(1,001,560)
Net cash used in capital and related financing activities	(25,778)	(2,094,064)	(1,461,581)	(3,581,423)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:				
Operating transfers in	-	1,303,500	45,000	1,348,500
Other non-capital financing activities	3,126	6,020	-	9,146
Net cash provided by non-capital and related financing activities	3,126	1,309,520	45,000	1,357,646
NET INCREASE (DECREASE) IN CASH, INVESTMENTS AND RESTRICTED CASH	(690,959)	(514,600)	672,107	(533,452)
CASH, INVESTMENTS AND RESTRICTED CASH, BEGINNING OF YEAR	6,634,490	604,020	8,098,631	15,337,141
CASH, INVESTMENTS AND RESTRICTED CASH, END OF YEAR	\$ 5,943,531	\$ 89,420	\$ 8,770,738	\$ 14,803,689
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ (1,448,480)	\$ (123,042)	\$ 1,248,915	\$ (322,607)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	49,591	646,706	254,034	950,331
Changes in operating assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	616,229	(153,242)	689,550	1,152,537
Grants receivable	203,415	-	-	203,415
Prepaid expenses	5,907	-	431	6,338
Net pension asset	(21,320)	-	-	(21,320)
Net pension liability	(30,008)	-	-	(30,008)
Pension related deferred outflows	20,106	-	-	20,106
Other post employment benefits related deferred outflows	136	-	-	136
Deferred loss on refunding	-	-	-	-
Accounts payable	(591,532)	(17,000)	(109,958)	(718,490)
Accrued wages and benefits payable	(2,575)	-	5,716	3,141
Compensated absences	(2,055)	-	-	(2,055)
Advance payments	-	(83,478)	-	(83,478)
Change in accrued other post employment benefits	223	-	-	223
Change in accrued landfill closure and post closure costs	506,507	-	-	506,507
Pension related deferred inflows	25,276	-	-	25,276
Other post employment benefits related deferred inflows	273	-	-	273
Net cash provided by (used in) operating activities	\$ (668,307)	\$ 269,944	\$ 2,088,688	\$ 1,690,325
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital asset additions	\$ (214,980)	\$ (2,967,160)	\$ 146,759	\$ (3,035,381)
Capital contribution	189,202	-	-	189,202
Capital asset acquisitions included in accounts payable in prior year	-	(10,304)	(1,608,340)	(1,618,644)
Capital asset acquisitions included in accounts payable in current year	-	-	-	-
Net cash paid for purchase of capital assets	\$ (25,778)	\$ (2,977,464)	\$ (1,461,581)	\$ (4,464,823)
Proceeds from refunding, net of discount		\$ 20,589,960		
Proceeds used to refund debt		(17,930,000)		
Net proceeds from refunding debt		\$ 2,659,960		

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

**STATEMENT OF NET POSITION - FIDUCIARY FUND
JUNE 30, 2020**

ASSETS:	
Cash and investments	\$ 76,266,491
Taxes receivable	<u>135,909,005</u>
Total assets	<u>\$ 212,175,496</u>
LIABILITIES:	
Due to other governmental entities	<u>\$ 212,175,496</u>

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

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 STATEMENTS

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 STATEMENTS

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 STATEMENTS

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, 2020, 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 STATEMENTS

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 2020.

Additionally, \$.05 of the \$0.50 limit may only be levied to provide services offered jointly with another government under an inter-local agreement. The County may share \$0.15 of its levy authority with rural fire districts and other political subdivisions no longer having any levy authority. Also, the legislature, as part of a property tax relief package, prohibited counties from adopting a budget containing "restricted funds" which are greater than 2.5% (3.5% with approval from the County Board) 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%, or 3.5%, if approved. 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 \$10,000 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 2020.

The following useful lives are being used by the County:

Infrastructure	15-50 years
Buildings and improvements	20-50 years
Machinery and equipment	3-20 years
Computer software	3 years

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

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, 2020.

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 STATEMENTS

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.

Adoption of New Accounting Pronouncements

During the year, the County adopted Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement improves information that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements and if clarifies which liabilities should be included when disclosing information related to debt. See Note 7 for information about the County's direct borrowings of debt.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

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, 2020, all of the County's deposits were fully insured or collateralized.

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 \$496,146 invested in nonnegotiable certificates of deposit that are scheduled to mature during the 2022 fiscal year. All other investment securities held at June 30, 2020 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, 2020, the County's investment in the NPAIT investment pool comprised approximately 6% of the County's total investments.

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS, CONTINUED

Summary of Carrying Values

The carrying values of deposits and investments at June 30, 2020, and reconciliation to amounts shown in the financial statements, are as follows:

Cash:	
Cash on hand	\$ 825,285
Cash in bank (checking, money market)	<u>143,215,199</u>
Total cash	<u>144,040,484</u>
Certificates of deposit:	
NPAIT certificates of deposit	7,524,185
Bank certificates of deposit and CDARs	<u>27,604,857</u>
Total certificates of deposit	<u>35,129,042</u>
Investments:	
U.S. Treasury Bills	3,820,271
NPAIT money market	3,108,629
Other money market accounts	<u>5,275,829</u>
Total investments	<u>12,204,729</u>
Total cash, certificates of deposit and investments	<u>\$ 191,374,255</u>
Reconciliation to the financial statements:	
Government-Wide cash and investments	\$ 87,827,631
Government-Wide restricted cash	27,280,133
Fiduciary fund cash and investments	<u>76,266,491</u>
	<u>\$191,374,255</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, 2020 are categorized as level 2 investments.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

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, 2020, consisted of \$1,510,050 owed to the General Fund. The Special Roads fund owed \$876,550, other governmental funds owed \$588,500 and the Sewer Fund owed \$45,000.

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, 2020, consist of the following:

Transfer to:	Transfer from general fund	Transfer from other governmental funds
General fund		\$ 1,154,959
Special roads fund	\$ 3,300,000	
Other governmental funds	3,891,231	15,403
Landfill fund	189,202	
Sewer fund		
Stadium fund	603,500	700,000
Total	\$ 7,983,933	\$ 1,870,362

Included in the schedule above is \$189,202 of capital asset transfers from governmental activities to the Landfill Fund.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals/ Reclasifications</u>	<u>Ending Balance</u>
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 7,446,726	\$ 732,431	\$ -	\$ 8,179,157
Construction in progress	<u>4,560,234</u>	<u>9,550,504</u>	<u>(875,766)</u>	<u>13,234,972</u>
Total nondepreciable capital assets	<u>12,006,960</u>	<u>10,282,935</u>	<u>(875,766)</u>	<u>21,414,129</u>
Depreciable capital assets:				
Intangible assets				
Infrastructure	144,684,688	7,758,983	(6,862,361)	145,581,310
Buildings and improvements	45,586,005	307,093	(60,696)	45,832,402
Machinery and equipment	<u>27,372,483</u>	<u>2,106,415</u>	<u>(332,511)</u>	<u>29,146,387</u>
Total depreciable capital assets	<u>217,643,176</u>	<u>10,172,491</u>	<u>(7,255,568)</u>	<u>220,560,099</u>
Accumulated depreciation:				
Intangible assets				
Infrastructure (incl. Land)	(52,343,929)	(3,329,548)	1,020,314	(54,653,163)
Buildings and improvements	(16,323,492)	(927,513)	-	(17,251,005)
Machinery and equipment	<u>(16,408,464)</u>	<u>(1,947,397)</u>	<u>198,586</u>	<u>(18,157,275)</u>
Total accumulated depreciation	<u>(85,075,885)</u>	<u>(6,204,458)</u>	<u>1,218,900</u>	<u>(90,061,443)</u>
Capital assets being depreciated, net	<u>132,567,291</u>	<u>3,968,033</u>	<u>(6,036,668)</u>	<u>130,498,656</u>
Governmental activities capital assets, net	<u>\$ 144,574,251</u>	<u>\$ 14,250,968</u>	<u>\$ (6,912,434)</u>	<u>\$ 151,912,785</u>
Business-type Activities:				
Nondepreciable capital assets:				
Land	\$ 2,897,486	\$ -	\$ -	\$ 2,897,486
Construction in progress	<u>2,181,115</u>	<u>(146,760)</u>	<u>(2,034,355)</u>	<u>-</u>
Total nondepreciable capital assets	<u>5,078,601</u>	<u>(146,760)</u>	<u>(2,034,355)</u>	<u>2,897,486</u>
Depreciable capital assets:				
Infrastructure	11,783,081	-	2,034,355	13,817,436
Buildings and improvements	29,842,037	2,561,763	60,696	32,464,496
Machinery and equipment	<u>994,693</u>	<u>431,176</u>	<u>148,251</u>	<u>1,574,120</u>
Total depreciable capital assets	<u>42,619,811</u>	<u>2,992,939</u>	<u>2,243,302</u>	<u>47,856,052</u>
Accumulated depreciation:				
Infrastructure	(2,835,713)	(254,034)	-	(3,089,747)
Buildings and improvements	(5,506,746)	(612,265)	(6,530)	(6,125,541)
Machinery and equipment	<u>(379,167)</u>	<u>(84,032)</u>	<u>(13,215)</u>	<u>(476,414)</u>
Total accumulated depreciation	<u>(8,721,626)</u>	<u>(950,331)</u>	<u>(19,745)</u>	<u>(9,691,702)</u>
Capital assets being depreciated, net	<u>33,898,185</u>	<u>2,042,608</u>	<u>2,223,557</u>	<u>38,164,350</u>
Business-type activities capital assets, net	<u>\$ 38,976,786</u>	<u>\$ 1,895,848</u>	<u>\$ 189,202</u>	<u>\$ 41,061,836</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS, CONTINUED

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

Governmental Activities:	
General government	\$ 613,622
Public welfare	822
Public health	582
Public safety	1,658,406
Roads	<u>3,931,025</u>
Total governmental activities depreciation expense	<u>\$ 6,204,457</u>
Business-type Activities:	
Landfill	\$ 49,591
Stadium	646,706
Sewer	<u>254,034</u>
Total business-type activities depreciation expense	<u>\$ 950,331</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, through 2036, 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. 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>	
2021	\$ 554,856
2022	582,253
2023	569,649
2024	569,649
2025	569,649
Thereafter	<u>6,244,143</u>
Total	<u>\$ 9,090,200</u>

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.

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, 2020 are as follows:

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

6. LEASES, CONTINUED

<u>Year ending June 30,</u>	
2021	\$ 167,661
2022	121,894
2023	89,430
2024	85,678
2025	37,831
Thereafter	<u>298,572</u>
Total	<u>\$ 801,064</u>

7. CONDUIT DEBT OBLIGATIONS

Conduit debt consists of one lease-purchase agreement between the County and Eastern Nebraska Human Services Area (ENHSA). This agreement provides for the payments received from ENHSA to serve as the debt service payments on the note. The County has no obligation for the note beyond the resources provided by the lease. Accordingly, the note is reported as a liability in the accompanying financial statements. As of June 30, 2020, the aggregate conduit debt principal amount outstanding was \$46,418.

8. LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2020:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>	<u>Type of</u> <u>Obligation</u>
Governmental Activities:						
General obligation bonds	\$ 12,465,000	\$ -	\$ (3,020,000)	\$ 9,445,000	\$ 2,205,000	Direct Placement
Bond issue premium	281,388	-	(67,926)	213,462	-	Direct Placement
Total general obligation bonds	<u>12,746,388</u>	<u>-</u>	<u>(3,087,926)</u>	<u>9,658,462</u>	<u>2,205,000</u>	
Notes payable	1,209,749	213,946	(780,283)	643,412	489,641	Direct Borrowing
Compensated absences	9,187,216	1,185,420	(423,685)	9,948,951	458,814	Direct Borrowing
Other post-employment benefits	4,701,571	324,041	(638,838)	4,386,774	391,573	Direct Borrowing
Total governmental activities long-term liabilities	<u>\$ 27,844,924</u>	<u>\$ 1,723,407</u>	<u>\$ (4,930,732)</u>	<u>\$ 24,637,599</u>	<u>\$ 3,545,028</u>	
Business-type Activities:						
Revenue bonds	\$ 22,495,000	\$ 20,790,000	\$ (18,705,000)	\$ 24,580,000	\$ 975,000	Direct Placement
Bond issue discount	(146,131)	(200,040)	22,954	(323,217)	-	Direct Placement
Total revenue bonds	<u>22,348,869</u>	<u>20,589,960</u>	<u>(18,682,046)</u>	<u>24,256,783</u>	<u>975,000</u>	
Compensated absences	37,539	7,062	(9,117)	35,484	5,323	
Other post-employment benefits	5,342	523	(300)	5,565	658	
Landfill closure and post-closure costs	3,200,964	506,507	-	3,707,471	-	
Total business-type activities long-term liabilities	<u>\$ 25,592,714</u>	<u>\$ 21,104,052</u>	<u>\$ (18,691,463)</u>	<u>\$ 28,005,303</u>	<u>\$ 980,981</u>	

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

8. LONG-TERM LIABILITIES, CONTNUED

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Original Issue Amount	Date Callable	Outstanding at June 30, 2020	Type of Obligation
Governmental Activities:						
Bonds payable:						
Radio coverage bond	June 2026	1.625% - 2.000%	8,165,000	N/A	\$ 5,200,000	Direct Placement
Highway Allocation Bonds	December 2022	1.000% - 4.000%	6,920,000	N/A	<u>4,245,000</u>	Direct Placement
					<u>\$ 9,445,000</u>	
Notes payable:						
ENHSA house 5	June 2023	4.70%	\$ 178,575	N/A	\$ 46,418	Conduit Debt
Equipment notes	April 2022	1.58% - 2.36%	1,904,004	Various	<u>596,994</u>	Direct Borrowing
					<u>\$ 643,412</u>	
Business-type Activities:						
Bonds payable:						
Stadium refunding bonds - Series 2018	June 2030	2.90% - 3.55%	4,025,000	2023	\$ 3,790,000	Direct Placement
Stadium refunding bonds - Series 2019	December 2035	1.90% - 3.10%	20,790,000	2029	<u>20,790,000</u>	Direct Placement
					<u>\$ 24,580,000</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 (Direct Placement):

Year ending June 30,	Principal	Interest	Total
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
2025	890,000	30,388	920,388
2026	<u>910,000</u>	<u>15,925</u>	<u>925,925</u>
Total	<u>\$ 9,445,000</u>	<u>\$ 505,451</u>	<u>\$ 9,950,451</u>

Governmental Activities – Notes Payable (Direct Borrowings & Conduit Debt)

Year ending June 30,	Principal	Interest	Total
2021	\$ 489,641	\$ 13,975	\$ 503,616
2022	132,055	3,773	135,828
2023	21,716	431	22,147
2024	-	-	-
Total	<u>\$ 643,412</u>	<u>\$ 18,179</u>	<u>\$ 661,591</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

8. LONG-TERM LIABILITIES, CONTINUED

Business-Type Activities – Bonds (Direct Placement)

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 975,000	\$ 668,660	\$ 1,643,660
2022	1,135,000	645,224	1,780,224
2023	1,160,000	618,871	1,778,871
2024	1,185,000	590,918	1,775,918
2025	1,215,000	561,176	1,776,176
2026 - 2036	<u>18,910,000</u>	<u>3,297,356</u>	<u>22,207,356</u>
Total	<u>\$ 24,580,000</u>	<u>\$ 6,382,205</u>	<u>\$ 30,962,205</u>

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

In December 2019, 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 were refunded in November 2020. As a result, the Series 2010 Stadium COPS are considered defeased and the liability for these bonds has been removed from the financial statements.

9. 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, 2019, there were 107 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.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

9. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

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, 2020, the County's total payroll for all employees was \$44,279,763. Total covered payroll was \$43,656,441. 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, 2020 was \$3,157,424.

Pension Liabilities

At December 31, 2019, the County had an asset of \$5,176,614 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, 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 107.32% funded (actuarial accrued liability less actuarial assets) as of December 31, 2019. 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, 2019, the County's proportion was 13.19%, which was an increase of .25% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2019, the County's allocated pension expense was \$1,355,059.

At December 31, 2019, 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	\$ 38,855	\$ (1,717,707)
Changes of assumptions	606,810	
Net difference between projected and actual earnings on pension plan	4,628,252	(7,902,012)
Changes in proportion	112,294	(52,010)
Total as of measurement date	5,386,211	(9,671,729)
Contributions subsequent to the measurement date*	1,585,015	
Total	\$ 6,971,226	\$ (9,671,729)

* Subsequent event is not amortized

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

9. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

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
2021	\$ 341,227
2022	(1,165,097)
2023	(109,161)
2024	(1,625,742)
2025	(116,528)
Thereafter	(25,202)
Total	\$ (2,700,503)

Actuarial Assumptions

The total pension liability in the December 31, 2019 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	2.75 %
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 %

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 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, 2019, 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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

and by adding expected inflation.

9. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

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, 2020, (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.

Discount Rate

The discount rate used to measure the Total Pension Asset (Liability) at December 31, 2019 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 2119.

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:

	<u>Discount rate</u>	<u>County's proportionate share of net pension (liability) asset</u>
1% decrease	6.50%	\$ 1,331,363
Current discount rate	7.50%	\$ (5,176,614)

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

1% increase

8.50%

\$ (10,673,163)

9. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

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 \$1,289,389 to the plan for the year ended June 30, 2020.

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

Other Post-employment Benefits

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, 2020, (the date of the most recent actuarial valuation), the County had 14 retirees receiving benefits under the plan. There were no terminated members entitled to, but not yet receiving benefits. The County had 611 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.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

9. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

Other Postemployment Benefits - Continued

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, 2020, the County reported an OPEB liability of \$4,392,339. The OPEB liability was determined by an actuarial valuation as of June 30, 2020. For the year ended June 30, 2020, the County recognized OPEB income of \$29,296.

	<u>Governmental</u>	<u>Proprietary</u>
Service Cost	\$ 181,819	\$ 352
Interest Cost	142,222	171
Differences between actual and expected experience	(135,386)	(115)
Changes in benefit terms	-	-
Changes in assumptions and inputs	<u>(218,174)</u>	<u>(185)</u>
Annual OPEB cost (income)	(29,519)	223
Contributions made	<u>(285,278)</u>	<u></u>
Increase (decrease) in net OPEB obligation	<u>(314,797)</u>	<u>223</u>
Net OPEB obligation - beginning of year	<u>4,701,571</u>	<u>5,342</u>
Net OPEB obligation - end of year	<u>\$ 4,386,774</u>	<u>\$ 5,565</u>

At June 30, 2020, the County reported deferred outflows of resources related to the OPEB plan from the following sources:

	<u>Governmental</u>	<u>Proprietary</u>
Deferred Outflows		
Differences between expected and actual experience	\$ 491,650	\$ 1,440
Changes in assumptions	<u>655,602</u>	<u>2,503</u>
Total	<u>\$ 1,147,252</u>	<u>\$ 3,943</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>
2021	\$ 127,500	\$ 410
2022	127,500	410
2023	127,500	410
2024	127,500	410
2025	127,500	410
Thereafter	509,752	1,893

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

9. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

Other Postemployment Benefits - Continued

At June 30, 2020, the County reported deferred inflows of resources related to the OPEB plan from the following sources:

	Governmental	Proprietary
Deferred Inflows		
Differences between expected and actual experience	\$ 123,078	\$ 105
Changes in assumptions	198,340	168
Total	\$ 321,418	\$ 273

Such amounts will be recognized in OPEB income as follows:

Year ended June 30	Deferred Inflow of Resources	
	Governmental	Proprietary
2021	\$ 32,142	\$ 27
2022	32,142	27
2023	32,142	27
2024	32,142	27
2025	32,142	27
Thereafter	160,708	138

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 3.0% as of June 30, 2019 (beginning-of-year measurement) and 2.6% as of June 30, 2020 (end-of-year measurement).

Actuarial Assumptions

The total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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 2.6%, 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 (1.6%) or 1-percentage-point higher (3.6%) than the current rate:

	Discount rate	County's OPEB liability
1% decrease	1.6%	\$ 4,717,840
Current discount rate	2.6%	\$ 4,392,339
1% increase	3.6%	\$ 4,080,499

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:

	County's OPEB liability
1% decrease	\$ 3,938,555
Current healthcare cost trend rate	\$ 4,392,339
1% increase	\$ 4,927,056

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

9. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

Other Postemployment Benefits - Continued

Discount rate: 3.0% per annum, beginning of year; 2.6% per annum end of year
 Actuarial measurement date: June 30, 2020
 Actuarial valuation date: July 1, 2020
 Medical/Rx premium cost trend: 7.0% initially, reduced incrementally .50% or .25% per year down to 4.50%

Expected health care cost by age:	<u>Network Blue</u>		<u>PSBC Network & Blue Print</u>		
	<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
	55	1,219	1,336	1,156	1,267
	57	1,350	1,411	1,281	1,338
	60	1,566	1,558	1,485	1,478
	61	1,643	1,620	1,558	1,536
	62	1,725	1,687	1,636	1,600
	63	1,812	1,759	1,719	1,668
	64	1,904	1,837	1,806	1,742

Timing of benefit payments: Mid-year
 Non-spouse dependents: Deemed immaterial and not valued

Medicare eligibility age: Age 65

Enrollment for future retirees: Sixty-five percent (65%) 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 2020.

Retirement age:	<u>Age(s)</u>	<u>Annual Rate</u>
	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.

<u>Service</u>	<u>Rate</u>
<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 STATEMENTS

9. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

Other Postemployment Benefits - Continued

Spousal participation:	Twenty-five percent (25%) 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.								
Network Elections:	Current network elections are assumed to persist. The following network distributions (based on group election experience) is assumed for those actives currently waiving.								
	<table border="1"><thead><tr><th><u>Network</u></th><th><u>Distribution</u></th></tr></thead><tbody><tr><td>Blue</td><td>75%</td></tr><tr><td>PSBC</td><td>15%</td></tr><tr><td>Blue Print Health</td><td>10%</td></tr></tbody></table>	<u>Network</u>	<u>Distribution</u>	Blue	75%	PSBC	15%	Blue Print Health	10%
<u>Network</u>	<u>Distribution</u>								
Blue	75%								
PSBC	15%								
Blue Print Health	10%								
Duration of coverage:	Coverage is assumed to continue to Medicare age eligibility								
Disability incidence:	None								
Mortality:	Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General and Public Safety Mortality Tables using Scale MP-2019 Full Generational Improvement								
Salary scale per employee:	4.0% per year								

10. 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, 2020.

11. 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 2020, there will be no closure costs and an additional \$3,707,471 will be required for post-closure care. The estimated total of the landfill closure and post-closure care of \$3,707,471 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.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

11. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS, CONTINUED

Based on the capacity of the landfill the County closed the landfill in 2017. During the year ended June 30, 2020 the County incurred no closure costs and has accrued additional landfill closure and post-closure care costs in the amount of \$3,707,471 as of June 30, 2020.

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, 2020, investments of \$3,937,989 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.

12. 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 STATEMENTS

13. GOVERNMENTAL FUND BALANCES

Governmental fund balances are classified as follows at June 30, 2020:

	General Fund	Special Roads Fund	Other Governmental Funds	Total
Nonspendable:				
Inventory	\$ -	\$ 752,831	\$ -	\$ 752,831
Prepaid salary expenses	1,329,883	117,275	199,162	1,646,320
Total nonspendable	<u>1,329,883</u>	<u>870,106</u>	<u>199,162</u>	<u>2,399,151</u>
Restricted for:				
Debt service	1,011,745	1,639,621	8,177,152	10,828,518
Emergency communications	-	-	653,648	653,648
Social services	-	-	60,293	60,293
Tourism	-	-	357,560	357,560
Institutions	-	-	51,347	51,347
Register of deeds - technology	-	-	598,914	598,914
Public health and welfare	-	-	170,949	170,949
Grant stipulations	-	-	557,452	557,452
Community betterment	-	-	234,595	234,595
Capital projects	2,608,537	3,722,728	-	6,331,265
Sheriff admin bond	-	-	37	37
Courthouse remodel bond	-	-	4	4
Papio Creek Stormwater	-	-	84	84
Planning S Sarpy WS Sewer	-	-	99,832	99,832
Total restricted	<u>3,620,282</u>	<u>5,362,349</u>	<u>10,961,867</u>	<u>19,944,498</u>
Assigned to:				
Wireless communications	176,436	-	-	176,436
STOP Program	51,459	-	-	51,459
Total assigned	<u>227,896</u>	<u>-</u>	<u>-</u>	<u>227,896</u>
Unassigned	<u>36,975,739</u>	<u>4,101,331</u>	<u>(530,292)</u>	<u>40,546,778</u>
Total fund balances	<u>\$ 42,153,800</u>	<u>\$ 10,333,786</u>	<u>\$ 10,630,737</u>	<u>\$ 63,118,323</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

13. GOVERNMENTAL FUND BALANCES, CONTINUED

At June 30, 2020, the following funds had deficit fund balances:

<u>Fund:</u>	<u>Deficit Fund Balance</u>
State Education Reimb	\$ (266,881)
Juv Services LB561	(138,510)
FG-Victim Witness	(9,550)
FG-Mental Health	(598)
FG-Planning Transportation	(14,914)
FG-MAPA	(21,160)
FG-Perkins Corrections	(2,520)
Drug Enforcement	(2,241)
Connection Fee	(475)
Child Support - County Attorney	(6,454)
Total	<u>\$ (463,303)</u>

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

14. SUBSEQUENT EVENT

Purchase of Office Building

On August 28, 2020, the County completed the purchase of an office building at 1102 East 1st Street, Papillion, NE 68046. The land and building was acquired for \$6.0m plus closing fees. The County financed \$5.1m of the purchase price through a ten year note at 2.35% interest with payments amortized on a 25 year basis. The agreement specifies quarterly payments of \$67,992, and a balloon payment of \$3,488,770 at maturity of the note on September 28, 2030.

COVID-19

The outbreak of COVID-19 (the coronavirus) in early calendar 2020, has caused operational disruptions, loss of revenue and increased costs to Sarpy County. The extent of the impact, both direct and indirect, will continue throughout the duration of the outbreak. An estimate of the effect the outbreak may have on County's financial statements cannot be determined at this time. The County has been awarded \$3.6M in funds through various federal and state agencies and has received \$3.1M of these funds. Additional requests to FEMA and the State of Nebraska Coronavirus Relief Program are outstanding.

REQUIRED SUPPLEMENTARY INFORMATION

SARPY COUNTY, NEBRASKA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CASH BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Favorable (Unfavorable)
	Original	Final		Variance
REVENUES COLLECTED:				
Tax	\$ 44,800,112	\$ 44,800,112	\$ 42,575,392	\$ (2,224,720)
Federal	129,500	129,500	233,957	104,457
State	1,398,250	1,398,250	2,980,961	1,582,711
Local	22,117,417	22,117,417	31,844,100	9,726,683
Total revenues collected	68,445,279	68,445,279	77,634,410	9,189,131
EXPENDITURES PAID:				
General Government:				
County Board	161,158	161,158	153,245	7,913
County Clerk	1,150,303	1,150,303	1,113,999	36,304
County Treasurer	1,842,026	1,842,026	1,895,231	(53,205)
Register of Deeds	230,326	230,326	224,787	5,539
County Assessor	1,637,196	1,637,196	1,647,868	(10,672)
Election Commissioner	630,976	630,976	620,121	10,855
Planning and Zoning	518,385	518,385	522,082	(3,697)
Administration	858,877	858,877	934,669	(75,792)
Personnel	658,000	658,000	664,508	(6,508)
Records Management	339,042	339,042	326,710	12,332
Fiscal Administration	329,510	329,510	334,442	(4,932)
Board of Equalization	45,424	45,424	52,778	(7,354)
Facilities Management	1,621,163	1,621,163	1,591,063	30,100
Public Property Utilities	692,000	692,000	585,253	106,747
Jail Maintenance	236,015	236,015	196,300	39,715
Juvenile Justice Center Maintenance	120,149	120,149	124,044	(3,895)
Sheriff Admin Maintenance	142,714	142,714	126,891	15,823
Extension Agent	177,505	177,505	177,280	225
Other Intergovernmental	799,000	799,000	661,738	137,262
Miscellaneous General	11,441,376	11,441,376	11,103,439	337,937
Payroll Accrual	500,000	500,000		
Capital Projects	1,515,000	1,515,000	263,316	1,251,684
Wireless Communications	153,002	153,002	32,565	120,437
Inheritance Tax	6,963,000	6,963,000	2,011,627	4,951,373
Purchasing	124,243	124,243	159,859	(35,616)
GIS	557,957	557,957	538,236	19,721
Information Systems	3,071,790	3,071,790	3,065,779	6,011
Fleet	1,350,839	1,350,839	1,292,353	58,486
Public Safety:				
Sheriff	2,493,969	2,493,969	2,260,183	233,786
County Attorney	3,810,403	3,810,403	4,024,264	(213,861)
Investigations	2,084,309	2,084,309	2,080,641	3,668
Road Patrol	6,416,636	6,416,636	6,182,122	234,514
Sheriff Merit Commission	5,200	5,200	3,500	1,700
Vehicle Inspection	129,608	129,608	127,997	1,611
Tow Lot	286,840	286,840	243,340	43,500
Juvenile Diversion	948,502	948,502	941,139	7,363
Victim Witness	383,775	383,775	379,350	4,425
Board of Corrections	4,761,690	4,761,690	4,368,505	393,185
Juvenile Justice Center	2,814,699	2,814,699	2,808,628	6,071
County Jail	1,857,532	1,857,532	1,661,970	195,562

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, 2020**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
EXPENDITURES PAID - CONTINUED:				
Public Safety, Continued:				
Support Services	\$ 2,836,345	\$ 2,836,345	\$ 2,758,194	\$ 78,151
Warrants Extradition	728,570	728,570	726,144	2,426
Adult Probation	86,677	86,677	82,773	3,904
Emergency Management	198,999	198,999	190,449	8,550
Clerk of the District Court	740,935	740,935	745,264	(4,329)
County Court	151,245	151,245	153,093	(1,848)
Juvenile Probation	96,727	96,727	94,464	2,263
Juvenile Court Judge	664,494	664,494	684,715	(20,221)
District Judge	706,487	706,487	730,226	(23,739)
Public Defender	1,925,061	1,925,061	1,929,315	(4,254)
STOP Program	85,000	85,000	29,823	55,177
Jury Commissioner	139,773	139,773	112,778	26,995
CASA	240,606	240,606	242,753	(2,147)
Radio Coverage Bonds	934,188	934,188	930,332	3,856
Mental Health Diversion	172,879	172,879	166,779	6,100
Community Corrections	980,743	980,743	982,525	(1,782)
Public Health:				
Animal Control	582,850	582,850	569,135	13,715
Mental Health Board	50,827	50,827	26,677	24,150
Mental Health Leadership	50,000	50,000		50,000
Noxious Weed	108,860	108,860	102,988	5,872
Public Welfare and Social Services:				
Veterans Services	290,796	290,796	299,711	(8,915)
Human Services	1,334,995	1,334,995	1,217,497	117,498
Total expenditures paid	<u>76,967,196</u>	<u>76,967,196</u>	<u>68,277,457</u>	<u>8,189,739</u>
Operating transfer in	2,411,872	3,306,672	3,154,434	(152,238)
Operating transfer out	<u>(9,667,472)</u>	<u>(10,562,272)</u>	<u>(10,664,662)</u>	<u>(102,390)</u>
Total transfers	<u>(7,255,600)</u>	<u>(7,255,600)</u>	<u>(7,510,228)</u>	<u>(254,628)</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>\$ (15,777,517)</u>	<u>\$ (15,777,517)</u>	1,846,725	<u>\$ 17,624,242</u>
FUND BALANCES, BEGINNING OF YEAR			<u>22,613,696</u>	
FUND BALANCE, END OF YEAR			24,460,421	
RECONCILIATION TO BALANCE SHEET - GOVERNMENTAL FUNDS				
Accrued interest on investments			48,963	
Proceeds from radio coverage bonds - held in escrow at beginning of the year			3,312,440	
Disbursements of cash from escrow account for construction			(1,903,913)	
Income on cash held in escrow			30,271	
Cash held at County departments that will be remitted to County Treasurer's Office subsequent to year-end			427,212	
Cash held at County departments that has a related liability			<u>52,597,755</u>	
TOTAL CASH AND INVESTMENTS - GENERAL FUND			<u>\$ 78,973,149</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, 2020**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES COLLECTED:				
Federal	\$ 233,300	\$ 233,300	\$ 220,990	\$ (12,310)
State	14,596,411	14,596,411	14,901,359	304,948
Local	<u>4,280,161</u>	<u>4,280,161</u>	<u>6,597,764</u>	<u>2,317,603</u>
Total revenues collected	<u>19,109,872</u>	<u>19,109,872</u>	<u>21,720,113</u>	<u>2,610,241</u>
EXPENDITURES PAID:				
Personal services	4,149,122	4,149,122	3,832,356	316,766
Operating expenses	2,720,918	2,720,918	815,232	1,905,686
Supplies and materials	1,904,713	1,904,713	1,984,257	(79,544)
Equipment and office rental	34,250	34,250	27,889	6,361
Capital outlays	23,602,187	23,602,187	16,198,933	7,403,254
Debt service	<u>1,467,518</u>	<u>1,467,518</u>	<u>1,476,908</u>	<u>(9,390)</u>
Total expenditures paid	<u>33,878,708</u>	<u>33,878,708</u>	<u>24,335,575</u>	<u>9,543,133</u>
Operating transfer in	3,970,132	3,970,132	3,970,132	
Operating transfer out	<u>(670,132)</u>	<u>(670,132)</u>	<u>(670,132)</u>	
Total transfers	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,300,000</u>	
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>\$ (11,468,836)</u>	<u>\$ (11,468,836)</u>	684,538	<u>\$ 12,153,374</u>
FUND BALANCE, BEGINNING OF YEAR			<u>11,468,836</u>	
FUND BALANCE, END OF YEAR			12,153,374	
RECONCILIATION TO BALANCE SHEET - GOVERNMENTAL FUNDS				
Accrued interest on investments			24,328	
Proceeds from series 2017 highway allocation bonds - in escrow at beginning of year			1,659,196	
Disbursements of cash from escrow account for construction			(1,671,378)	
Interest expense			(2,597)	
Income on cash held in escrow			<u>14,781</u>	
TOTAL CASH AND INVESTMENTS - SPECIAL ROADS FUND			<u>\$ 12,177,704</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, 2020

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, 2020
Last 10 Fiscal Years***

	2020	2019	2018
Total OPEB Liability:			
Service Cost	\$ 182,171	\$ 151,624	\$ 145,642
Interest Cost	142,393	144,723	114,443
Differences between actual and expected experience	(135,501)	290,336	340,721
Changes in benefit terms	-	(149,612)	-
Changes in assumptions and inputs	(218,359)	188,724	671,593
Contributions made	(285,278)	(305,608)	(211,977)
Increase (decrease) in net OPEB obligation	(314,574)	320,187	1,060,422
Net OPEB obligation - beginning of year	4,706,913	4,386,726	3,326,304
Net OPEB obligation - end of year	\$ 4,392,339	\$ 4,706,913	\$ 4,386,726
Plan net position as a percentage of the total OPEB liability	0%	0%	0%
Covered-employee payroll	\$ 41,329,971	\$ 37,430,537	\$ 37,430,537
OPEB liability as a percentage of covered-employee payroll	10.6%	12.6%	11.7%

* GASB 75 requires presentation of ten years. As of June 30, 2020, only three 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 - None.

SARPY COUNTY, NEBRASKA

**TAX CERTIFICATION, CORRECTION AND COLLECTIONS
AS OF JUNE 30, 2020**

	RELATED TO THE TAXABLE YEAR		
	2017	2018	2019
TAX CERTIFIED BY THE ASSESSOR -			
INCLUDING INTEREST & PUBLICATION FEES:			
Real estate	\$ 303,366,190	\$ 323,100,910	\$ 344,251,968
Personal	8,261,534	8,126,496	11,276,646
Centrally assessed	1,763,719	1,981,496	2,006,174
	\$ 313,391,443	\$ 333,208,902	\$ 357,534,788
NET TAX COLLECTED BY THE COUNTY TREASURER -			
INCLUDING INTEREST & PUBLICATION FEES			
AS OF JUNE 30, 2020:			
Real estate	\$ 303,321,854	\$ 322,893,921	\$ 193,471,845
Personal	8,248,725	8,071,192	7,216,120
Centrally assessed	1,763,712	1,979,631	1,316,217
	\$ 313,334,291	\$ 332,944,744	\$ 202,004,182
TOTAL UNCOLLECTED TAX AS OF JUNE 30, 2020:			
Real estate	\$ 44,336	\$ 206,989	\$ 150,780,123
Personal	12,809	55,304	4,060,526
Centrally assessed	7	1,865	689,957
	\$ 57,152	\$ 264,158	\$ 155,530,606
PERCENTAGE UNCOLLECTED TAX	0.02%	0.08%	43.50%

SARPY COUNTY, NEBRASKA

**SUMMARY SCHEDULE OF STATEMENTS OF ACCOUNTABILITY
FOR THE YEAR ENDED JUNE 30, 2020**

	County Clerk	Register of Deeds	Clerk of The District Court	County Sheriff	Jail	County Attorney	Election Commissioner	Building Inspector	County Landfill	Alcohol Diversion	Veteran's Services	Child Support Attorney	Community Corrections	TOTAL -All Statements
BALANCE ON HAND, BEGINNING OF YEAR:														
Cash on hand	\$ 650	\$ 150	\$ 650	\$ 168	\$ -	\$ -	\$ -	\$ -	\$ 730	\$ 990	\$ -	\$ 731	\$ 1,566	\$ 5,635
Cash in bank	27,564	348,923	3,960,048	116,959	44,017	26,826	-	104,359	692,811	-	5,870	-	-	5,327,377
Accounts Receivable (Payable)	-	19,049	-	-	-	-	-	-	-	-	(5,870)	(731)	-	12,448
	<u>28,214</u>	<u>368,122</u>	<u>3,960,698</u>	<u>117,127</u>	<u>44,017</u>	<u>26,826</u>	<u>-</u>	<u>104,359</u>	<u>693,541</u>	<u>990</u>	<u>-</u>	<u>-</u>	<u>1,566</u>	<u>5,345,460</u>
COLLECTIONS	<u>276,767</u>	<u>4,771,573</u>	<u>106,758,596</u>	<u>977,445</u>	<u>1,903,402</u>	<u>118,542</u>	<u>71,908</u>	<u>5,701,489</u>	<u>4,617,412</u>	<u>283,997</u>	<u>1,007</u>	<u>3,647</u>	<u>114,925</u>	<u>125,600,710</u>
DISBURSEMENTS	<u>300,172</u>	<u>4,652,037</u>	<u>58,669,695</u>	<u>990,229</u>	<u>1,892,387</u>	<u>121,517</u>	<u>16,173</u>	<u>5,701,135</u>	<u>5,305,591</u>	<u>277,638</u>	<u>1,465</u>	<u>3,081</u>	<u>101,339</u>	<u>78,032,459</u>
BALANCE ON HAND, END OF YEAR	<u>\$ 4,809</u>	<u>\$ 487,658</u>	<u>\$ 52,049,599</u>	<u>\$ 104,343</u>	<u>\$ 55,032</u>	<u>\$ 23,851</u>	<u>\$ 55,735</u>	<u>\$ 104,713</u>	<u>\$ 5,362</u>	<u>\$ 7,349</u>	<u>\$ (458)</u>	<u>\$ 566</u>	<u>\$ 15,152</u>	<u>\$ 52,913,711</u>
SUMMARY OF BALANCE, END OF YEAR:														
Cash on hand	\$ 650	\$ 150	\$ 650	\$ 145	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,595
Cash in bank	4,159	475,849	52,048,949	104,198	55,032	23,851	-	104,713	-	7,349	5,412	1,297	2,793	52,833,602
Accounts Receivable (Payable)	-	11,659	-	-	-	-	55,735	-	5,362	-	(5,412)	(1,297)	12,359	78,406
	<u>\$ 4,809</u>	<u>\$ 487,658</u>	<u>\$ 52,049,599</u>	<u>\$ 104,343</u>	<u>\$ 55,032</u>	<u>\$ 23,851</u>	<u>\$ 55,735</u>	<u>\$ 104,713</u>	<u>\$ 5,362</u>	<u>\$ 7,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,152</u>	<u>\$ 52,913,603</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, 2020**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES COLLECTED:				
Tax	\$ 5,084,946	\$ 5,084,946	\$ 4,321,692	\$ (763,254)
Federal	1,720,824	1,720,824	1,861,271	140,447
State	1,615,128	1,615,128	1,289,362	(325,766)
Local	3,378,491	3,378,491	3,339,062	(39,429)
Total revenues collected	<u>11,799,389</u>	<u>11,799,389</u>	<u>10,811,387</u>	<u>(988,002)</u>
EXPENDITURES PAID:				
E911 Communications	5,011,226	5,011,226	4,644,521	366,705
E911 Wireless Service	249,915	249,915	234,511	15,404
E911 Sinking	205,106	205,106	175,904	29,202
Child Support - District Court	137,026	137,026	127,699	9,327
Child Support - County Attorney	1,547,146	1,547,146	1,506,377	40,769
Child Support - Incentive	18,897	18,897	34,858	(15,961)
Tourism	1,042,283	1,042,283	917,982	124,301
Visitors Improvement	-	-	-	-
Employment Security Act	57,879	57,879	3,516	54,363
County Medical	224,822	224,822	86,821	138,001
Institutions	111,638	111,638	64,565	47,073
Register of Deeds Technology	671,464	671,464	39,996	631,468
County Drug Enforcement	30,000	30,000	14,923	15,077
Federal Grant - Title 1D	27,000	27,000	34,662	(7,662)
State Education Reimbursement	551,799	551,799	519,563	32,236
Federal Forfeiture	175,000	175,000	79,825	95,175
Federal Forfeiture - County Attorney	19,000	19,000		19,000
SCAAP	45,000	45,000	74,194	(29,194)
Social Security Incentive	6,625	6,625	4,540	2,085
SWAT/CNU	8,000	8,000	2,395	5,605
Federal Grant - Perkins Corrections	40,000	40,000	37,365	2,635
Federal Grant - Victim Witness 2018	152,937	152,937	145,256	7,681
Federal Grant - Mental Health Collaborative	81,700	81,700	3,592	78,108
Federal Grant - Mental Health 2018	571	571	-	571
Federal Grant - Mental Health 2019	66,456	66,456	65,954	502
Federal Grant - GIS Transportation	31,768	31,768	31,715	53
Federal Grant - Adult Drug Court	55,800	55,800	14,815	40,985
Federal Grant - Drug Eradication	20,000	20,000	14,443	5,557
Federal Grant - Planning Transportation	24,957	24,957	25,285	(328)

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, 2020**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
EXPENDITURES PAID - CONTINUED:				
Keno	\$ 423,036	\$ 423,036	\$ 180,234	\$ 242,802
Sheriff Admin Bond	856,275	856,275	855,863	412
Sinking Fund	7,362,370	7,362,370	-	7,362,370
Papio WS Sewer-Stormsewer	420,000	420,000	293,500	126,500
Tiburon SID Sewer-Connection Fee	2,500	2,500	475	2,025
S Sarpy WS Sewer-Stormsewer	150,000	150,000	-	150,000
SG-Justice Reinvestment	134,841	134,841	43,288	91,553
SG-LB561-2019 FY Grant	583,809	583,809	559,252	24,557
Total expenditures paid	<u>20,546,846</u>	<u>20,546,846</u>	<u>10,837,889</u>	<u>9,708,957</u>
Operating transfer in	3,847,100	3,872,600	4,450,503	577,903
Operating transfer out	<u>(1,360,426)</u>	<u>(1,385,926)</u>	<u>(1,588,775)</u>	<u>(202,849)</u>
Total transfers	<u>2,486,674</u>	<u>2,486,674</u>	<u>2,861,728</u>	<u>375,054</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>\$ (6,260,783)</u>	<u>\$ (6,260,783)</u>	2,835,226	<u>\$ 9,096,009</u>
FUND BALANCE, BEGINNING OF YEAR			<u>6,298,416</u>	
FUND BALANCE, END OF YEAR			<u>\$ 9,133,642</u>	

SARPY COUNTY, NEBRASKA

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS (CASH BASIS)
ALL NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Fund Balance July 1, 2019	Receipts	Disbursements	Fund Balance June 30, 2020
SPECIAL REVENUE FUNDS:				
E911 Communications	\$ 633,028	\$ 4,436,555	\$ 4,644,521	\$ 425,062
E911 Wireless Service	-	249,914	249,914	-
E911 Sinking	205,106	15,403	175,904	44,605
Child Support - District Court	6,158	137,463	127,699	15,922
Child Support - County Attorney	349,937	1,161,067	1,506,377	4,627
Child Support - Incentive	-	137,639	34,858	102,781
Tourism	273,516	762,601	917,982	118,135
Visitors Improvement	100,159	755,306	700,000	155,465
Employment Security Act	57,830	5,859	3,516	60,173
County Medical	130,745	95,424	86,821	139,348
Institutions	94,530	15,014	64,565	44,979
Register of Deeds Technology	611,464	166,231	39,996	737,699
County Drug Enforcement	23,071	-	14,923	8,148
Federal Grant - Title 1D	2,247	43,112	34,662	10,697
State Education Reimbursement	7,114	763,773	769,563	1,324
State Grant-Justice Reinvestment	60,492	-	43,288	17,204
Federal Forfeiture	155,873	248,808	79,825	324,856
Federal Forfeiture - County Attorney	17,584	43,677	-	61,261
SCAAP	-	98,619	74,194	24,425
Social Security Incentive	1,200	5,400	4,540	2,060
CDBG - Revolving Loan Fund	-	-	-	-
Federal Grant - Planning Transportation	745	28,125	28,285	585
Federal Grant - Perkins Corrections	(1,253)	73,913	72,365	295
Federal Grant - GIS Transportation	-	32,553	31,715	838
Federal Grant - Adult Drug Court	26,200	421	14,815	11,806
Federal Grant - Drug Eradication	(387)	24,049	22,443	1,219
Federal Grant - Mental Health Collaborative	-	3,970	3,592	378
State Grant - Stormwater Management	-	-	-	-
Keno	80,036	316,378	180,234	216,180
Courthouse Remodel	-	-	-	-
Sheriff Admin Bond	852,341	347,692	1,200,033	-
Sinking Fund	2,515,449	3,862,247	-	6,377,696
Watershed Fee	40,688	294,898	293,500	42,086
Connection Fee	25	475	475	25
Phase II Stormwater Fees	-	99,633	-	99,633
Information Systems	33,960	-	33,960	-
GIS	3,671	-	3,671	-
SWAT/CNU	-	7,370	2,395	4,975
Federal Grant-Victim Witness 2018 FY Grant	14,973	177,555	165,256	27,272
Federal Grant-Mental Health 2018 FY Grant	571	-	571	-
Federal Grant-Mental Health 2019 FY Grant	280	92,478	80,954	11,804
State Grant - LB561 Grant	1,063	758,268	719,252	40,079
Totals	<u>\$ 6,298,416</u>	<u>\$ 15,261,890</u>	<u>\$ 12,426,664</u>	<u>\$ 9,133,642</u>

OTHER SUPPLEMENTARY INFORMATION

**SARPY COUNTY, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Health and Human Services</u>		
<i>Passed through Nebraska Department of Health and Human Services:</i>		
Child Support Enforcement:		
District Court	93.563	\$ 137,938
County Attorney	93.563	1,135,487
Incentive Program (CS-CA Incentive)	93.563	<u>34,858</u>
Total Child Support Enforcement		<u>1,308,283</u>
Total U.S. Department of Health and Human Services		<u>1,308,283</u>
<u>U.S. Department of Education</u>		
<i>Passed through Papillion/La Vista School District</i>		
Title I Grants to Local Educational Agencies	84.010	34,662
<i>Passed through Nebraska Department of Education</i>		
Perkins Correction	84.048	<u>37,364</u>
Total U.S. Department of Education		<u>72,026</u>
<u>U.S. Department of Justice</u>		
<i>Passed through Nebraska Crime Commission</i>		
Crime Victim Assistance	16.575	143,685
Edward Byrne Memorial Justice Assistance Grant Program - Mental Health	16.738	65,954
FY2020 Coronavirus Emergency Supplemental Funding	16.034	169,720
Justice and Mental Health Collaboration Program	16.745	3,592
<i>Passed through NE Crime Commission & Heartland Family Services</i>		
Domestic Violence Attorney-County Attorney	16.588	30,758
FG - Drug Eradication	N/A	14,442
Prisoner Housing - U.S. Marshall	47-00-0010	432
Equitable Sharing Program	16.922	79,824
Justice Benefits Reimbursement	16.606	74,194
FBI Overtime Reimbursement - Child Exploitation Task Force	1.22.2016	17,209
Crimes Against Children (Conference)	16.834	2,060
Joint Law Enforcement Operations U.S. Marshall	16.111	2,708
Organized Crime Drug Enforcement Task Force (OCDETF)	WCNE-239	1,057
Joint Operations Reimbursement (JLEOTF) Non OT	16.111	10,368
Joint Operations Reimbursement (JLEOTF) Homeland Security	16.111	<u>11,646</u>
Total U.S. Department of Justice		<u>627,648</u>
<u>U.S. Department of Treasury</u>		
CARES Act (Pandemic)	21.019	<u>4,918,227</u>
Total U.S. Department of Treasury		<u>4,918,227</u>
<u>U.S. Department of Transportation</u>		
<i>Passed through Nebraska Office of Highway Safety:</i>		
Highway Planning and Construction Cluster:		
Highway Planning and Construction - Click It or Ticket-May	20.616	2,769
Highway Planning and Construction - Compliance Checks	20.600	1,858
Highway Planning and Construction - Speed Monitoring Trailer	20.600	3,834
Highway Planning and Construction - Drive Sober or Get Pulled Over-Aug-Sep	20.600	<u>1,990</u>
Total Highway Safety Cluster		10,450
<i>Passed through Metro Area Planning Agency:</i>		
Highway Planning and Construction - Planning Transportation	20.205	25,285
Highway Planning and Construction - GIS Transportation	20.205	<u>31,715</u>
Total Highway Planning and Construction Cluster		<u>57,000</u>
Total U.S. Department of Transportation		<u>67,450</u>
<u>U.S. Department of Homeland Security</u>		
<i>Passed through Nebraska Emergency Management Association</i>		
FEMA Disaster 4521DR (Pandemic)	97.036	301,796
FEMA Disaster 4420 (Flood)	97.036	51,902
Emergency Management Performance Grants - Civil Defense Reimbursement	97.042	<u>100,435</u>
Total U.S. Department of Homeland Security		<u>454,134</u>
<u>Department of the Interior</u>		
Payment in Lieu of Tax	15.226	<u>3,348</u>
<u>Social Security Administration</u>		
Justice Benefits Reimbursement - Social Security Initiative	96.001	<u>4,541</u>
Total Expenditures of Federal Awards		<u>\$ 7,455,657</u>

SARPY COUNTY, NEBRASKA

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

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.



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*

To the 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 (the “County”, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements and have issued our report thereon dated January 19, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County’s internal control over financial reporting (internal control as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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*.

Management's Response to Finding

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

Purpose of this Report

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

Hayes & Associates, LLC

Hayes & Associates, LLC
Omaha, Nebraska
January 19, 2021



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, NE

Report on Compliance for Each Major Federal Program

We have audited Sarpy County, Nebraska's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County'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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County 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, 2020.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing 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 the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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.

Hayes & Associates, LLC

Hayes & Associates, LLC
Omaha, Nebraska
January 19, 2021

Sarpy County, Nebraska
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended June 30, 2020

I. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal controls over financial reporting:	
Material weaknesses identified:	None reported
Significant deficiencies identified:	2020-001
Noncompliance material to financial statements noted:	None reported

Federal Awards

Internal control over major programs:	
Material weaknesses identified:	None reported
Significant deficiencies identified:	None reported
Type of auditor's report issued on Compliance for major programs:	Unmodified
Any audit findings disclosed that are required to Be reported in accordance with Section 200.516 of Uniform Guidance:	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.563	Child Support Enforcement
97.039	Hazard Mitigation Grants
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Audit qualified as low-risk auditee:	No
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Sarpy County, Nebraska
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
For the year ended June 30, 2020

II. FINDINGS—FINANCIAL STATEMENTS

2020-001 SIGNIFICANT DEFICIENCY

Treasury Department Internal Controls Over Cash

Condition: The Treasurer’s Office of the County utilizes a “Daily Cash Sheet” in order to reconcile the receipts and disbursements from the office on a daily basis. However, the individual bank reconciliations were not performed on a timely basis throughout the year as referenced in the auditor of public accounts report dated November 2, 2020. The controls around reconciling the “Daily Cash Sheet” and the bank accounts monthly require significant improvement in their design, implementation, and maintenance. The semi-annual report issued by the Treasurer’s office as of June 30, 2020 was publicized with obvious discrepancies between the cash and fund balances in custody by the Treasurer’s department. There should be adequate controls in place around the issuance of the semi-annual report to ensure that it is free of obvious error. In addition, the Treasurer noted that “there is no formalized Cash Handling Policy, at least one that has been put out by the treasurer’s office. Historically that had been left up to each department to create their own.”

Criteria: Management is responsible for designing, implementing, and maintaining appropriate internal controls. This includes preparing and reconciling complete accounting records on a timely basis, ensuring that publicized reports are accurate, and that the department is following formal policies and procedures to ensure the proper management of public funds.

Effect: Intentional and unintentional errors could be made and not detected within a timely period by Treasurer’s Office or 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 Treasurer’s office to update its internal control policies, including a formalized cash handling policy for the Treasurer’s office, and to hire additional qualified accounting staff or engage an outsourced accountant to assist with this function.

Response: Management will review its accounting and internal control procedures and implement improvements where practical. See managements corrective action plan for further information.

III. FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS

None reported

Sarpy County, Nebraska
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2020

II. FINDINGS—FINANCIAL STATEMENTS

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 accepting 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 assist with this function.

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

Follow up: Management has engaged an outsourced accountant to assist with this function and has addressed the material weakness.

III. FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS

None reported



Brian P. Zuger
Sarpy County Treasurer
Daniel Templeton, Chief Deputy

SARPY COUNTY COURTHOUSE
1210 GOLDEN GATE DRIVE #1120 PAPILLION, NEBRASKA 68046
Office: (402) 593-2143 Fax: (402) 593-4360

Thursday, January 14, 2021

Austin Hanke Hayes & Associates LLC.
1015 North 98th Street, STE 200
Omaha, NE 68114

RE: Corrective Action Statement

Sarpy County has contracted with a third-party consultant, Bergan KDV, to review current internal control policies and accounting procedures, recommend process improvement and/or redesign, and review the efficacy of changes. The consultant's initial review is complete, and implementation of the recommendations has begun. A goal completion date of May 1, 2021 has been set. Internal control policies will be updated and a formal cash handling policy will be included in the update.

Additionally, the Sarpy County Treasurer's Office has addressed a key position opening by hiring a Controller in December of 2020. Responsibilities including coordination and implementation of recommended policy changes as well as updating and improving internal controls.

Sincerely,


Brian P. Zuger
Sarpy County Treasurer