

February 8, 2019

Board of Commissioners
Sarpy County, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sarpy County, Nebraska (the "County") for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 4, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Sarpy County, Nebraska are described in Note 1 to the financial statements. As described in Note 8 to the financial statements, the County changed accounting policies related to the other post-employment plan ("OPEB") by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 75, *Accounting and Financial Reporting For Post-employment Benefits Other Than Pensions*, in 2018. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Net Position and Statement of Activities.

We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County's financial statements were current compensated absences, landfill closure and post closure costs, net pension asset (as of December 31, 2017) and other postemployment benefit liability.

- Management's estimate of the current compensated absences is based on the percentage of compensated absences used during the last fiscal year.
- Management's estimate of the landfill closure and post closure 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.
- Management's estimate of the net pension asset as of December 31, 2018 is determined by an actuarial valuation as of that date.
- Management's estimate of other postemployment benefit liability is determined by an actuarial valuation.



We evaluated the key factors and assumptions used to develop the current compensated absences, landfill closure and post closure costs liability, net pension asset and the other postemployment benefits liability and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Significant Audit Findings, Continued

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were deposits and investments, the employees' retirement system, commitments and contingencies, landfill closure and post closure costs, and the public entity risk pool. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes material misstatements detected as a result of audit procedures and which were corrected by management (Schedule 1). There were no uncorrected misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 8, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Sarpy County, Nebraska's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Sarpy County, Nebraska's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

Prior period adjustments

During 2018, the County identified and corrected errors related to prior years and recorded prior period adjustments adjusting net position and fund balance. These adjustments are as follows:

Government-wide Financial Statements:

	Governmental Activities	Business-type Activities
Net position, June 30, 2017, as previously reported	\$ 168,274,403	\$ 23,243,084
Transfer capital assets	58,558	(58,558)
Adjust the value of a beginning capital assets	131,373	
Record additional depreciation	41,881	
Adjust the value of cash		(13)
Record OPEB adjustment	(2,105,789)	(605)
Net position, June 30, 2017, as restated	<u>\$ 166,400,426</u>	<u>\$ 23,183,908</u>

Fund Financial Statements:

	Landfill Fund	Stadium Fund
Net position, June 30, 2017, as previously reported	\$ 8,096,787	\$ 2,738,555
Adjust the value of cash		(13)
Record OPEB adjustment	(605)	
Transfer capital assets	(58,558)	
Net position/fund balance, June 30, 2017, as restated	<u>\$ 8,037,624</u>	<u>\$ 2,738,542</u>

Opinions

We applied certain limited procedures to management's discussion and analysis, schedule of revenues, expenditures and changes in fund balances – budget and actual (cash basis) – general fund, schedule of revenues, expenditures and changes in fund balances – budget and actual (cash basis) – special roads fund, notes to the required supplementary information and other postemployment benefits – schedule of funding progress, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards and the related notes to the schedule of expenditures of federal awards and schedule of receipts and disbursements (cash basis) – all non-major special revenue funds, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the tax certification, correction and collections, schedule of statement of accountabilities, and schedule of revenues, expenditures and changes in fund balances – budget and actual (cash basis) – all non-major special revenue funds which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Commissioners and management of Sarpy County, Nebraska and is not intended to be, and should not be, used by anyone other than these specified parties.

Bergran KDV, LLC

BergranKDV, LLC
Omaha, Nebraska

SCHEDULE 1 - Corrected Journal Entries

Full-Accrual Entry JE # 1 - Governmental Activities

Entry to reclassify bond proceeds to off set the duplication of expenses in the Road fund Client Entry 35, 62 and 65

00941-46000	Bond Proceeds	6,920,000.00	
00200-55000	Capital Outlays		6,920,000.00
Total		<u>6,920,000.00</u>	<u>6,920,000.00</u>

SARPY COUNTY, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2018

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February 8, 2019

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Sarpy County, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sarpy County, Nebraska (the "County"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sarpy County Nebraska, as of June 30, 2018, 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.



Implementation of GASB 75

As discussed in Note 8 to the financial statements, the County has adopted a new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2019, on our consideration of Sarpy County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sarpy County, Nebraska's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Bergan KDV, LLC". The signature is written in a cursive, flowing style.

BerganKDV, LLC
Omaha, Nebraska

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Sarpy County, Nebraska, we offer readers of Sarpy County, Nebraska's financial statements this narrative overview and analysis of the financial activities of Sarpy County, Nebraska for the fiscal year ended June 30, 2018. 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, 2018, the County's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows by \$200,264,373.

Total net position is comprised of the following:

- Net investment in capital assets, of \$141,037,676. 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 \$21,449,351
- Unrestricted net position of \$37,777,346

Prior to the Loss on Capital Assets, the County's total revenues exceeded its total expenses by \$13,357,893.

The County recorded a Loss on Capital Asset Disposal Due to Annexations of \$2,677,854. This is discussed in more detail under the heading "Decrease in Capital Assets". It should be noted that the infrastructure that was disposed of through annexations were non-liquid assets such as roads and bridges and the disposal of these assets does not affect the financial solvency of the County.

The County's governmental activities reported a net increase in net position of \$10,406,296 and a total ending net position balance of \$176,806,722.

The County's business-type activities reported a net increase in net position of \$273,743 and a total ending net position balance of \$23,457,651.

For the year ending June 30, 2018, the General Fund reported revenues in excess of expenditures before other financing sources and uses of \$8,606,870 and had an ending fund balance of \$38,640,838.

The County's total debt increased by \$4,559,167 during the current fiscal year to a total debt balance of \$40,354,375 as of June 30, 2018.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Other Information

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Sarpy County, Nebraska, assets exceeded liabilities by \$200,264,373, as of June 30, 2018.

A significant portion of Sarpy County, Nebraska's net position (70.4%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Sarpy County, Nebraska's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 75,474,394	\$ 15,597,238	\$ 91,071,632
Capital assets	142,745,495	38,102,774	180,848,269
Deferred outflows of revenues	<u>4,841,896</u>	<u>28,786</u>	<u>4,870,682</u>
Total assets and deferred outflows of resources	<u>223,061,785</u>	<u>53,728,798</u>	<u>276,790,583</u>
Current liabilities	15,034,513	4,538,763	19,573,276
Long-term liabilities	25,607,589	25,696,337	51,303,926
Deferred inflows of revenues	<u>5,612,961</u>	<u>36,047</u>	<u>5,649,008</u>
Total liabilities and deferred inflow of resources	<u>46,255,063</u>	<u>30,271,147</u>	<u>76,526,210</u>
Net position			
Net investment in capital assets	125,265,363	15,772,313	141,037,676
Restricted	21,029,769	419,582	21,449,351
Unrestricted	<u>30,511,590</u>	<u>7,265,756</u>	<u>37,777,346</u>
Total net position	<u>\$ 176,806,722</u>	<u>\$ 23,457,651</u>	<u>\$ 200,264,373</u>

This reflects an increase in net position of \$10,680,039 or 5.6% for the County from the previous year restated net position balance of \$189,584,334. This increase is the result of an increase in both capital assets and cash assets.

The governmental activities had an increase in net position of \$10,406,296 and the business-type activities had an increase of \$273,743 for a total increase in net position for the County of \$10,680,039. A summary of the government-wide operations is presented below:

	2018	2017	Change
General revenues and transfers	\$ 62,473,308	\$ 57,898,863	\$ 4,574,445
Charges for services	23,800,520	23,334,337	466,183
Operating grants & contributions	15,986,893	16,731,811	(744,918)
Capital grants & contributions	<u>5,199,230</u>	<u>752,220</u>	<u>4,447,010</u>
Total revenues	107,459,951	98,717,231	8,742,720
Expenses	(94,102,058)	(78,338,724)	(15,763,334)
Loss on Capital Asset Disposal	<u>(2,677,854)</u>	<u>(35,176,497)</u>	<u>32,498,643</u>
Change in net position before prior period adjustments	<u>\$ 10,680,039</u>	<u>\$ (14,797,990)</u>	<u>\$ 25,478,029</u>

The 2018 government-wide change in net position was \$25,478,029 more than it was in 2017. As mentioned earlier, the County recorded a loss on capital asset disposals due to annexations in the amount of \$2,677,854 compared with \$35,176,497 in the 2017 FY. It is helpful to look at some of the increases and decreases that contribute to the change in net position over the two years:

1. General revenues increased by approximately \$4.6MM.
 - a. Property tax collections increased by \$3.3MM due to a higher amount of taxes levied.
 - b. Other revenues increased by \$1MM with the largest increases coming from commissions on property tax and special assessments.
 - c. Investment income increased \$268K due to the County having more investments, because of the \$6.9MM issuance of Highway Allocation bonds that had not been spent at year-end.
2. Charges for services increased by approximately \$466K. Major factors involved for this increase:
 - a. General government decreased \$268K due to decreased fee revenue such as Building Permit fees, Election Costs Recovered and Register of Deeds filing fees.
 - b. Public Health increased by \$125K due to Watershed revenue.
 - c. Public safety decreased \$826K due to the County now paying 100% of expenses from the E911 fund.
 - d. Roads increased \$916K due to reimbursements from the City of Omaha and Douglas County related to the Harrison Street and 72nd Street projects.
 - e. Landfill increased \$1.6MM due to the closure of the landfill and the transition to a transfer-station only operation.
 - f. Sewer decreased \$1.1MM due to a decrease of \$2.1MM in connection fees related to a large development in 2017 and an increase of \$928K in plat fees due to new developments.
3. Operating grants decreased by approximately \$745K
 - a. General government increased by \$144K due to receiving additional grants.
 - b. Public health decreased \$91K due to the Stormwater Management grant not being renewed.
 - c. Public safety decreased \$79K due to some grants not being renewed.
 - d. Roads decreased \$853K due to a decrease in federal grants.
 - e. Landfill increased by \$134K mostly due to receiving a FEMA grant.
4. Capital grants and contributions increased by approximately \$4.4MM
 - a. Roads increased by \$3.4MM due to Nebraska Department of Transportation projects.
 - b. Sewer increased by \$1MM due to a small business development grant from the Nebraska Department of Economic Development.
5. Total expenses increased by \$15.8MM.
 - a. General government increased by \$497K due to additional grants received and an expected increase in budgeted expenses.
 - b. Public health increased by \$125K due to additional grants received and an expected increase in budgeted expenses.
 - c. Public safety increased by \$233K due to an expected increase in budgeted expenses.
 - d. Roads increased by \$13.5MM due to 2017 including the disposal of capital assets through annexations as well as several road projects occurring in the 2018 fiscal year.
 - e. Debt service interest increased by \$205K due to the acquisition of new debt.
 - f. Landfill increased by \$890K due to the transition to a transfer-station only operation and entering into a contract to use another landfill.
 - g. Stadium decreased by \$101K due to a reduction in operating expenses.
 - h. Sewer increased by \$443K due to the receipt of the small business development grant.

GOVERNMENTAL ACTIVITY REVENUES

General revenues and transfers from governmental activities totaled \$60,852,492 in 2018, an increase of \$3,255,845 or 5.7% from 2017. The amount of general revenues by source and increase or decrease from the prior year is summarized below:

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Property taxes	\$ 56,346,794	\$ 53,046,562	\$ 3,300,232
Investment income	697,762	430,096	267,666
Miscellaneous	4,803,936	4,200,305	603,631
Transfers	<u>(996,000)</u>	<u>(79,755)</u>	<u>(916,245)</u>
 Total general revenues	 <u>\$ 60,852,492</u>	 <u>\$ 57,597,208</u>	 <u>\$ 3,255,284</u>

The County relies heavily on property taxes to support its governmental operations. Tax revenue provided approximately 59.0% of the County's total governmental revenues.

GOVERNMENTAL ACTIVITY EXPENDITURES

Expenditures of governmental activities totaled \$81,817,142 for 2018, an increase of \$14,532,401 from 2017 expenditures of \$67,284,741. As shown below, there are a variety of factors affecting the increase in governmental activity expenditures. The increase in general government expenses was due to normal increases in operating and personnel expenses. The increase in public safety expenses was also due to normal increases in operating and personnel expenses. The increase in special roads expenses was due to 2017 including the disposal of capital assets through annexations as well as several road projects occurring in the 2018 fiscal year.

These expenditures, by function, are summarized below:

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
General government	\$ 24,203,625	\$ 23,706,554	\$ 497,071
Public health	1,170,131	1,044,953	125,178
Public safety	39,253,753	39,020,697	233,056
Public health & social services	1,542,308	1,539,023	3,285
Special roads	15,222,723	1,754,402	13,468,321
Debt service interest	<u>424,602</u>	<u>219,112</u>	<u>205,490</u>
	 <u>\$ 81,817,142</u>	 <u>\$ 67,284,741</u>	 <u>\$ 14,532,401</u>

BUSINESS-TYPE ACTIVITIES

Business-type activities are shown comparing costs to revenues generated by related services. The landfill and sewer functions are designated to be self-supporting with user charges and other revenues designed to recover costs. For the year ending June 30, 2018, landfill expenditures exceeded revenues by \$2,230,773 and sewer revenues exceeded expenditures by \$2,357,998. Stadium activity is also shown as a business-type activity and revenues exceeded expenditures by \$146,518 for the year ending June 30, 2018. A summary of this activity is presented below.

	2018			2017		
	<u>Sewer</u>	<u>Landfill</u>	<u>Stadium</u>	<u>Sewer</u>	<u>Landfill</u>	<u>Stadium</u>
Operating revenues	\$ 4,472,302	\$ 5,895,048	\$ 787,547	\$ 4,555,219	\$ 4,301,081	\$ 780,524
Operating expenses	<u>(2,171,141)</u>	<u>(8,287,011)</u>	<u>(655,769)</u>	<u>(1,728,394)</u>	<u>(7,397,371)</u>	<u>(737,307)</u>
Operating income (loss)	1,301,161	(2,391,963)	131,778	2,826,825	(3,096,290)	43,217
Non-operating revenues	1,056,837	512,440	189,735	9,700	15,636	196,564
Non-operating expenses			(1,170,995)			(1,190,911)
Capital contributions						
Transfers			996,000		(1,111,061)	1,190,816
Loss on Asset Disposal	<u> </u>	<u>(351,250)</u>	<u> </u>	<u> </u>	<u>(319,775)</u>	<u> </u>
Increase (decrease) in net position	<u>\$ 2,357,998</u>	<u>\$ (2,230,773)</u>	<u>\$ 146,518</u>	<u>\$ 2,836,525</u>	<u>\$ (4,511,490)</u>	<u>\$ 239,686</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 \$46,143,542 as of June 30, 2018, which represents 52.7% of total current expenditures.

The Governmental Fund information is summarized below:

	Total Governmental Funds	
	2018	2017
Assets		
Cash and investments	\$ 46,143,542	\$ 31,223,787
Accounts receivable	2,057,073	1,814,860
Taxes receivable	16,677,409	16,597,534
Grant Receivable	1,277,765	1,789,381
Due from other funds	977,000	1,022,000
Inventory	698,520	694,898
Prepaid salary expense	1,757,180	1,795,694
Total assets	<u>\$ 69,588,489</u>	<u>\$ 54,938,154</u>
Liabilities		
Accounts payable	\$ 5,447,874	\$ 3,621,665
Due to other funds	977,000	1,022,000
Wages and benefits payable	2,594,974	2,558,767
Compensated absences	781,846	254,753
Total liabilities	<u>9,801,694</u>	<u>7,457,185</u>
Deferred Inflow of Resources		
Total deferred inflow of resources	<u>2,473,316</u>	<u>3,401,668</u>
Fund Balances		
Non-spendable	2,455,700	2,490,592
Restricted	19,337,718	9,775,448
Assigned	202,120	194,533
Unassigned	35,317,941	31,618,728
Total fund balances	<u>57,313,479</u>	<u>44,079,301</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 69,588,489</u>	<u>\$ 54,938,154</u>

The \$14.9MM increase in cash and investments was a combination of a \$5.4MM increase in the Public Works fund, a \$1.6MM increase in the Inheritance Tax fund, a \$749K increase in the General fund and a \$770K increase in the Sinking fund. The increase in Public Works fund cash and investments was caused largely by \$4.7MM in budgeted capital outlay projects that were not completed. There was also an increase of \$2.3MM in Clerk of District Court cash on hand, a decrease of Bond issue cash of \$3.3 MM and an increase of \$6.6MM for the issuance of Highway Allocation Bonds.

General Fund Budgetary Highlights

The General Fund is the County's primary operating fund and largest source of day-to-day service delivery. The General Fund had Excess of Revenues Collected over Expenditures Paid of \$2.4MM based on the cash basis of accounting. The excess is explained below.

The General Fund budgeted revenues (cash basis) for the 2018 fiscal year were \$59,794,717 while actual revenues (cash basis) were \$64,923,813 for a favorable variance of \$5,129,096. The General Fund budgeted expenses (cash basis) were \$64,732,206 while actual expenses (cash basis) were \$55,282,769 for a favorable variance of \$9,449,437. Some of the major factors influencing these variances are shown below:

	<u>Variation</u>
<u>Revenues</u>	
General Fund - Local	\$ 5.0 MM
General Fund - Taxes	(1.5 MM)
General Fund - State	1.5 MM
<u>Expenditures</u>	
Miscellaneous General	\$ 2.5 MM
Inheritance Tax	4.2 MM
Capital Projects	1.4 MM

Assessed Valuation and Property Taxes

Assessed valuation of \$14,493,101,695 represented a 6.8% increase over the preceding year's valuation of \$13,565,438,185. Property taxes are assessed on actual valuation. The tax rates are applied to each \$100 of actual valuation. The breakdown of tax rates for 2018 fiscal year and the preceding two years are as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
General fund	.2629	.2587	.2572
All other funds	<u>.0340</u>	<u>.0382</u>	<u>.0397</u>
Total	<u>.2969</u>	<u>.2969</u>	<u>.2969</u>
Total valuation	<u>\$14,493,101,695</u>	<u>\$13,565,438,185</u>	<u>\$12,785,158,397</u>
% valuation increase over preceding year	6.8%	6.1%	6.6%

Capital Assets

As of June 30, 2018, the County had \$180,848,269 invested in capital assets, including roads, bridges, buildings, machinery, equipment, etc. This is an increase of \$7,547,162 from the previous year restated amount. The net book value of these assets are summarized below.

Land	\$ 10,348,736
Infrastructure	104,524,354
Buildings	53,873,450
Intangible Assets	40,771
Machinery and equipment	<u>12,060,958</u>
Net investment in capital assets	<u>\$180,848,269</u>

The annual depreciation for the County for 2018 was \$6,723,164.

Increase in Capital Assets: The \$7.7MM increase in Capital Assets was caused mainly by an increase in Infrastructure of \$8.6MM due to the design and construction of additional lane miles of roads and \$2.7MM of new machinery and equipment offset by disposals and depreciation expense.

Debt Administration

At the end of the fiscal year, the County had total bonded debt and notes payable outstanding of \$40,141,532. During the current year, the County made principal payments on outstanding bonds totaling \$2,965,000. The County’s total future debt service requirements for bonded debt and notes payable are presented below.

Year Ending June 30,	Principal	Interest	Total Requirements
2019	\$ 4,429,260	\$ 1,482,808	\$ 5,912,068
2020	4,300,467	1,382,937	5,683,404
2021	3,322,190	1,295,237	4,617,427
2022	3,173,411	1,199,180	4,372,591
2023	3,231,204	1,102,630	4,333,834
2024 and beyond	<u>21,685,000</u>	<u>7,483,085</u>	<u>29,168,085</u>
	<u>\$ 40,141,532</u>	<u>\$ 13,945,877</u>	<u>\$ 54,087,409</u>

Economic Environment

Sarpy County encompasses approximately 241 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. In 2015, the City of Papillion (est. 2017 population of 19,539) was named #2 in Time magazine’s best places to live due to its quality schools, growing economy, reasonably-priced housing and redeveloping downtown.

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

Company	Industry
Offutt Air Force Base	Military
PayPal, Inc.	Service
InfoGroup Compilation Center	Service
Oriental Trading Company	Warehouse/Distribution
Papillion-LaVista Schools	Education

Sarpy County's population figures from 2010 through 2017 are as follows:

Year	Population
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

Information for the number of building permits for single-family dwellings issued for Sarpy County (outside city zoning jurisdictions) from 2011 through 2018 are as follows:

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

Information for the number of building permits for commercial/industrial buildings issued for Sarpy County from 2011 through 2016 are as follows:

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

2017-2018 Budget

For the year ending June 30, 2018, the County adopted a total budget of \$152,169,671, which was subsequently amended to a total of \$152,528,671. This is an increase of \$3,942,117 over the previous year budget of \$148,586,554. This increase is due mainly to normal personnel and operating cost increases in the General fund including a \$969K increase for health insurance premiums, \$1.9MM was budgeted for various capital improvement projects, \$880K was budgeted to replace the E911 contributions formerly made by the cities and \$750K was budgeted for a study, preliminary design and future debt service payments for the jail project. The property tax request for the 2017-18 fiscal year is \$43,030,019 on assessed valuation of \$14,493,101,695 which results in a tax levy of \$0.2969 per \$100 of valuation. This is the same as the previous year.

Contacting the County's Financial Management

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

SARPY COUNTY, NEBRASKA

**STATEMENT OF NET POSITION
JUNE 30, 2018**

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 28,140,726	\$ 10,098,465	\$ 38,239,191
Accounts receivable	2,057,073	847,054	2,904,127
Grants receivable	1,277,765	125,466	1,403,231
Taxes receivable	16,677,409		16,677,409
Prepaid expense	1,757,180	13,805	1,770,985
Inventory	698,520		698,520
Restricted cash	18,002,816	4,468,354	22,471,170
Net pension asset	6,862,905	44,094	6,906,999
Capital assets:			
Land	7,451,250	2,897,486	10,348,736
Depreciable assets	219,600,889	43,016,070	262,616,959
Less accumulated depreciation	(84,306,644)	(7,810,782)	(92,117,426)
Total assets	218,219,889	53,700,012	271,919,901
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss from refunding	13,417		13,417
Pension related deferred outflows	3,904,226	25,084	3,929,310
OPEB related deferred outflows	924,253	3,702	927,955
Total deferred outflow of resources	4,841,896	28,786	4,870,682
Total assets and deferred outflows of resources	\$ 223,061,785	\$ 53,728,798	\$ 276,790,583
LIABILITIES:			
Accounts payable	\$ 7,452,811	\$ 2,215,568	\$ 9,668,379
Wages and benefits payable	2,594,974	23,799	2,618,773
Interest payable	15,879	47,571	63,450
Advance payments		1,532,500	1,532,500
Compensated absences:			
Current	781,846	4,783	786,629
Non-current	7,920,859	27,104	7,947,963
Other post employment benefits:			
Current	469,743	4,542	474,285
Non-current	3,912,441		3,912,441
Landfill closure and post closure costs:			
Non-current		3,518,407	3,518,407
Bonds payable:			
Current	2,965,000	710,000	3,675,000
Non-current	12,812,017	22,150,826	34,962,843
Notes payable:			
Current	754,260		754,260
Non-current	962,272		962,272
Total liabilities	40,642,102	30,235,100	70,877,202
DEFERRED INFLOW OF RESOURCES:			
Pension related deferred inflows	5,612,961	36,047	5,649,008
NET POSITION:			
Net investment in capital assets	125,265,363	15,772,313	141,037,676
Restricted for:			
Debt service	4,814,364		4,814,364
Post closure costs		419,582	419,582
Grant stipulations	1,122,773		1,122,773
Other	15,092,632		15,092,632
Unrestricted	30,511,590	7,265,756	37,777,346
Total net position	176,806,722	23,457,651	200,264,373
Total liabilities, deferred inflows of resources and net position	\$ 223,061,785	\$ 53,728,798	\$ 276,790,583

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	Special Roads	Non-major Funds	Total Governmental Funds
ASSETS:				
Cash and investments	\$ 29,034,668	\$ 11,791,893	\$ 5,316,981	\$ 46,143,542
Accounts receivable	271,912	1,435,388	349,773	2,057,073
Grants receivable	35,973	254,378	987,414	1,277,765
Taxes receivable	14,769,692		1,907,717	16,677,409
Prepaid salary and benefit expenses	1,369,681	144,819	242,680	1,757,180
Due from other funds	977,000			977,000
Inventory		698,520		698,520
Total assets	<u>\$ 46,458,926</u>	<u>\$ 14,324,998</u>	<u>\$ 8,804,565</u>	<u>\$ 69,588,489</u>
LIABILITIES:				
Accounts payable	\$ 4,398,721	\$ 839,023	\$ 210,130	\$ 5,447,874
Due to other funds			977,000	977,000
Wages and benefits payable	2,019,425	170,183	405,366	2,594,974
Compensated absences	618,677	61,452	101,717	781,846
Total liabilities	<u>7,036,823</u>	<u>1,070,658</u>	<u>1,694,213</u>	<u>9,801,694</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	111,004	915,537	689,410	1,715,951
Unavailable tax revenues	670,261		87,104	757,365
Total deferred inflows of resources	<u>781,265</u>	<u>915,537</u>	<u>776,514</u>	<u>2,473,316</u>
FUND BALANCES:				
Nonspendable	1,369,681	843,339	242,680	2,455,700
Restricted	986,248	11,495,464	6,856,006	19,337,718
Assigned	202,120			202,120
Unassigned	36,082,789		(764,848)	35,317,941
Total fund balances	<u>38,640,838</u>	<u>12,338,803</u>	<u>6,333,838</u>	<u>57,313,479</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 46,458,926</u>	<u>\$ 14,324,998</u>	<u>\$ 8,804,565</u>	<u>\$ 69,588,489</u>
RECONCILIATION:				
Total fund balances - Governmental Funds				\$ 57,313,479
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.				4,841,896
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.				(5,612,961)
The net pension asset is a non-current period item and is not reported in the governmental funds.				6,862,905
Unavailable revenues represent funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.				2,473,316
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.				142,745,495
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			(2,004,937)	
Interest payable			(15,879)	
Compensated absences			(7,920,859)	
Other post employment benefits			(4,382,184)	
Bonds payable, net of bond issue premium and discount			(15,777,017)	
Notes payable			(1,716,532)	
			<u>(31,817,408)</u>	
Net position of Governmental Activities				<u>\$ 176,806,722</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, 2018**

	General Fund	Special Roads	Non-major Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 36,999,718		\$ 4,788,449	\$ 41,788,167
Intergovernmental:				
Federal	178,024	\$ 1,956,809	1,464,074	3,598,907
State	2,835,638	13,242,253	1,202,912	17,280,803
Local	25,172,181	2,948,588	3,864,086	31,984,855
Total revenues	65,185,561	18,147,650	11,319,521	94,652,732
EXPENDITURES:				
Current:				
General government	19,729,174		3,672,945	23,402,119
Special roads		8,006,076		8,006,076
Public safety	32,213,283		6,995,617	39,208,900
Public health	643,323		529,056	1,172,379
Public welfare and social services	1,440,710		111,019	1,551,729
Capital outlay	1,386,815	8,899,590	695,459	10,981,864
Debt service:				
Debt service principal	1,006,444	573,664	1,484,108	3,064,216
Debt service interest	158,942	106,633	34,068	299,643
Total expenditures	56,578,691	17,585,963	13,522,272	87,686,926
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,606,870	561,687	(2,202,751)	6,965,806
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of debt		6,920,000		6,920,000
Bond premium		266,422		266,422
Investment Income	41,025	35,087	1,838	77,950
Operating transfers in		3,196,174	4,461,787	7,657,961
Operating transfers out	(7,279,293)		(1,374,668)	(8,653,961)
Net other financing sources (uses)	(7,238,268)	10,417,683	3,088,957	6,268,372
NET CHANGE IN FUND BALANCES	1,368,602	10,979,370	886,206	13,234,178
FUND BALANCES, BEGINNING OF YEAR	37,272,236	1,359,433	5,447,632	44,079,301
FUND BALANCES, END OF YEAR	\$ 38,640,838	\$ 12,338,803	\$ 6,333,838	\$ 57,313,479
RECONCILIATION:				
Total net change in fund balances for the governmental funds.				\$ 13,234,178
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.				(928,352)
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 \$11,980,930 exceed depreciation expense of \$5,868,291.				6,112,639
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.				(2,326,604)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These include the changes in the following accounts from the prior year: net pension asset \$5,191,145; deferred loss from refunding (\$13,418); pension related deferred outflows \$123,305; OPEB related deferred outflows \$924,253; non-current accounts payable (\$1,872,743); interest payable (\$6,817); non-current compensated absences \$729,232; OPEB liability (\$1,064,930); pension related deferred inflows (\$4,444,904).				(434,877)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. These include bond principal payments \$2,265,000; bond issuance plus premium (\$7,186,422); amortization of bond premiums and discounts \$49,028; payments on notes payable \$843,109; issuance of notes payable (\$1,221,403).				(5,250,688)
Changes in net position of governmental activities.				\$ 10,406,296

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018**

	Landfill	Stadium	Sewer	Total
CURRENT ASSETS:				
Cash	\$ 4,796,322		\$ 5,302,143	\$ 10,098,465
Accounts receivable	577,767	\$ 212,693	56,594	847,054
Grants receivable	125,466			125,466
Prepaid expenses	12,595		1,210	13,805
Total current assets	5,512,150	212,693	5,359,947	11,084,790
NON-CURRENT ASSETS:				
Restricted cash	3,937,989	530,365		4,468,354
Net pension asset	44,094			44,094
Capital assets:				
Land	676,017	1,770,865	450,604	2,897,486
Land improvements	1,012,058	168,030		1,180,088
Infrastructure			12,397,792	12,397,792
Buildings	399,085	28,280,633		28,679,718
Machinery and equipment	120,623	637,849		758,472
Less accumulated depreciation	(959,285)	(4,251,135)	(2,600,362)	(7,810,782)
Total non-current assets	5,230,581	27,136,607	10,248,034	42,615,222
Total assets	10,742,731	27,349,300	15,607,981	53,700,012
DEFERRED OUTFLOWS OF RESOURCES:				
Pension related deferred outflows	25,084			25,084
Other post employment benefits related deferred outflows	3,702			3,702
Total assets and deferred outflows of resources	\$ 10,771,517	\$ 27,349,300	\$ 15,607,981	\$ 53,728,798
CURRENT LIABILITIES:				
Accounts payable	\$ 1,357,173	\$ 23,343	\$ 835,052	\$ 2,215,568
Wages and benefits payable	16,610		7,189	23,799
Interest payable		47,571		47,571
Compensated absences	4,783			4,783
Current maturities of long-term debt		710,000		710,000
Accrued other post employment benefits	4,542			4,542
Total current liabilities	1,383,108	780,914	842,241	3,006,263
NON-CURRENT LIABILITIES:				
Compensated absences	27,104			27,104
Advance payments		1,532,500		1,532,500
Bonds payable		22,150,826		22,150,826
Accrued landfill post closure costs	3,518,407			3,518,407
Total non-current liabilities	3,545,511	23,683,326		27,228,837
Total liabilities	4,928,619	24,464,240	842,241	30,235,100
DEFERRED INFLOWS OF RESOURCES:				
Pension related deferred inflows	36,047			36,047
NET POSITION:				
Net investment in capital assets	1,248,498	4,275,781	10,248,034	15,772,313
Restricted for post-closure costs	419,582			419,582
Unrestricted	4,138,771	(1,390,721)	4,517,706	7,265,756
Total net position	5,806,851	2,885,060	14,765,740	23,457,651
Total liabilities, deferred inflows of resources and net position	\$ 10,771,517	\$ 27,349,300	\$ 15,607,981	\$ 53,728,798

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, 2018**

	<u>Landfill</u>	<u>Stadium</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES:				
Charges for services and facilities	\$ 5,895,048	\$ 787,547	\$ 3,472,302	\$ 10,154,897
OPERATING EXPENSES:				
Personal services	317,541		145,832	463,373
Operating expenses	7,942,781	655,769	2,025,309	10,623,859
Supplies and materials	16,702			16,702
Equipment rental	9,987			9,987
Total operating expenses	8,287,011	655,769	2,171,141	11,113,921
OPERATING INCOME (LOSS)	(2,391,963)	131,778	1,301,161	(959,024)
NON-OPERATING REVENUES (EXPENSES):				
Interest expense		(1,170,995)		(1,170,995)
Miscellaneous	512,440	189,735	1,056,837	1,759,012
Loss on capital asset disposals due to sales and annexations	(351,250)			(351,250)
Total non-operating revenues (expenses)	161,190	(981,260)	1,056,837	236,767
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	(2,230,773)	(849,482)	2,357,998	(722,257)
OPERATING TRANSFERS IN (OUT)		996,000		996,000
CHANGE IN NET POSITION	(2,230,773)	146,518	2,357,998	273,743
NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY REPORTED	8,096,787	2,738,555	12,407,742	23,243,084
PRIOR PERIOD ADJUSTMENT	(59,163)	(13)		(59,176)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	8,037,624	2,738,542	12,407,742	23,183,908
NET POSITION, END OF YEAR	\$ 5,806,851	\$ 2,885,060	\$ 14,765,740	\$ 23,457,651

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Landfill	Stadium	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 5,638,889	\$ 751,913	\$ 3,415,708	\$ 9,806,510
Payments to suppliers	(10,074,400)	(24,784)	(1,929,644)	(12,028,828)
Payments to employees	(291,568)		(131,454)	(423,022)
Net cash provided by (used in) operating activities	(4,727,079)	727,129	1,354,610	(2,645,340)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(133,385)	(139,392)	(3,735,395)	(4,008,172)
Principal payments on capital debt		(700,000)		(700,000)
Interest and other charges paid on debt		(1,171,917)		(1,171,917)
Net cash used in capital and related financing activities	(133,385)	(2,011,309)	(3,735,395)	(5,880,089)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:				
Operating transfers out				
Operating transfers in		996,000		996,000
Other non-capital financing activities	512,440	189,735	1,056,837	1,759,012
Net cash provided by non-capital and related financing activities	512,440	1,185,735	1,056,837	2,755,012
NET DECREASE IN CASH AND INVESTMENTS	(4,348,024)	(98,445)	(1,323,948)	(5,770,417)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	13,082,335	628,810	6,626,091	20,337,236
CASH AND INVESTMENTS, END OF YEAR	\$ 8,734,311	\$ 530,365	\$ 5,302,143	\$ 14,566,819
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ (2,391,963)	\$ 131,778	\$ 1,301,161	\$ (959,024)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	40,448	621,021	201,883	863,352
Changes in operating assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	(130,693)	44,366	(56,594)	(142,921)
Grants receivable	(125,466)			(125,466)
Prepaid expenses	1,388		(1,210)	178
Net pension asset	(30,466)			(30,466)
Pension related deferred outflows	(25,084)			(25,084)
Other post employment benefits related deferred outflows	27,119			27,119
Accounts payable	(532,106)	9,964	(97,819)	(619,961)
Accrued wages and benefits payable	(3,196)		7,189	3,993
Compensated absences	6,558			6,558
Advance payments		(80,000)		(80,000)
Change in accrued other post employment benefits	(4,508)			(4,508)
Change in accrued landfill closure and post closure costs	(1,585,635)			(1,585,635)
Pension related deferred inflows	26,525			26,525
Net cash provided by (used in) operating activities	\$ (4,727,079)	\$ 727,129	\$ 1,354,610	\$ (2,645,340)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital asset additions	\$ (218,885)	(145,383)	\$ (4,251,732)	\$ (4,616,000)
Capital asset acquisitions included in accounts payable	85,500	\$ 5,991	516,337	607,828
Net cash paid for purchase of capital assets	\$ (133,385)	\$ (139,392)	\$ (3,735,395)	\$ (4,008,172)
Receivables related to sale of capital assets	\$ (351,250)			

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA

**STATEMENT OF NET POSITION - FIDUCIARY FUND
JUNE 30, 2018**

ASSETS:	
Cash and investments	\$ 65,385,487
Taxes receivable	<u>114,065,351</u>
Total assets	<u>\$ 179,450,838</u>
LIABILITIES:	
Due to other governmental entities	<u>\$ 179,450,838</u>

See Accompanying Notes to the Financial Statements.

SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

Reporting Entity

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Government-Wide Financial Statements

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Government-Wide Financial Statements, Continued

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

Fund Financial Statements

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

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

Governmental Funds

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

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental Funds - Continued

The County reports the following major governmental funds:

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

Proprietary Funds

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

The County reports the following major proprietary funds:

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

Fiduciary Fund

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Budgets and Budgetary Accounting

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

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

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

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, revisions that alter the total expenditures of any fund require that an additional public hearing be held. During the year ended June 30, 2018, the County amended its original budget for the purpose of accommodating unanticipated expenditures.

Pooled Cash and Investments

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

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

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

Receivables

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

Property Taxes

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

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property Taxes, Continued

Counties are permitted by State Constitution to levy a tax up to \$0.50 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. The County may levy taxes in addition to the \$0.50 limitation upon a vote of the people. The tax levy remained below the \$0.50 limitation for 2018.

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

Inventories

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

Capital Assets (Including Intangible Assets)

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

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 2018.

The following useful lives are being used by the County:

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated Absences

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

Other Post-Employment Benefits

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

Fund Balance - Governmental Funds

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

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

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

Committed - Committed fund balances may be used only for the specific purposes determined by resolution of the Board of Commissioners. Commitments may be changed or lifted only by issuance of a resolution by the County Board of Commissioners. The County did not have any committed fund balances as of June 30, 2018.

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

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

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net Position Classification

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

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

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

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

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

Use of Estimates

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

2. DEPOSITS AND INVESTMENTS

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

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The County has not adopted a specific policy for custodial credit risk, but requires compliance with the provisions of state law. The County's cash deposits, including nonnegotiable certificates of deposit, are insured by the Federal Deposit Insurance Corporation (FDIC) and other pledged collateral. At June 30, 2018, the County's deposits with Pinnacle Bank were undercollateralized by \$672,678. The rest of the County's deposits were fully insured or collateralized as of June 30, 2018.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

2. DEPOSITS AND INVESTMENTS, CONTINUED

Investments

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

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

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County limits its interest rate risk by investing primarily in securities with original maturities of less than one year. Money market mutual funds and the NPAIT investment pool are presented as investments with a maturity of less than one year because they are redeemable in full immediately. The County has \$17,883,998 invested in nonnegotiable certificates of deposit that are scheduled to mature during the 2020 fiscal year. All other investment securities held at June 30, 2018 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, 2018, the County's investment in the NPAIT investment pool comprised approximately 25% of the County's total investments.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

2. DEPOSITS AND INVESTMENTS, CONTINUED

Summary of Carrying Values

The carrying values of deposits and investments at June 30, 2018, and reconciliation to amounts shown in the financial statements, are as follows:

Cash:	
Cash on hand	\$ 993,191
Cash in bank (checking, money market)	<u>43,909,397</u>
Total cash	<u>44,902,588</u>
Certificates of deposit:	
NPAIT certificates of deposit	14,663,231
Bank certificates of deposit and CDARs	<u>31,895,726</u>
Total certificates of deposit	<u>46,558,957</u>
Investments:	
U.S. Treasury Bills	19,825,591
NPAIT money market	5,782,452
Other money market accounts	<u>9,026,260</u>
Total investments	<u>34,634,303</u>
Total cash, certificates of deposit and investments	<u>\$ 126,095,848</u>
Reconciliation to the financial statements:	
Government-Wide cash and investments	\$ 56,242,007
Government-Wide restricted cash	4,468,354
Fiduciary fund cash and investments	<u>65,385,487</u>
	<u>\$ 126,095,848</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 of the County's certificate of deposits and investments, as shown in Note 2, as of June 30, 2018 are categorized as level 2 investments.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

3. FAIR VALUE MEASUREMENTS, CONTINUED

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

4. INTERFUND BALANCES AND TRANSFERS

"Due to" and "Due from" balances are recorded as a result of temporary loans from the general fund to cover cash shortages in other County funds. Balances due to/from other funds at June 30, 2018, consisted of \$977,000 owed to the general fund entirely by other governmental funds.

Transfers are used primarily to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers to/from other funds for the year ended June 30, 2018, consist of the following:

Transfer to:	Transfer from general fund	Transfer from other governmental funds
Special roads fund	\$ 3,196,174	
Other governmental funds	3,933,119	\$ 528,668
Stadium fund	150,000	846,000
Total	<u>\$ 7,279,293</u>	<u>\$ 1,374,668</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance, Restated</u>	<u>Additions</u>	<u>Disposals</u>	<u>Disposals due to Annexations</u>	<u>Ending Balance</u>
Governmental Activities:					
Nondepreciable capital assets:					
Land	\$ 7,513,497	\$ 130,831	\$ (135,788)	\$ (57,290)	\$ 7,451,250
Depreciable capital assets:					
Intangible assets	161,152	21,042			182,194
Infrastructure	138,868,167	8,673,293	(1,781,260)	(457,370)	145,302,830
Buildings and improvements	43,952,401	415,622			44,368,023
Machinery and equipment	27,259,812	2,740,142	(252,112)		29,747,842
Total depreciable capital assets	<u>210,241,532</u>	<u>11,850,099</u>	<u>(2,033,372)</u>	<u>(457,370)</u>	<u>219,600,889</u>
Accumulated depreciation:					
Intangible assets	(128,416)	(13,007)			(141,423)
Infrastructure	(47,456,407)	(3,233,065)	113,566		(50,575,906)
Buildings and improvements	(14,575,139)	(877,041)			(15,452,180)
Machinery and equipment	(16,635,607)	(1,745,178)	243,650		(18,137,135)
Total accumulated depreciation	<u>(78,795,569)</u>	<u>(5,868,291)</u>	<u>357,216</u>		<u>(84,306,644)</u>
Capital assets being depreciated, net	<u>131,445,963</u>	<u>5,981,808</u>	<u>(1,676,156)</u>	<u>(457,370)</u>	<u>135,294,245</u>
Governmental activities capital assets, net	<u>\$ 138,959,460</u>	<u>\$ 6,112,639</u>	<u>\$ (1,811,944)</u>	<u>\$ (514,660)</u>	<u>\$ 142,745,495</u>
Business-type Activities:					
Nondepreciable capital assets:					
Land	\$ 2,488,692	\$ 408,794			\$ 2,897,486
Depreciable capital assets:					
Infrastructure	8,554,854	3,842,938			12,397,792
Buildings and improvements	29,495,538	364,268			29,859,806
Machinery and equipment	758,472				758,472
Total depreciable capital assets	<u>38,808,864</u>	<u>4,207,206</u>			<u>43,016,070</u>
Accumulated depreciation:					
Infrastructure	(2,398,479)	(201,883)			(2,600,362)
Buildings and improvements	(4,305,968)	(596,231)			(4,902,199)
Machinery and equipment	(251,462)	(56,759)			(308,221)
Total accumulated depreciation	<u>(6,955,909)</u>	<u>(854,873)</u>			<u>(7,810,782)</u>
Capital assets being depreciated, net	<u>31,852,955</u>	<u>3,352,333</u>			<u>35,205,288</u>
Business-type activities capital assets, net	<u>\$ 34,341,647</u>	<u>\$ 3,761,127</u>			<u>\$ 38,102,774</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

5. CAPITAL ASSETS, CONTINUED

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

Governmental Activities:

General government	\$ 489,599
Public health	576
Public safety	1,613,223
Public welfare & social services	42
Roads	<u>3,764,851</u>
Total governmental activities depreciation expense	<u>\$ 5,868,291</u>

Business-type Activities:

Landfill	\$ 40,448
Stadium	612,542
Sewer	<u>201,883</u>
Total business-type activities depreciation expense	<u>\$ 854,873</u>

6. LEASES

Operating Lease - Stadium

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

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

<u>Year ending June 30,</u>	
2019	\$ 450,000
2020	450,000
2021	450,000
2022	450,000
2023	450,000
Thereafter	<u>5,625,000</u>
	<u>\$ 7,875,000</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

7. LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2018:

	Beginning Balance	Prior Period Adjustment	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:						
General obligation bonds	\$ 10,775,000		\$ 6,920,000	\$ (2,265,000)	\$ 15,430,000	\$ 2,965,000
Bond issue premium	134,217		266,422	(51,325)	349,314	
Bond issue discount	(4,594)			2,297	(2,297)	
Total general obligation bonds	10,904,623		7,186,422	(2,314,028)	15,777,017	2,965,000
Notes payable	1,338,238		1,223,968	(845,674)	1,716,532	754,260
Compensated absences	8,904,844		597,867	(800,006)	8,702,705	781,846
Other post-employment benefits	1,211,465	\$ 2,105,789	1,268,330	(203,400)	4,382,184	469,743
Total governmental activities						
long-term liabilities	<u>\$ 22,359,170</u>	<u>\$ 2,105,789</u>	<u>\$ 10,276,587</u>	<u>\$ (4,163,108)</u>	<u>\$ 30,578,438</u>	<u>\$ 4,970,849</u>
Business-type Activities:						
Revenue bonds	\$ 23,695,000			\$ (700,000)	\$ 22,995,000	\$ 710,000
Bond issue discount	(142,653)			8,479	(134,174)	
Total revenue bonds	23,552,347			(691,521)	22,860,826	710,000
Compensated absences	25,329		\$ 6,558		31,887	4,783
Other post-employment benefits	8,445	\$ 605	4,069	(8,577)	4,542	4,542
Landfill closure and post-closure costs	5,104,042			(1,585,635)	3,518,407	
Total business-type activities						
long-term liabilities	<u>\$ 28,690,163</u>	<u>\$ 605</u>	<u>\$ 10,627</u>	<u>\$ (2,285,733)</u>	<u>\$ 26,415,662</u>	<u>\$ 719,325</u>

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Original Issue Amount	Date Callable	Outstanding at June 30, 2018
Governmental Activities:					
Bonds payable:					
Limited tax refunding building bonds	December 2019	0.25% - 1.30%	5,090,000	2019	\$ 1,700,000
Radio coverage bond	June 2026	1.625% - 2.000%	8,165,000	N/A	6,810,000
Highway Allocation Bonds	December 2022	1.000% - 4.000%	6,920,000	N/A	6,920,000
					<u>\$ 15,430,000</u>
Notes payable:					
ENHSA house 3	December 2018	4.65%	\$ 153,061	N/A	\$ 6,981
ENHSA house 4	June 2019	5.00%	190,000	N/A	17,551
ENHSA house 5	June 2023	4.70%	178,575	N/A	73,927
Equipment notes	April 2022	1.58% - 2.36%	4,830,582	Various	1,618,073
					<u>\$ 1,716,532</u>
Business-type Activities:					
Bonds payable:					
Stadium revenue bonds - Series A	June 2025	1.50% - 3.75%	\$ 4,195,000	2019	\$ 2,100,000
Stadium revenue bonds - Series B	June 2036	6.05% - 6.25%	9,290,000	2019	9,290,000
Stadium revenue bonds - Series C	June 2030	2.75% - 6.00%	5,500,000	2019	3,990,000
Stadium COPS - Series 2010	December 2035	1.50% - 4.00%	8,070,000	2020	7,615,000
					<u>\$ 22,995,000</u>

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

7. LONG-TERM LIABILITIES, CONTINUED

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

Governmental Activities – Bonds:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,965,000	\$ 310,542	\$ 3,275,542
2020	3,020,000	244,718	3,264,718
2021	2,205,000	195,542	2,400,542
2022	2,250,000	137,043	2,387,043
2023	2,310,000	78,566	2,388,566
2024 - 2026	2,680,000	94,299	2,774,299
	<u>\$ 15,430,000</u>	<u>\$ 1,060,710</u>	<u>\$ 16,490,710</u>

Governmental Activities – Notes Payable

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 754,260	\$ 30,565	\$ 784,825
2020	535,467	20,985	556,452
2021	352,190	8,841	361,031
2022	58,411	2,231	60,642
2023	16,204	416	16,620
	<u>\$ 1,716,532</u>	<u>\$ 63,038</u>	<u>\$ 1,779,570</u>

Business-Type Activities – Bonds

2019	\$ 710,000	\$ 1,141,701	\$ 1,851,701
2020	745,000	1,117,234	1,862,234
2021	765,000	1,090,854	1,855,854
2022	865,000	1,059,906	1,924,906
2023	905,000	1,023,648	1,928,648
2024 - 2036	19,005,000	7,388,786	26,393,786
	<u>\$ 22,995,000</u>	<u>\$ 12,822,129</u>	<u>\$ 35,817,129</u>

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

The 2009 Series A and B Stadium revenue bonds, the 2009 Series C Stadium revenue bonds and the Series 2010 Stadium COPS are secured by a pledge of the revenues derived from lease payments received pursuant to a Public Payment Lease and a Private Payment Lease, respectively. The total principal and interest remaining to be paid on the bonds and certificates of participation is \$35,817,129, with annual payments expected to require 100 percent of the revenues derived from the lease payments. Principal and interest for the current year and revenues from lease payments and other sources were \$1,863,838 and \$955,602, respectively.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

7. LONG-TERM LIABILITIES, CONTINUED

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

8. EMPLOYEES' RETIREMENT SYSTEM

Defined Benefit Plan

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

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

The Nebraska Public Employees Retirement Board (NPERS) was created in 1971 to administer the Nebraska retirement plans. In 1973, The State Legislature brought the County Employees Retirement Plan under the administration of NPERS. During the NPERS plan year ended December 31, 2017, there were 109 participating County employer entities. These were the employers that made contributions during the calendar year. All regular County employees in Nebraska are members of the plan.

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

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

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

For the County's year ended June 30, 2018, the County's total payroll for all employees was \$40,536,154. Total covered payroll was \$39,975,749. Covered payroll refers to all compensation paid by the County to active employees covered by the Plan.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

8. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

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, 2018 was \$2,912,148.

Pension Liabilities

At December 31, 2017, the County had an asset of \$6,906,999 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The NPERS County Plan was 111.83% funded (actuarial accrued liability less actuarial assets) as of December 31, 2017. The County's proportion of the net pension asset 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, 2017, the County's proportion was 12.7 percent, which was a decrease of .20 percent from its proportion measured as of December 31, 2016.

For the year ended December 31, 2017, the County's allocated pension expense was \$1,436,249.

At December 31, 2017, 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	\$ 66,755	\$ (1,513,785)
Changes of assumptions	858,044	
Net difference between projected and actual earnings on pension plan	1,372,172	(4,105,431)
Changes in proportion	181,047	(29,792)
Total as of measurement date	2,478,018	(5,649,008)
Contributions subsequent to the measurement date*	1,451,292	
Total	\$ 3,929,310	\$ (5,649,008)

* Subsequent event is not amortized

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

Fiscal Year	Amount
2019	\$ 1,080,089
2020	(477,270)
2021	(1,164,398)
2022	(1,088,236)
2023	(66,590)
Thereafter	(3,293)
Total	\$ (1,719,698)

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

8. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price Inflation	2.75 percent
Wage Inflation	3.50 percent
Salary increases, including wage inflation	3.80 – 8.00 percent
Long-term Rate of Return, net of investment expense, including price inflation	7.50 percent
Municipal Bond Index Rate	3.43 percent
Year FNP is Projected to be Depleted	N/A
Single Equivalent Int. Rate, net of investment expense, including price inflation	7.50 percent
Interest crediting rate, including dividends	6.25 percent

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

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

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

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

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

8. 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, 2017, (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 at December 31, 2016 and 2017, was 7.75 and 7.50 percent, respectively. 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 2117.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

8. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

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

	<u>Discount rate</u>	<u>County's proportionate Share of net pension (liability) asset</u>
1% decrease	6.50%	\$ 1,331,635
Current discount rate	7.50%	\$ 6,906,999
1% increase	8.50%	\$11,620,621

Plan Fiduciary Net Position

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

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 \$802,780 to the plan for the year ended June 30, 2018.

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.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

8. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

Other Post-employment Benefits, Continued

Funding Policy

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

Contributions and Other Plan Information

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

The County is required to contribute the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize an unfunded actuarial liabilities (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, 2018, the County reported an OPEB liability of \$4,386,726. The OPEB liability was determined by an actuarial valuation as of June 30, 2018. For the year ended June 30, 2018, the County recognized OPEB expense of \$344,444.

	Governmental	Proprietary
Service Cost	\$ 145,246	\$ 396
Interest Cost	114,132	311
Differences between actual and expected experience	339,794	927
Changes in assumptions and inputs	669,158	2,435
Annual OPEB cost (expense)	1,268,330	4,069
Contributions made	(203,400)	(8,577)
Increase (decrease) in net OPEB obligation	1,064,930	(4,508)
Net OPEB obligation - beginning of year, as originally reported	1,211,465	8,445
Net OPEB obligation - prior period adjustment, implementing GASB 75	2,105,789	605
Net OPEB obligation - beginning of year, restated	3,317,254	9,050
Net OPEB obligation - end of year	\$ 4,382,184	\$ 4,542

At June 30, 2018, the district reported deferred outflows of resources related to the OPEB plan from the following sources:

	Governmental	Proprietary
Differences between expected and actual experience	\$ 311,082	\$ 1,246
Changes in assumptions	613,171	2,456
Total	\$ 924,253	\$ 3,702

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

8. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

Other Postemployment Benefits - Continued

Such amounts will be recognized in OPEB expense as follows:

<u>Year ended June 30</u>	<u>Deferred Outflow of Resources</u>	
	<u>Governmental</u>	<u>Proprietary</u>
2019	\$ 84,022	\$ 337
2020	84,022	337
2021	84,022	337
2022	84,022	337
2023	84,022	337
Thereafter	504,143	2,017

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 3.40% as of June 30, 2017 (beginning-of-year measurement) and 3.30% as of June 30, 2018 (end-of-year measurement).

Actuarial Assumptions

The total OPEB liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	3.3% per annum		
Actuarial measurement date:	June 30, 2018		
Actuarial valuation date:	July 1, 2018		
Medical/Rx premium cost trend:	8.0% initially, reduced incrementally .50% per year down to 4.50%		
Expected health care cost by age:	<u>Medical/Rx</u>		
	<u>Age</u>	<u>Male</u>	<u>Female</u>
	55	994	1,091
	57	1,103	1,153
	60	1,279	1,274
	62	1,411	1,379
	64	1,558	1,503
Timing of benefit payments:	Mid-year		
Non-spouse dependents:	Deemed immaterial and not valued		
Medicare eligibility age:	Age 65		
Enrollment for future retirees:	Seventy percent (70%) of future eligible retirees are assumed to elect coverage with the County upon retirement. This is based on County experience from June 2009 to June 2018.		

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

8. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

Other Postemployment Benefits - Continued

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%

Spousal participation: Thirty percent (30%) of future participating retirees are assumed to have a covered spouse during retirement. Actual elections were valued for spouses of current retirees.

Age Difference for covered spouses: Males are assumed to be 3 years older than their female spouses for future retirees. Actual spouse age was valued for current retirees.

Duration of coverage: Coverage is assumed to continue to Medicare age eligibility

Disability incidence: None

Mortality: Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2017 Full Generational Improvement

Salary scale per employee: 4.0% per year

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

8. EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

Other Postemployment Benefits - Continued

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

The following presents the net OPEB liability of the County calculated using the discount rate of 3.30%, as well as what the district's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.30%) or 1-percentage-point higher (4.30%) than the current rate:

	Discount rate	County's OPEB liability
1% decrease	2.30%	\$ 4,721,290
Current discount rate	3.30%	\$ 4,386,726
1% increase	4.30%	\$ 4,071,038

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	\$ 3,894,797
Current healthcare cost trend rate	\$ 4,386,726
1% increase	\$ 4,967,934

9. COMMITMENTS AND CONTINGENCIES

Federal Financial Awards

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

Litigation

The County is involved in lawsuits arising in the ordinary course of business, including claims for property damage and personal injury. In the opinion of County management, based on the advice of the County Attorney with respect to litigation, these matters are not expected to have a materially adverse effect on the County's financial position at June 30, 2018.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

10. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require the County to place a final cover on its landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. Although closure and 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 2018, there will be no closure costs and an additional \$3,518,407 will be required for post-closure care. The estimated total of the landfill closure and post-closure care of \$3,518,407 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were to be completed.

Based on the capacity of the landfill the County closed the landfill in 2017. During the year ended June 30, 2018 the County has spent \$1,204,122 on closure costs and has accrued additional landfill closure and post-closure care costs in the amount of \$3,518,407 as of June 30, 2018.

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, 2018, 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.

11. PUBLIC ENTITY RISK POOL

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

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

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

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

11. PUBLIC ENTITY RISK POOL, CONTINUED

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.

12. GOVERNMENTAL FUND BALANCES

Governmental fund balances are classified as follows at June 30, 2018:

	General Fund	Special Roads Fund	Other Governmental Funds	Total
Nonspendable:				
Inventory		\$ 698,520		\$ 698,520
Prepaid salary expenses	\$ 1,369,681	144,819	\$ 242,680	1,757,180
Total nonspendable	1,369,681	843,339	242,680	2,455,700
Restricted for:				
Debt service	986,248	1,761,014	2,067,102	4,814,364
Emergency communications			322,627	322,627
Social services			48,535	48,535
Tourism			1,342,953	1,342,953
Institutions			130,252	130,252
Register of deeds - technology			617,126	617,126
Public health and welfare			156,366	156,366
Grant stipulations			1,122,773	1,122,773
Community betterment			87,950	87,950
Capital projects		9,734,450		9,734,450
Sheriff admin bond			326,827	326,827
Courthouse admin bond			46	46
Connection fee fund			475	475
Information systems			632,974	632,974
Total restricted	986,248	11,495,464	6,856,006	19,337,718
Assigned to:				
Wireless communications	119,341			119,341
STOP Program	82,779			82,779
Total assigned	202,120			202,120
Unassigned	36,082,789		(764,848)	35,317,941
Total fund balances	\$ 38,640,838	\$ 12,338,803	\$ 6,333,838	\$ 57,313,479

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

12. GOVERNMENTAL FUND BALANCES, CONTINUED

At June 30, 2018, the following funds had deficit fund balances:

<u>Fund:</u>	<u>Deficit Fund Balance</u>
CS-Incentive	(97,535)
State Education Reimb	(272,156)
Juv Services LB561 2018	(199,737)
FG-Victim Witness 2018	(87,311)
FG-Mental Health 2018	(44,891)
FG-Perkins Corrections	(4)
FG-GIS Transportation	(2,863)
Courthouse Remodel Constr.	(28,201)
GIS	(32,150)
	<u>\$ (764,848)</u>

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

13. PRIOR PERIOD ADJUSTMENTS

During 2018, the County identified and corrected errors related to prior years and recorded prior period adjustments adjusting net position on the government-wide financial statements. These adjustments are as follows:

Government-wide Financial Statements:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position, June 30, 2017, as previously reported	\$ 168,274,403	\$ 23,243,084
Transfer capital assets	58,558	(58,558)
Adjust the value of a beginning capital assets	131,373	
Record additional depreciation	41,881	
Adjust the value of cash		(13)
Record OPEB adjustment	<u>(2,105,789)</u>	<u>(605)</u>
Net position, June 30, 2017, as restated	<u>\$ 166,400,426</u>	<u>\$ 23,183,908</u>

The County recorded a prior period adjustment to restate beginning net position for the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for other postemployment benefits (including medical insurance, dental insurance, and or long-term care coverage) that are provided to employees through a trust. The provisions of GASB Statement No. 75 are effective for financial statement periods beginning after June 15, 2017, with earlier implementation encouraged. Accounting changes adopted to conform to the provisions of GASB Statement No. 75 were applied retroactively by restating beginning net position, as required.

SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT, CONTINUED

13. PRIOR PERIOD ADJUSTMENTS, CONTINUED

During 2018, the County identified and corrected errors related to prior years and recorded prior period adjustments adjusting net position and fund balance on the fund financial statements. These adjustments are as follows:

Fund Financial Statements:

	<u>Landfill Fund</u>	<u>Stadium Fund</u>
Net position, June 30, 2017, as previously reported	\$ 8,096,787	\$ 2,738,555
Adjust the value of cash		(13)
Record OPEB adjustment	(605)	
Transfer capital assets	(58,558)	
Net position/fund balance, June 30, 2017, as restated	<u>\$ 8,037,624</u>	<u>\$ 2,738,542</u>

REQUIRED SUPPLEMENTARY INFORMATION

SARPY COUNTY, NEBRASKA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CASH BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES COLLECTED:				
Tax	\$ 38,109,149	\$38,109,149	\$ 36,655,677	\$ (1,453,472)
Federal	137,574	\$137,574	161,418	23,844
State	1,315,500	\$1,315,500	2,835,638	1,520,138
Local	20,232,494	20,232,494	25,271,080	5,038,586
Total revenues collected	<u>59,794,717</u>	<u>59,794,717</u>	<u>64,923,813</u>	<u>5,129,096</u>
EXPENDITURES PAID:				
General Government:				
County Board	177,058	177,058	171,428	5,630
County Clerk	894,978	894,978	885,637	9,341
County Treasurer	1,773,814	1,773,814	1,730,206	43,608
Register of Deeds	519,021	519,021	467,515	51,506
County Assessor	1,491,388	1,531,388	1,530,761	627
Election Commissioner	601,504	601,504	591,264	10,240
Planning and Zoning	506,877	506,877	453,432	53,445
Administration	613,652	613,652	593,521	20,131
Personnel	425,359	428,359	427,325	1,034
Records Management	291,243	291,243	280,645	10,598
Fiscal Administration	363,293	363,293	294,925	68,368
Board of Equalization	25,350	25,350	21,405	3,945
Facilities Management	1,437,283	1,463,283	1,462,461	822
Public Property Utilities	686,000	686,000	621,449	64,551
Jail Maintenance	222,135	182,135	180,216	1,919
Juvenile Justice Center Maintenance	111,577	111,577	111,266	311
Sheriff Admin Maintenance	126,022	174,022	172,430	1,592
Extension Agent	157,622	157,622	157,232	390
Other Intergovernmental	669,500	669,500	620,027	49,473
Miscellaneous General	10,608,630	10,130,630	7,598,189	2,532,441
Capital Projects	1,869,252	1,869,252	484,104	1,385,148
Wireless Communications	145,375	145,375	28,210	117,165
Inheritance Tax	4,038,297	4,038,297	174,882	3,863,415
Purchasing	138,814	138,814	117,659	21,155
Fleet	1,284,747	1,284,747	1,279,080	5,667
Public Safety:				
Sheriff	2,038,458	2,038,458	2,000,580	37,878
County Attorney	3,464,244	3,692,244	3,691,477	767
Investigations	1,868,866	1,868,866	1,839,912	28,954
Road Patrol	5,668,502	5,607,502	5,323,187	284,315
Sheriff Merit Commission	25,000	30,000	29,570	430
Vehicle Inspection	120,472	120,472	109,295	11,177
Tow Lot	255,316	255,316	244,609	10,707
Juvenile Diversion	903,920	903,920	898,883	5,037
Victim Witness	264,718	265,718	265,626	92
Pre-trial/Community Service	727,265	790,265	788,278	1,987
Board of Corrections	104,857	112,857	112,331	526
Juvenile Justice Center	2,492,218	2,492,218	2,396,644	95,574
County Jail	6,358,934	6,391,934	6,390,281	1,653

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, 2018**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
EXPENDITURES PAID - CONTINUED:				
Public Safety, Continued:				
Support Services	\$ 2,437,466	\$ 2,437,466	\$ 2,424,843	\$ 12,623
Warrants Extradition	659,177	687,177	686,113	1,064
Adult Probation	83,163	83,163	74,492	8,671
Emergency Management	171,738	171,738	169,352	2,386
Clerk of the District Court	752,700	752,700	747,226	5,474
County Court	121,850	144,850	144,290	560
Juvenile Probation	61,395	61,395	60,120	1,275
Juvenile Court Judge	613,850	613,850	609,012	4,838
District Judge	620,748	620,748	615,756	4,992
Public Defender	1,709,546	1,709,546	1,620,394	89,152
STOP Program	113,014	113,014	55,021	57,993
Jury Commissioner	133,351	133,351	128,902	4,449
CASA	234,650	234,650	231,629	3,021
Radio Coverage Bonds	926,188	929,188	929,151	37
Mental Health Diversion	156,591	156,591	156,264	327
Public Health:				
Animal Control	533,462	533,462	525,562	7,900
Mental Health Board	74,330	74,330	18,572	55,758
Noxious Weed	102,087	102,087	98,091	3,996
Public Welfare and Social Services:				
Veterans Services	\$290,304	\$290,304	258,051	32,253
Human Services	1,115,035	1,185,035	1,183,986	1,049
Total expenditures paid	<u>64,382,206</u>	<u>64,382,206</u>	<u>55,282,769</u>	<u>9,099,437</u>
Operating transfer in	2,099,549	2,099,549	2,099,549	
Operating transfer out	<u>(8,356,727)</u>	<u>(8,356,727)</u>	<u>(9,333,842)</u>	<u>(977,115)</u>
Total transfers	<u>(6,257,178)</u>	<u>(6,257,178)</u>	<u>(7,234,293)</u>	<u>(977,115)</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>\$ (10,844,667)</u>	<u>\$ (10,844,667)</u>	2,406,751	<u>\$ 13,251,418</u>
FUND BALANCES, BEGINNING OF YEAR			<u>18,144,667</u>	
FUND BALANCE, END OF YEAR			20,551,418	
RECONCILIATION TO BALANCE SHEET - GOVERNMENTAL FUNDS				
Accrued interest on investments			85,043	
Proceeds from radio coverage bonds - held in escrow			4,796,605	
Disbursements of cash from escrow account for construction			(641,969)	
Income on cash held in escrow			41,025	
Cash held at County departments that will be remitted to			424,398	
Cash held at County departments that has a related liability			<u>3,778,148</u>	
TOTAL CASH AND INVESTMENTS - GENERAL FUND			<u>\$ 29,034,668</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, 2018**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES COLLECTED:				
Federal			\$ 910,822	\$ 910,822
State	\$ 12,834,312	\$ 12,834,312	13,242,253	407,941
Local	<u>4,358,774</u>	<u>4,358,774</u>	<u>3,972,963</u>	<u>(385,811)</u>
Total revenues collected	<u>17,193,086</u>	<u>17,193,086</u>	<u>18,126,038</u>	<u>932,952</u>
EXPENDITURES PAID:				
Personal services	\$3,970,678	\$3,970,678	3,844,491	126,187
Operating expenses	831,209	831,209	786,398	44,811
Supplies and materials	1,638,900	1,638,900	1,868,429	(229,529)
Equipment and office rental	34,250	34,250	33,621	629
Capital outlays	15,765,039	15,765,039	8,970,100	6,794,939
Interest	<u>58,562</u>	<u>58,562</u>	<u>94,114</u>	<u>(35,552)</u>
Total expenditures paid	<u>22,298,638</u>	<u>22,298,638</u>	<u>15,597,153</u>	<u>6,701,485</u>
Operating transfer in	3,196,174	3,196,174	3,196,174	
Operating transfer out	<u>(275,000)</u>	<u>(275,000)</u>	<u>(275,000)</u>	
Total transfers	<u>2,921,174</u>	<u>2,921,174</u>	<u>2,921,174</u>	
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID				
	<u>\$ (2,184,378)</u>	<u>\$ (2,184,378)</u>	5,450,059	<u>\$ 7,634,437</u>
FUND BALANCE, BEGINNING OF YEAR			<u>2,184,378</u>	
FUND BALANCE, END OF YEAR			7,634,437	
RECONCILIATION TO BALANCE SHEET - GOVERNMENTAL FUNDS				
Original premium on the highway allocation bonds			266,422	
Accrued interest on investments			35,087	
Proceeds from series 2017 highway allocation bonds construction			6,920,000	
Disbursements of cash from escrow account for construction			(2,981,013)	
Underwriter commission on highway allocation bonds			<u>(83,040)</u>	
TOTAL CASH AND INVESTMENTS - SPECIAL ROADS FUND			<u>\$ 11,791,893</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, 2018

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, 2018
Last 10 Fiscal Years***

	<u>2018</u>
Total OPEB Liability:	
Service Cost	\$ 145,642
Interest Cost	114,443
Differences between actual and expected experience	340,721
Changes in assumptions and inputs	671,593
Contributions made	<u>(211,977)</u>
Increase (decrease) in net OPEB obligation	1,060,422
Net OPEB obligation - beginning of year	<u>3,326,304</u>
Net OPEB obligation - end of year	<u>\$ 4,386,726</u>
Plan net position as a percentage of the total OPEB liability:	0%
Covered-employee payroll:	\$ 37,430,537
OPEB liability as a percentage of covered-employee payroll:	11.7%

* GASB 75 requires presentation of ten years. As of June 30, 2018, only one year 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 changes of benefit terms.

There were no material changes in the assumptions.

OTHER SUPPLEMENTARY INFORMATION

SARPY COUNTY, NEBRASKA

**TAX CERTIFICATION, CORRECTION AND COLLECTIONS
AS OF JUNE 30, 2018**

	RELATED TO THE TAXABLE YEAR		
	2015	2016	2017
TAX CERTIFIED BY THE ASSESSOR -			
INCLUDING INTEREST & PUBLICATION FEES:			
Real estate	\$ 266,992,173	\$ 284,736,799	\$ 304,381,624
Personal	6,923,756	7,045,338	7,428,978
Centrally assessed	1,515,907	1,641,119	1,747,151
	\$ 275,431,836	\$ 293,423,256	\$ 313,557,753
NET TAX COLLECTED BY THE COUNTY TREASURER -			
INCLUDING INTEREST & PUBLICATION FEES			
AS OF JUNE 30, 2018:			
Real estate	\$ 266,940,201	\$ 284,637,151	\$ 177,159,252
Personal	6,910,860	7,014,993	4,937,653
Centrally assessed	1,515,907	1,641,119	937,961
	\$ 275,366,968	\$ 293,293,263	\$ 183,034,866
TOTAL UNCOLLECTED TAX AS OF JUNE 30, 2018:			
Real estate	\$ 51,972	\$ 99,648	\$ 127,222,372
Personal	12,896	30,345	2,491,325
Centrally assessed			809,190
	\$ 64,868	\$ 129,993	\$ 130,522,887
PERCENTAGE UNCOLLECTED TAX	0.02%	0.04%	41.63%

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY CLERK
FOR THE YEAR ENDED JUNE 30, 2018**

BALANCE ON HAND, BEGINNING OF YEAR:

Cash on hand	\$ 600
Cash in bank	<u>24,949</u>
	<u>25,549</u>

COLLECTIONS:

Recording and miscellaneous fees	6,081
Marriage licenses	30,250
Prepaid certified marriage licenses	13,734
Miscellaneous	51
Other licenses	15,368
Passports	<u>265,994</u>
	<u>331,478</u>

CREDITS:

Paid to County Treasurer	
Recording and miscellaneous fees	5,910
Marriage licenses	30,325
Prepaid certified marriage licenses	13,563
Miscellaneous	45
Other licenses	14,886
Passports	<u>262,886</u>
	<u>327,615</u>

BALANCE ON HAND, END OF YEAR \$ 29,412

SUMMARY OF BALANCE, END OF YEAR:

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

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
REGISTER OF DEEDS
FOR THE YEAR ENDED JUNE 30, 2018**

BALANCE ON HAND, BEGINNING OF YEAR:

Cash on hand	\$	150
Cash in bank		528,895
Accounts receivable		<u>58,232</u>
		<u>587,277</u>

COLLECTIONS:

Recording fees		967,310
Copies fees		3,484
Non-credit refunds		6
Federal lien		2,582
State tax lien		1,750
Documentary stamp tax		2,937,787
Interest		325
SID penalties		<u>180</u>
		<u>3,913,424</u>

CREDITS:

Paid to County Treasurer:		
Recording fees		979,967
Copy fees		3,438
Non-credit refunds		8
Federal tax lien		2,782
State tax lien		1,720
Documentary stamp tax		698,102
Interest		303
SID penalties		<u>180</u>
		<u>1,686,500</u>

Paid to state:		
Documentary stamp tax		<u>2,443,672</u>

BALANCE ON HAND, END OF YEAR	\$	<u>370,529</u>
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SUMMARY OF BALANCE, END OF YEAR:

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

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
CLERK OF THE DISTRICT COURT
FOR THE YEAR ENDED JUNE 30, 2018**

BALANCE ON HAND, BEGINNING OF YEAR:	
Cash on hand	\$ 650
Cash in bank	978,294
	<u>978,944</u>
COLLECTIONS:	
Dissolution fees	17,339
State fees	182,562
Regular fees	313,396
Retirement fees	38,881
Law enforcement fees	1,905
Passport fees	21,794
Trust	7,750,166
Drug court:	
County fees	10,057
State fees	5,832
	<u>8,341,932</u>
CREDITS:	
Dissolution fees	67,125
State fees	207,029
Regular fees	313,396
Retirement fees	42,074
Law enforcement fees	2,559
Passport fees	21,375
Trust	5,362,009
Drug court:	
County fees	10,888
State fees	6,509
	<u>6,032,964</u>
BALANCE ON HAND, END OF YEAR	<u>\$ 3,287,912</u>
SUMMARY OF BALANCE, END OF YEAR:	
Cash on hand	\$ 650
Cash in bank	3,287,262
	<u>\$ 3,287,912</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY SHERIFF
FOR THE YEAR ENDED JUNE 30, 2018**

BALANCE ON HAND, BEGINNING OF YEAR:

Cash on hand	\$	153
Cash in bank		<u>176,244</u>
		<u>176,397</u>

COLLECTIONS:

Civil process		254,562
Inmate		2,148,732
Distress warrants		69,919
Miscellaneous and administrative		171,945
VIN		156,198
CID		4,523
DARE		4,341
Tow lot		<u>379,834</u>
		<u>3,190,054</u>

CREDITS:

Paid to County Treasurer:

Civil process		248,793
Inmate		2,183,898
Distress warrants		69,919
Miscellaneous and administrative		171,945
VIN		156,198
CID		2,000
DARE		11,533
Tow lot		<u>381,055</u>
		<u>3,225,341</u>

BALANCE ON HAND, END OF YEAR

\$ 141,110

SUMMARY OF BALANCE, END OF YEAR:

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

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY ATTORNEY
FOR THE YEAR ENDED JUNE 30, 2018**

BALANCE ON HAND, BEGINNING OF YEAR:

	\$ 775
Cash in bank	44,450
	<u>45,225</u>

COLLECTIONS:

Restitution	50,594
Collection on bad checks	42,048
Collection fees	1,320
Law enforcement fund	2,973
Reimburesment for check printing	56
Miscellaneous	1,941
	<u>98,932</u>

CREDITS:

Restitution payments	55,176
Payments on bad checks collected	44,790
Collection fees remitted to the County Treasurer	1,470
Subpoena and miscellaneous expenditures paid	2,574
Check printing charges	366
	<u>104,376</u>

BALANCE ON HAND, END OF YEAR

\$ 39,781

SUMMARY OF BALANCE, END OF YEAR:

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

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY ELECTION COMMISSIONER
FOR THE YEAR ENDED JUNE 30, 2018**

BALANCE ON HAND, BEGINNING OF YEAR	\$	<u> </u>
COLLECTIONS:		
Election cost recoveries		25,535
Filing fees		<u>12,887</u>
		<u>38,422</u>
CREDITS:		
Paid to County Treasurer		<u>38,422</u>
BALANCE ON HAND, END OF YEAR	\$	<u><u> </u></u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY BUILDING INSPECTOR
FOR THE YEAR ENDED JUNE 30, 2018**

BALANCE ON HAND, BEGINNING OF YEAR:	
Contractor deposits	\$ <u>104,246</u>
COLLECTIONS:	
Permit fees	1,290,354
ASIP fees	671,234
Sewer fees	2,971,489
Watershed fees	414,238
Tiburon water fees	2,500
County plat review fees	49,815
Highway plat review fees	49,815
Other grading deposits	2,500
Wireless tower fees	30,000
Other	<u>2,849</u>
	<u>5,484,794</u>
CREDITS:	
Paid to County Treasurer	
Permit fees	1,296,389
ASIP fees	1,036,230
Sewer fees	2,601,959
Watershed fees	414,238
Tiburon water fees	2,500
County plat review fees	49,815
Highway plat review fees	49,815
Grading permit fees	2,000
Wireless tower fees	29,000
Other	<u>2,735</u>
	<u>5,484,681</u>
BALANCE ON HAND, END OF YEAR	\$ <u><u>104,359</u></u>
SUMMARY OF BALANCE ON HAND, END OF YEAR:	
Contractor deposits	\$ <u>104,359</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY LANDFILL
FOR THE YEAR ENDED JUNE 30, 2018**

BALANCE ON HAND, BEGINNING OF YEAR:	
Cash on hand	\$ 730
Accounts receivable	<u>447,074</u>
	<u>447,804</u>
COLLECTIONS	<u>5,899,630</u>
CREDITS:	
Paid to County Treasurer	<u>5,768,937</u>
BALANCE ON HAND, END OF YEAR	<u>\$ 578,497</u>
SUMMARY OF BALANCE ON HAND, END OF YEAR	
Cash on hand	\$ 730
Accounts receivable	<u>577,767</u>
	<u>\$ 578,497</u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY ALCOHOL DIVERSION
FOR THE YEAR ENDED JUNE 30, 2018**

BALANCE ON HAND, BEGINNING OF YEAR:	
Cash on hand	\$ <u>2,520</u>
COLLECTIONS:	
Alcohol diversion	157,060
Adult education	34,709
Adult shoplifters	13,535
Adult community service	2,215
Victim impact panel	3,550
Juvenile intake	49,705
Juvenile community service	2,592
Teen court	4,800
Restitution	636
Felony	4,895
Adult restitution	16,810
Adult mental health	3,190
	<u>293,697</u>
CREDITS:	
Alcohol diversion	158,520
Adult education	34,834
Adult shoplifters	13,535
Adult community service	2,240
Victim impact panel	3,550
Juvenile intake	50,085
Juvenile community service	2,622
Teen court	5,000
Restitution	636
Felony	4,895
Adult restitution	16,905
Adult mental health	3,190
	<u>296,012</u>
BALANCE ON HAND, END OF YEAR:	\$ <u>205</u>
SUMMARY OF BALANCE ON HAND, END OF YEAR:	
Cash on hand	\$ <u><u>205</u></u>

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY VETERAN'S SERVICES
FOR THE YEAR ENDED JUNE 30, 2018**

BALANCE ON HAND, BEGINNING OF YEAR:

Cash on hand	\$	6,473
Accounts payable		<u>(6,796)</u>
		<u>(323)</u>

COLLECTIONS:

Interest		7
Tax levy		<u>1,000</u>
		<u>1,007</u>

CREDITS:

Electric		568
Level payment		<u>116</u>
		<u>684</u>

BALANCE ON HAND, END OF YEAR:

\$

SUMMARY OF BALANCE ON HAND, END OF YEAR:

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

SARPY COUNTY, NEBRASKA

**SCHEDULE OF STATEMENT OF ACCOUNTABILITY
COUNTY CHILD SUPPORT ATTORNEY
FOR THE YEAR ENDED JUNE 30, 2018**

BALANCE ON HAND, BEGINNING OF YEAR:

Cash in bank	\$	1,026
Accounts payable		<u>(1,053)</u>
		<u>(27)</u>

COLLECTIONS:

Interest		5,531
Tax levy		<u>448</u>
		<u>5,979</u>

CREDITS:

Electric		3,906
		1,697
Level payment		<u>349</u>
		<u>5,952</u>

BALANCE ON HAND, END OF YEAR:

\$

SUMMARY OF BALANCE ON HAND, END OF YEAR:

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

SARPY COUNTY, NEBRASKA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CASH BASIS)
ALL NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Favorable (Unfavorable)
	Original	Final		Variance
REVENUES COLLECTED:				
Tax	\$ 4,920,870	\$ 4,920,870	\$ 4,999,702	\$ 78,832
Federal	1,679,824	1,679,824	1,414,657	(265,167)
State	1,647,578	1,647,578	1,202,912	(444,666)
Local	<u>3,266,802</u>	<u>3,266,802</u>	<u>3,872,746</u>	<u>605,944</u>
Total revenues collected	<u>11,515,074</u>	<u>11,515,074</u>	<u>11,490,017</u>	<u>(25,057)</u>
EXPENDITURES PAID:				
E911 Communications	4,464,461	4,464,461	4,233,869	230,592
E911 Wireless Service	248,362	248,362	196,990	51,372
E911 Sinking	117,318	117,318		117,318
Child Support - District Court	149,436	149,436	147,008	2,428
Child Support - County Attorney	1,388,697	1,388,697	1,304,899	83,798
Child Support - Incentive	99,299	99,299	99,299	
Tourism	1,727,949	1,727,949	619,619	1,108,330
Visitors Improvement	662,666	662,666	646,001	16,665
Employment Security Act	50,000	50,000	7,620	42,380
County Medical	236,000	236,000	86,087	149,913
Institutions	100,000	100,000	24,474	75,526
Register of Deeds Technology	581,082	581,082	39,140	541,942
County Drug Enforcement	37,000	37,000	9,134	27,866
Federal Grant - Title 1D	27,267	27,267	11,571	15,696
State Education Reimbursement	468,726	468,726	477,294	(8,568)
Federal Forfeiture	175,000	175,000	27,442	147,558
Federal Forfeiture - County Attorney	17,899	17,899		17,899
SCAAP	45,000	45,000		45,000
Social Security Incentive	6,625	6,625	5,400	1,225
CDBG - Revolving Loan Fund	51,824	51,824	41,500	10,324
Federal Grant - Perkins Corrections	40,000	40,000	38,899	1,101

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, 2018**

	Budget Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
EXPENDITURES PAID - CONTINUED:				
Federal Grant - GIS Transportation	\$ 44,400	\$ 44,400	\$ 44,400	
Federal Grant - Adult Drug Court	51,400	51,400	18,012	\$ 33,388
Federal Grant - Drug Eradication	18,117	18,117	10,723	7,394
Federal Grant - Planning Transportation	35,600	35,600	35,600	
State Grant - Stormwater	287,469	287,469	112,918	174,551
Keno	366,669	366,669	363,823	2,846
Courthouse Remodel	350,700	350,700	651,386	(300,686)
Sheriff Admin Bond	1,728,700	1,728,700	867,247	861,453
Sinking Fund	780,000	780,000		780,000
Watershed Fee Fund	400,000	400,000	400,000	
Information Systems	2,440,661	2,440,661	2,477,404	(36,743)
GIS	560,564	560,564	539,710	20,854
Connection Fee	4,000	4,000	1,900	2,100
SG-Justice Reinvestment	54,960	54,960	5,041	49,919
FG - Victim Witness 2017 FY Grant	36,250	36,250	35,989	261
FG - Mental Health 2017 FY Grant	18,017	18,017	17,831	186
SG-LB561-2017 FY Grant	97,338	97,338	50,456	46,882
SG-LB561-2018 FY Grant	571,773	571,773	562,195	9,578
FG - Victim Witness 2018 FY Grant	131,108	131,108	110,937	20,171
FG - Mental Health 2018 FY Grant	41,376	41,376	40,985	391
Total expenditures paid	<u>18,713,713</u>	<u>18,713,713</u>	<u>14,362,803</u>	<u>4,350,910</u>
Operating transfer in	4,402,817	4,761,817	5,438,787	676,970
Operating transfer out	<u>(1,216,813)</u>	<u>(1,575,813)</u>	<u>(1,275,668)</u>	<u>300,145</u>
Total transfers	<u>3,186,004</u>	<u>3,186,004</u>	<u>4,163,119</u>	<u>977,115</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>\$ (4,012,635)</u>	<u>\$ (4,012,635)</u>	1,290,333	<u>\$ 5,302,968</u>
FUND BALANCE, BEGINNING OF YEAR			<u>4,012,635</u>	
FUND BALANCE, END OF YEAR			<u>\$ 5,302,968</u>	

SARPY COUNTY, NEBRASKA

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS (CASH BASIS)
ALL NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Fund Balance July 1, 2017	Receipts	Disbursements	Fund Balance June 30, 2018
SPECIAL REVENUE FUNDS:				
E911 Communications	\$ 168,198	\$ 4,311,655	\$ 4,233,869	\$ 245,984
E911 Wireless Service		255,845	255,845	
E911 Sinking	117,318	58,855		176,173
Child Support - District Court	45,511	138,387	147,008	36,890
Child Support - County Attorney	19,327	1,469,325	1,429,899	58,753
Child Support - Incentive		229,764	229,299	465
Tourism	1,057,508	781,631	619,619	1,219,520
Visitors Improvement	12,899	781,632	646,001	148,530
Employment Security Act	27,626	20,328	7,620	40,334
County Medical	195,210	36,681	86,087	145,804
Institutions	5,950	114,839	24,474	96,315
Register of Deeds Technology	461,082	201,550	39,140	623,492
County Drug Enforcement	33,171	3,341	9,134	27,378
Federal Grant - Title 1D	3,244	10,113	11,571	1,786
State Education Reimbursement	4,475	696,183	693,294	7,364
State Grant-Justice Reinvestment	24,960		5,041	19,919
State Grant - LB561 2017 FY Grant	2,803	217,653	220,456	
Federal Forfeiture	167,269	20,555	27,442	160,382
Federal Forfeiture - County Attorney	5,068	11,412		16,480
Social Security Incentive		5,600	5,400	200
CDBG - Revolving Loan Fund	1,423	41,500	41,500	1,423
Federal Grant-Victim Witness 2017 FY Grant	1,632	71,357	72,989	
Federal Grant-Mental Health 2017 FY Grant	1,529	46,302	47,831	
Federal Grant - Planning Transportation	754	38,846	39,600	
Federal Grant - Perkins Corrections	1,038	73,337	73,899	476
Federal Grant - GIS Transportation		44,537	44,400	137
Federal Grant - Adult Drug Court	40,858	11,766	18,012	34,612
Federal Grant - Drug Eradication	3,117	20,004	10,723	12,398
State Grant - Stormwater Management	198,335	134	112,918	85,551
Keno	202,569	267,261	363,823	106,007
Courthouse Remodel	12,353	640,183	651,386	1,150
Sheriff Admin Bond	852,881	871,931	867,247	857,565
Sinking Fund	181,118	770,114		951,232
Watershed Fee	70,359	414,238	400,000	84,597
Connection Fee		2,375	1,900	475
Information Systems	56,886	2,983,269	2,947,217	92,938
GIS	36,164	539,026	539,710	35,480
State Grant - LB561 2018 FY Grant		571,077	562,195	8,882
Federal Grant-Victim Witness 2018 FY Grant		114,198	110,937	3,261
Federal Grant-Mental Health 2018 FY Grant		42,000	40,985	1,015
Totals	\$ 4,012,635	\$ 16,928,804	\$ 15,638,471	\$ 5,302,968

SARPY COUNTY, NEBRASKA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Health and Human Services</u>		
Passed through Nebraska Department of Health and Human Services:		
Child Support Enforcement:		
District Court	93.563	\$ 130,817
County Attorney	93.563	994,613
Incentive Program (CS-CA Incentive)	93.563	<u>36,011</u>
Total Child Support Enforcement		1,161,441
Indirect Admin & Incentive	93.778	<u>977</u>
Total U.S. Department of Health and Human Services		<u>1,162,418</u>
<u>U.S. Department of Education</u>		
Passed through Papillion/La Vista School District		
Title I Grants to Local Educational Agencies	84.010	11,571
Passed through Nebraska Department of Education		
Perkins Correction	84.048	<u>39,924</u>
Total U.S. Department of Education		<u>51,495</u>
<u>U.S. Department of Justice</u>		
Passed through Nebraska Crime Commission		
Crime Victim Assistance	16.575	146,925
Edward Byrne Memorial Justice Assistance Grant Program - Mental Health	16.738	58,816
Passed through Nebraska State Patrol		
Internet Crimes Against Children	16.543	3,638
Passed through NE Crime Commission & Heartland Family Services		
Domestic Violence Attorney-County Attorney	16.588	30,757
FG - Drug Eradication	16.xxx	10,723
Prisoner Housing - U.S. Marshall	16.xxx	432
Equitable Sharing Program	16.922	27,442
FBI Overtime Reimbursement - Child Exploitation Task Force	16.xxx	11,482
Joint Law Enforcement Operations U.S. Marshall	16.111	<u>5,983</u>
Total U.S. Department of Justice		<u>296,198</u>
<u>U.S. Department of Transportation</u>		
Passed through Nebraska Office of Highway Safety:		
Highway Planning and Construction Cluster:		
Highway Planning and Construction - You Drink, Drive, You Lose-December	20.616	1,576
Highway Planning and Construction - Click It or Ticket-November	20.616	2,313
Highway Planning and Construction - Compliance Checks-February	20.600	890
Highway Planning and Construction - Click It or Ticket-May	20.600	3,795
Highway Planning and Construction - Alcohol Enforcement	20.600	5,965
Passed through Metro Area Planning Agency:		
Highway Planning and Construction - Planning Transportation	20.205	35,600
Highway Planning and Construction - GIS Transportation	20.205	<u>44,400</u>
Total U.S. Department of Transportation		<u>94,539</u>
<u>U.S. Department of Homeland Security</u>		
Passed through Nebraska Emergency Management Association		
Emergency Management Performance Grants - Civil Defense Reimbursement	97.042	91,494
Emergency Management Performance Grants - FEMA Disaster 4325	97.036	117,506
Passed through City of Omaha		
City of Omaha Grants - Bruin Safety Grant	97.067	<u>1,056</u>
Total U.S. Department of Homeland Security		<u>210,056</u>
<u>Department of the Interior</u>		
Payment in Lieu of Tax	15.226	<u>3,209</u>
<u>Social Security Administration</u>		
Justice Benefits Reimbursement - Social Security Initiative	96.xxx	<u>5,400</u>
Total Expenditures of Federal Awards		<u>\$ 1,823,315</u>

SARPY COUNTY, NEBRASKA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2018

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

February 8, 2019

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

Board of Commissioners
Sarpy County, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sarpy County, Nebraska, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Sarpy County, Nebraska's basic financial statements and have issued our report thereon dated February 8, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.

Bergan KDV, LLC

BerganKDV, LLC
Omaha, Nebraska

February 8, 2019

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

Board of Commissioners
Sarpy County, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Sarpy County, Nebraska's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sarpy County, Nebraska's major federal programs for the year ended June 30, 2018. Sarpy County, Nebraska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Sarpy County, Nebraska, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.



Report on Internal Control over Compliance

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

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

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

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



BerganKDV, LLC
Omaha, Nebraska

SARPY COUNTY, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report on the basic financial statements expressed an unmodified opinion.
2. No material weaknesses in internal control over financial reporting were reported.
3. No instances of noncompliance considered material to the financial statements was disclosed by the audit.
4. No material weaknesses in internal control over compliance with requirements applicable to major federal award programs were reported.
5. The independent auditor's report on compliance with requirements applicable to major federal award programs expressed an unmodified opinion.
6. The audit did not disclose any findings required to be reported by the Uniform Guidance.
7. The major programs for the County for the year ended June 30, 2018 are as follows:
 - Child Support Enforcement – CFDA # 93.563
8. A threshold of \$750,000 was used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance.
9. The County did qualify as a low-risk auditee as that term is defined in the Uniform Guidance.

B. FINANCIAL STATEMENT FINDINGS

None

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SARPY COUNTY, NEBRASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

FINDINGS REQUIRED TO BE REPORTED BY GOVERNMENT AUDITING STANDARDS

None