

BASIC FINANCIAL STATEMENTS
& SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITORS' REPORT

Sanitary and Improvement District No. 48
SARPY COUNTY, NEBRASKA

YEAR ENDED JUNE 30, 2015

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J. DOUGLAS GOODNIGHT
(1936 - 2006)

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Sanitary and Improvement District No. 48
of Sarpy County, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund, of Sanitary and Improvement District No. 48 of Sarpy County, Nebraska (a political subdivision) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District'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.

Auditors' Responsibility

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

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

INDEPENDENT AUDITORS' REPORT - Continued

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Sanitary and Improvement District No. 48 of Sarpy County, Nebraska as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require budgetary comparison on page 19 to be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sanitary and Improvement District No. 48 of Sarpy County, Nebraska's basic financial statements. The supplementary information on page 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

INDEPENDENT AUDITORS' REPORT- Continued

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2015, on our consideration of the Sanitary and Improvement District No. 48 of Sarpy County, Nebraska 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 Sanitary and Improvement District No. 48 of Sarpy County, Nebraska's internal control over financial reporting and compliance.

Awerkamp, Goodnight, Schwaller & Nelson, P.C.

Omaha, Nebraska
December 8, 2015

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2015

	<u>Government Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash on deposit - County Treasurer	\$ 370,830	\$ -	\$ 370,830
Taxes receivable (notes D and F)	38,240	-	38,240
Accounts receivable	-	44,415	44,415
Intra-fund receivable	252,089	(252,089)	-
Capital assets (note C):			
Infrastructure	4,434,178	570,452	5,004,630
Equipment	38,750	-	38,750
Accumulated depreciation	<u>(2,811,529)</u>	<u>(409,220)</u>	<u>(3,220,749)</u>
Total assets	<u>2,322,558</u>	<u>(46,442)</u>	<u>2,276,116</u>
LIABILITIES:			
Accounts payable	28,182	1,268	29,450
Warrants payable	<u>5,524</u>	<u>-</u>	<u>5,524</u>
Total liabilities	<u>33,706</u>	<u>1,268</u>	<u>34,974</u>
COMMITMENTS AND CONTINGENCIES			
(notes E and G)	-	-	-
NET POSITION:			
Investment in capital assets	1,661,399	161,232	1,822,631
Unrestricted	<u>627,453</u>	<u>(208,942)</u>	<u>418,511</u>
Total net position	<u>\$ 2,288,852</u>	<u>\$ (47,710)</u>	<u>\$ 2,241,142</u>

The accompanying notes are an integral part of these statements.

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expenses) Revenue and Changes in Net Position</u>	
			<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Governmental activities				
General	\$138,343	\$ -	\$ (138,343)	\$ -
Depreciation	<u>107,769</u>	<u>-</u>	<u>(107,769)</u>	<u>-</u>
Total governmental activities	<u>\$246,112</u>	<u>\$ -</u>	<u>(246,112)</u>	<u>-</u>
Business-type activities:				
Sewer and water	<u>134,551</u>	<u>148,329</u>	<u>-</u>	<u>13,778</u>
Total Business-type activities	<u>134,551</u>	<u>148,329</u>	<u>-</u>	<u>13,778</u>
	<u>\$134,551</u>	<u>\$148,329</u>	<u>(246,112)</u>	<u>\$ 13,778</u>
General revenues:				
Property taxes			86,352	-
Interest on taxes			127	-
State motor vehicle tax allocation			186	-
Interest on investments			126	-
Property tax credit allocation			<u>2,751</u>	<u>-</u>
Total general revenues			<u>89,542</u>	<u>-</u>
Change in net position			(156,570)	13,778
Net position at beginning of year			<u>2,445,422</u>	<u>(61,488)</u>
Net position at end of year			<u>\$2,288,852</u>	<u>\$(47,710)</u>

The accompanying notes are an integral part of these statements.

<u>Total</u>
\$ (138,343)
<u>(107,769)</u>
<u>(246,112)</u>
<u>13,778</u>
<u>13,778</u>
<u>(232,334)</u>
86,352
127
186
126
<u>2,751</u>
<u>89,542</u>
(142,792)
<u>2,383,934</u>
<u><u>\$2,241,142</u></u>

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015

ASSETS

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS:			
Cash on deposit - County Treasurer	\$253,974	\$116,856	\$370,830
Taxes receivable (notes D and F)	38,240	-	38,240
Due from other fund	42,724	209,365	252,089
Total assets	<u>\$334,938</u>	<u>\$326,221</u>	<u>\$661,159</u>

LIABILITIES AND FUND BALANCES

LIABILITIES:			
Accounts payable	\$ 28,182	\$ -	\$ 28,182
Warrants payable	5,524	-	5,524
Total liabilities	33,706	-	33,706
COMMITMENTS AND CONTINGENCIES			
(notes E and G)	-	-	-
Fund balance:			
Assigned	-	326,221	326,221
Unassigned	301,232	-	301,232
Total fund balance	301,232	326,221	627,453
Total liabilities and fund balance	<u>\$334,938</u>	<u>\$326,221</u>	<u>\$661,159</u>

The accompanying notes are an integral part of these statements.

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2015

Total fund balance - total governmental funds	\$ 627,453
Amounts reported for governmental activities in the Statement of Net Position are different because:	
- Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	<u>1,661,399</u>
Net Position of Governmental Activities	<u>\$2,288,852</u>

The accompanying notes are an integral part of these statements.

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

Year Ended June 30, 2015

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:			
Taxes assessed (note D)	\$ 86,352	\$ -	\$ 86,352
State motor vehicle tax allocation	186	-	186
Interest on taxes	127	-	127
Interest on investments	126	-	126
Property tax credit allocation	<u>2,751</u>	<u>-</u>	<u>2,751</u>
Total revenues	<u>89,542</u>	<u>-</u>	<u>89,542</u>
EXPENDITURES:			
Legal and accounting fees	11,310	-	11,310
Collection fees - County Treasurer	1,280	-	1,280
Maintenance and engineering	122,839	-	122,839
Electricity	2,365	-	2,365
Publication	142	-	142
Trustee bonds and insurance	304	-	304
Election expense	103	-	103
Purchase of capital assets	<u>-</u>	<u>158,007</u>	<u>158,007</u>
Total expenditures	<u>138,343</u>	<u>158,007</u>	<u>296,350</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(48,801)	(158,007)	(206,808)
FUND BALANCE, BEGINNING OF YEAR	<u>350,033</u>	<u>484,228</u>	<u>834,261</u>
FUND BALANCE, END OF YEAR	<u>\$301,232</u>	<u>\$ 326,221</u>	<u>\$ 627,453</u>

The accompanying notes are an integral part of these statements.

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Net change in fund balance - total governmental funds	\$(206,808)
Amounts reported for governmental activities in the statement of activities are different because:	
- Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation is exceeded by capital outlays in the current year.	<u>50,238</u>
Change in Net Position of Governmental Activities	<u>\$(156,570)</u>

The accompanying notes are an integral part of these statements.

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

STATEMENT OF NET POSITION

PROPRIETARY FUND

June 30, 2015

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
ASSETS:	
Current assets:	
Accounts receivable	\$ 44,415
Total current assets	<u>44,415</u>
Noncurrent assets:	
Capital assets (note C)	
Water system	570,452
Less accumulated depreciation	<u>(409,220)</u>
Total noncurrent assets	<u>161,232</u>
Total assets	<u>205,647</u>
LIABILITIES:	
Current liabilities:	
Sales tax payable	<u>1,268</u>
Total current liabilities	<u>1,268</u>
Noncurrent liabilities:	
Due to other fund	<u>252,089</u>
Total noncurrent liabilities	<u>252,089</u>
Total liabilities	<u>253,357</u>
NET POSITION (DEFICIT):	
Invested in capital assets	161,232
Unrestricted	<u>(208,942)</u>
Total net position	<u>\$ (47,710)</u>

The accompanying notes are an integral part of these statements.

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

PROPRIETARY FUND

For the year ended June 30, 2015

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
OPERATING REVENUES:	
Sewer and water use fees	\$148,329
OPERATING EXPENSES:	
Maintenance and engineering	27,535
Sewer expense	67,184
Accounting fees and office expense	3,455
Electricity	10,214
Water testing expense	5,445
Depreciation	<u>20,718</u>
	<u>134,551</u>
NET INCOME	13,778
Net position (deficit), beginning of year	<u>(61,488)</u>
Net position (deficit), end of year	<u>\$(47,710)</u>

The accompanying notes are an integral part of these statements.

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the year ended June 30, 2015

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 152,704
Cash payments to suppliers	<u>(113,794)</u>
Net cash provided by operating activities	<u>38,910</u>
Cash flows from financing activities:	
Decrease in interfund payables (net)	<u>(38,910)</u>
Cash flows used by financing activities	<u>(38,910)</u>
Cash flows from investing activities:	
Cash flows used by investing activities	<u>-</u>
Net change in cash	-
Cash at beginning of year	<u>-</u>
Cash at end of year	<u><u>\$ -</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 13,778
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	20,718
Decrease in receivables	4,375
Increase in accounts payable	<u>39</u>
Net cash provided by operating activities	<u><u>\$ 38,910</u></u>

The accompanying notes are an integral part of these statements.

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Sanitary and Improvement District No. 48 of Sarpy County, Nebraska is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the trustees of the District, who are responsible for their integrity and objectivity. These accounting policies conform in all material respects to generally accepted accounting principles in the United States of America as applicable to Governmental entities.

History and Business Activity

The District is a governmental subdivision, created pursuant to Nebraska law, to act as a vehicle for the construction of roads, utilities and similar improvements. The Board of Trustees, consisting of five members, has the power to provide financing for such improvements and has authority to: issue warrants for construction work and services, contract with financial institutions for conversion of warrants to cash, and to levy both special assessments and general taxes against property in the District to pay off warrants and bonds issued by the District.

Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Reporting Entity

The accompanying financial statements present the District's primary governmental unit and do not include any component units because the District does not exercise financial accountability over any separate units. Financial accountability is based primarily on operational or financial relationships with the District.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Presentation - Continued

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

General Fund

General Fund is the main operating fund of the District. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

For the classification of fund balance, the District considers unassigned amounts to have been spent when an expenditure is incurred for purposes for which unrestricted fund balance could be used.

Debt Service Fund

Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from taxes levied by the District. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Financial Statements - continued

Proprietary Fund Types

Proprietary funds are those which are used to account for activities conducted on a fee for service basis in a manner similar to commercial enterprises. The District's proprietary fund is the Enterprises fund which maintains and operates a water system providing service to the public.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., 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. The District considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes and interest income. All other governmental fund revenues are recognized when received.

Investments

Investments are carried at cost, which approximates market, and any premium or discount on investments are amortized on the straight-line method from date of purchase to date of maturity. These deposits were covered with sufficient assets pledged to the Sarpy County by the financial institutions at June 30, 2015.

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Infrastructure

Infrastructure is carried at cost plus interest on warrants while construction is in progress. Depreciation is provided using the straight-line method over estimated lives ranging from 25 to 40 years. Equipment is being depreciated in the straight-line method over an estimated useful life of seven years.

The water system, recorded in the enterprise fund, is carried at cost. Depreciation is provided on the straight-line method over estimated useful lives of 5-25 years.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Budget and Budgetary Accounting

The District is required to adopt an annual operating budget for all the funds over which the District controls. The budget is adopted using a cash basis of accounting which differs significantly from generally accepted accounting principles. Under the cash basis of accounting, revenues and expenditures are recorded when cash is received or paid. Payment is deemed to have been made when warrants are issued.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- (a) In September of each year the District submits a proposed operating budget for all funds to the real estate owners of the District.
- (b) Notice of place and time of public hearings must be published prior to the public hearings.
- (c) Public hearings are conducted to obtain taxpayer comment.
- (d) After publication and hearing, the budget is legally adopted by majority vote of the Board. The District is required to file a copy of the adopted budget with the County Clerk and the Nebraska Auditor of Public Accounts in accordance with the Nebraska Budget Act.
- (e) The budget is adopted on a per-fund basis and budgetary control is exercised at the fund level.
- (f) The Board of Trustees may authorize supplemental appropriations during the year. No such appropriations were made during the fiscal year ended June 30, 2015.

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Budget and Budgetary Accounting - continued

(g) The accompanying combined statements of revenues, expenditures, and changes in fund balances - Budget and Actual - General, Debt Service and Proprietary Fund presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of resultant basis, timing, perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year ended June 30, 2015 is presented as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Proprietary Fund</u>
Excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources (budgetary basis)	\$(121,481)	\$(158,007)	\$ -
Adjustments:			
To adjust revenues for receivables	5,322	-	(12,851)
To adjust expenditures for payables and accruals	35,256	(158,007)	
To adjust for variance in recognition of items for other financing sources (uses)	<u>32,102</u>	<u>158,007</u>	<u>(36,043)</u>
Excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources (GAAP basis)	<u>\$ (48,801)</u>	<u>\$(158,007)</u>	<u>\$ 13,778</u>

Net Position

Net position represents the difference between (a) assets and (b) liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees. The Board of Trustees is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Trustees.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board of Trustees may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

NOTE B - INVESTMENTS

The District is allowed to invest funds as permitted by Nebraska Statute 77-2341, R.R.S., 2003, and generally include U.S. government obligations, certificates of deposit, and time deposits. During the period ended June 30, 2015, the District invested in U.S. Treasury Bills.

The District held no investments at June 30, 2015:

All investments activities are conducted through the District's fiscal agent, the County Treasurer. Treasury bills are bought and held in safekeeping through the County Treasurer in the District's name. These securities are classified as Level 1 in the fair value hierarchy as indicated in FASB ASC 820-10.

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE B - INVESTMENTS - CONTINUED

Investment risks that the District may be subject to consist of:

Interest Rate Risk - Since the District's investments are short-term, this risk is minimized at June 30, 2015.

Custodial Credit Risk - Investments are held by a bank in the District's name and therefore, the District was not exposed to this risk at June 30, 2015.

NOTE C - CAPITAL ASSETS

At June 30, 2015, capital assets consist of the following:

	July 1, 2014	Additions	June 30, 2015
Infrastructure:			
Sanitary sewer	\$ 874,674	\$	\$ 874,674
Paving and storm sewer	2,103,671	158,007	2,261,678
Water	585,713	-	585,713
Easement	10,968	-	10,968
Access road improvements	61,192	-	61,192
Wastewater lagoon expansion	63,399	-	63,399
SID #51 improvements	576,554	-	576,554
Equipment	38,750	-	38,750
	4,314,921	158,007	4,472,928
Accumulated depreciation	(2,703,760)	(107,769)	(2,811,529)
	<u>\$ 1,611,161</u>	<u>\$ 50,238</u>	<u>\$ 1,661,399</u>

Depreciation expense totaled \$107,769 for the year ended June 30, 2015. Land not being depreciated totals \$128,828.

A summary of proprietary fund type capital assets is as follows:

	July 1, 2014	Additions	June 30, 2015
Water system	\$ 570,452	\$ -	\$ 570,452
Accumulated depreciation	(388,502)	(20,718)	(409,220)
	<u>\$ 181,950</u>	<u>\$(20,718)</u>	<u>\$ 161,232</u>

Depreciation expense totaled \$20,718 for the year ended June 30, 2015.

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE D - TAX LEVY

The District levied taxes for 2014-2015 at the rate of \$.10 per \$100 on an estimated 100% property valuation of \$89,009,918.

Property taxes are levied in September and attach as an enforceable lien on the assessed property as of December 31. The first half payment becomes delinquent April 1 of the following year and the second half payment becomes delinquent August 1 of the following year. The Sarpy County Treasurer bills and collects all property taxes for the District.

NOTE E - COMMITMENTS

The District has entered into an agreement with Omaha Public Power District (OPPD) under which OPPD is to furnish street lighting to the District. The cost to the District for this service for fiscal 2016 is estimated to be approximately \$15,000.

NOTE F - CREDIT RISK

Receivables for property taxes are due from property owners within the boundaries of the District located in Sarpy County, Nebraska.

NOTE G - RISK MANAGEMENT

The District is exposed to various risks of loss, including those related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE H - SUBSEQUENT EVENTS

Management evaluated transactions and events occurring subsequent to June 30, 2015 and through December 8, 2015 (the date the financial statements were available to be issued) to determine whether any events should be recognized or disclosed in these statements. There were no material transactions or events in the subsequent period requiring disclosure or recognition in the statements.

REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD & A)

SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL AND DEBT SERVICE FUND

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL, DEBT SERVICE FUND AND SERVICE FEE

For The Year Ended June 30, 2015

	GENERAL FUND (NON GAAP)		
	Original And Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Taxes collected	\$ 89,010	\$ 81,030	\$ (7,980)
State motor vehicle tax allocation	300	186	(114)
Interest on taxes	-	127	127
Interest on investments	-	126	126
Property tax credit allocation	-	2,751	2,751
Sewer and water use fees	-	-	-
	<u>89,310</u>	<u>84,220</u>	<u>(5,090)</u>
EXPENDITURES:			
Legal and accounting fees	12,000	11,310	690
Sewer expense	-	-	-
General and administrative	-	-	-
Maintenance and engineering	65,000	157,683	(92,683)
Electricity	3,000	2,777	223
Trustee bonds and insurance	3,000	304	2,696
Collection fees - County Treasurer	1,746	1,280	466
Election expense	-	103	(103)
Publication	-	142	(142)
	<u>84,746</u>	<u>173,599</u>	<u>(88,853)</u>
Excess (deficiency) of revenues over expenditures	4,564	(89,379)	(93,943)
OTHER FINANCING SOURCES (USES):			
Payment of warrants	(1,583)	(1,583)	-
Issuance of warrants	-	5,524	5,524
Purchase of equipment	-	-	-
Transfer in	125,000	161,180	36,180
Transfer out	<u>(475,000)</u>	<u>(197,223)</u>	<u>277,777</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	<u><u>\$ (347,019)</u></u>	<u>(121,481)</u>	<u><u>\$225,538</u></u>
FUND BALANCE, BEGINNING OF YEAR		<u>375,455</u>	
FUND BALANCE, END OF YEAR		<u><u>\$ 253,974</u></u>	

DEBT SERVICE FUND (NON GAAP)			SERVICE FEE FUND (NON GAPP)		
Original And Final Budget	Actual	Variance Positive (Negative)	Original And Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	125,000	161,180	36,180
-	-	-	125,000	161,180	36,180
-	-	-	-	-	-
-	-	-	100,000	130,164	(30,164)
-	-	-	5,000	16,926	(11,926)
-	-	-	40,000	38,675	1,325
-	-	-	5,000	11,458	(6,458)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	150,000	197,223	(47,223)
-	-	-	(25,000)	(36,043)	(11,043)
-	-	-	-	-	-
-	-	-	-	-	-
(170,000)	(158,007)	11,993	-	-	-
325,000	-	(325,000)	(125,000)	(161,180)	(36,180)
-	-	-	150,000	197,223	47,223
<u>\$ 155,000</u>	(158,007)	<u>\$(313,007)</u>	<u>\$ -</u>	-	<u>\$ -</u>
	274,863			-	
	<u>\$ 116,856</u>			<u>\$ -</u>	

SUPPLEMENTARY INFORMATION

Sanitary and Improvement District No. 48
Sarpy County, Nebraska

INFORMATION REQUIRED BY SECTION 31-740,
REVISED STATUTE OF NEBRASKA, 2008

Year ended June 30, 2015

Gross revenues from all sources	<u>\$237,871</u>
Gross revenues from all sources from previous year	<u>\$243,540</u>
Amount spent for sewage disposal	<u>\$ 67,184</u>
Amount expended on water mains	<u>None</u>
Gross amount of sewage processed	<u>Not readily determined</u>
Cost per thousand gallons of processing sewage	<u>Not Available</u>
Amount expended for:	
Maintenance and repairs	<u>\$145,818</u>
New equipment	<u>None</u>
New construction work (incl. water mains)	<u>\$158,007</u>
Property purchased	<u>None</u>
Number of employees	<u>None</u>
Salaries and fees paid employees	<u>None</u>
Total amount of taxes levied upon the property within the District	<u>\$ 86,352</u>

SUMMARY OF TAXES RECEIVABLE

	Receivable at June 30, 2014	2014-15 tax	Collected 2014-15	Receivable at June 30, 2015
Real estate and personal property	<u>\$32,918</u>	<u>\$86,352</u>	<u>\$81,030</u>	<u>\$38,240</u>

TRUSTEE AND RELATED BONDS

Trustees		Bonds	
Name	Office	Insurer	Amount
William D. Sapp	Chairman	Old Republic Surety Co.	\$5,000
Allen Marsh	Clerk	Old Republic Surety Co.	\$20,000
Steve Klotz	Trustee	-	None
Chris Klotz	Trustee	-	None
Robert Kalinski	Trustee	-	None

Awerkamp, Goodnight, Schwaller & Nelson, P.C.

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J. DOUGLAS GOODNIGHT
(1936 - 2006)

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

To the Board of Directors
Sanitary and Improvement District No. 48
of Sarpy County, Nebraska

We have audited the financial statements of Sanitary and Improvement District No. 48 of Sarpy County, Nebraska as of and for the year ended June 30, 2015, and have issued our report thereon dated December 8, 2015. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sanitary and Improvement District No. 48's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sanitary and Improvement District No. 48's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sanitary and Improvement District No. 48's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified the following deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

The district does not have the ability to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. Management is aware of this significant deficiency and believes it is economically not feasible to obtain the ability to prepare financial statements.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Sanitary and Improvement District No. 48's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Sanitary and Improvement District No. 48's financial statements that is more than consequential will not be prevented or detected by the Sanitary and Improvement District No. 48's internal control. We consider the deficiencies described above to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Sanitary and Improvement District No. 48's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 48's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 the following instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Finding #1

- General fund expenditures exceeded budget by \$88,853, without amending the budget.

Response

- The District initiated maintenance projects that were not anticipated when the budget was prepared.

Finding #2

- Service fee fund expenditures exceeded budget by \$47,223, without amending the budget.

Response

- Several expense categories exceeded the budget including sewer expense which increased as the City of Omaha's billings became more current. Water testing and electricity increased due to higher usages of the service.

Finding #3

- Transfers from the proprietary fund to the general fund exceeded budget by \$36,180, without amending the budget.

Response

- Revenue received in the service fee fund exceeded the budget amount which resulted in this excess transfer as the service fee fund does not maintain a separate deposit account.

Sanitary and Improvement District No. 48's responses to the findings identified in our audit are described above. We did not audit Sanitary and Improvement District No. 48's responses and accordingly, we express no opinion on them.

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.

Averkamp, Goodnight, Schwaller & Nelson, P.C.

Omaha, Nebraska
December 8, 2015