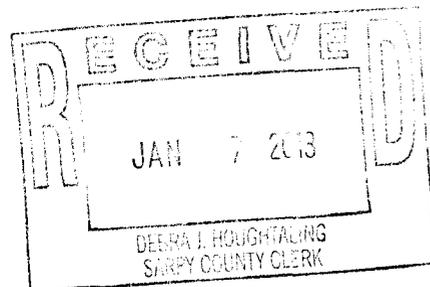


**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

**ANNUAL FINANCIAL STATEMENTS AND
ACCOMPANYING INDEPENDENT AUDITOR'S REPORTS**

JUNE 30, 2012



**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

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December 31, 2012

INDEPENDENT AUDITOR'S REPORT

**Board of Trustees
Sanitary and Improvement District No. 67
of Sarpy County, Nebraska**

We have audited the accompanying financial statements of the governmental activities and each fund of Sanitary and Improvement District No. 67 of Sarpy County, Nebraska (the "District"), as of June 30, 2012 and for the year then ended, which collectively comprise the District's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the management of the District. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the financial statements were prepared on a cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investment balances of the governmental activities and each fund of the District as of June 30, 2012 and the respective receipts and disbursements arising from cash transactions for the year then ended on the cash basis of accounting described in Note 1, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2012 on our consideration of the District'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information included on pages 14-20 is presented for purpose of additional analysis and are not a required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Orizon CPAs LLC
ORIZON CPAs LLC

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

STATEMENT OF NET ASSETS - CASH BASIS

JUNE 30, 2012

| ASSETS | | <u>Governmental Activities</u> |
|----------------------------|----------------|------------------------------------|
| Cash with County Treasurer | \$ 42,335 | |
| Investments | <u>179,925</u> | |
| TOTAL ASSETS | | <u>\$ 222,260</u> |
| NET ASSETS | | |
| Restricted: | | |
| Debt service | \$ 181,797 | |
| Unrestricted | <u>40,463</u> | |
| TOTAL NET ASSETS | | <u>\$ 222,260</u> |

See Notes to Financial Statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

STATEMENT OF ACTIVITIES - CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2012

| | Net (Disbursements) Receipts and Changes in Net Assets | Cash Disbursements | Program Cash Receipts <u>Capital Grants and Contributions</u> |
|--|---|-----------------------|---|
| Governmental activities: | | | |
| General services | \$ (106,541) | \$ (106,541) | \$ |
| Capital improvements | (70,000) | (70,000) | |
| Principal and interest on indebtedness | <u>(97,716)</u> | <u>(97,716)</u> | |
| Net program (disbursements) receipts | <u>(274,257)</u> | <u>\$ (274,257)</u> | <u>\$</u> |
| General receipts: | | | |
| Property taxes | 199,284 | | |
| Intergovernmental | 3,990 | | |
| Investment earnings | 83 | | |
| Total general receipts | <u>203,357</u> | | |
| Change in net assets | (70,900) | | |
| Net assets - beginning of year | <u>293,160</u> | | |
| Net assets - end of year | <u>\$ 222,260</u> | | |

See Notes to Financial Statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

**STATEMENT OF FUND BALANCES AND CHANGES IN FUND BALANCES
CASH BASIS
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2012

| | General Fund | Debt Service Fund | Total Government Funds |
|--|-----------------|----------------------|------------------------------|
| RECEIPTS: | | | |
| Property taxes | \$ 89,678 | \$ 109,606 | \$ 199,284 |
| State motor vehicle tax allocation | 259 | 317 | 576 |
| Homestead exempt allocation | 1,536 | 1,878 | 3,414 |
| Interest on investments | 8 | 75 | 83 |
| Total receipts | 91,481 | 111,876 | 203,357 |
| DISBURSEMENTS: | | | |
| Banking fees | 1,000 | | 1,000 |
| Treasurer's fees | 1,734 | 2,118 | 3,852 |
| Insurance | 6,612 | | 6,612 |
| Legal fees | 22,500 | | 22,500 |
| Audit and accounting fees | 7,500 | | 7,500 |
| Repairs and maintenance | 8,640 | | 8,640 |
| Utilities | 19,279 | | 19,279 |
| Engineering fees | 30,287 | | 30,287 |
| Publications | 115 | | 115 |
| Outfall sewer | 4,654 | | 4,654 |
| Homeowners fees | 2,102 | | 2,102 |
| Capital outlay | | 70,000 | 70,000 |
| Bond principal | | 80,000 | 80,000 |
| Interest on bonds | | 17,430 | 17,430 |
| Interest on warrants | | 286 | 286 |
| Total expenditures | 104,423 | 169,834 | 274,257 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | (12,942) | (57,958) | (70,900) |
| OTHER FINANCING SOURCES AND USES: | | | |
| Operating transfer | (75,000) | 75,000 | |
| Total other financing sources and uses | (75,000) | 75,000 | |
| EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES | (87,942) | 17,042 | (70,900) |
| FUND BALANCE - beginning of year | 128,405 | 164,755 | 293,160 |
| FUND BALANCE - end of year | \$ 40,463 | \$ 181,797 | \$ 222,260 |

See Notes to Financial Statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

**STATEMENT OF FUND BALANCES AND CHANGES IN FUND BALANCES - CONTINUED
CASH BASIS
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2012

| | General Fund | Debt Service Fund | Total Government Funds |
|---|-----------------------------|-----------------------------|------------------------------|
| FUND BALANCE - CASH BASIS: | | | |
| Cash with County Treasurer | \$ 40,463 | \$ 1,872 | \$ 42,335 |
| Investments | <u> </u> | <u>179,925</u> | <u>179,925</u> |
| TOTAL FUND BALANCE - CASH BASIS - JUNE 30, 2012 | <u>\$ 40,463</u> | <u>\$ 181,797</u> | <u>\$ 222,260</u> |
| FUND BALANCE - CASH BASIS: | | | |
| Restricted for: | | | |
| Debt service | | \$ 181,797 | \$ 181,797 |
| Unassigned | <u>\$ 40,463</u> | <u> </u> | <u>40,463</u> |
| TOTAL FUND BALANCE - CASH BASIS - JUNE 30, 2012 | <u>\$ 40,463</u> | <u>\$ 181,797</u> | <u>\$ 222,260</u> |

See Notes to Financial Statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sanitary and Improvement District No. 67 of Sarpy County, Nebraska (the "District") is a governmental subdivision authorized under the statutes of the State of Nebraska. It was formed for the purposes of installation and maintenance of streets and utility systems and contracting for street lighting.

The District's reporting entity applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements and applicable Financial Accounting Standards Board ("FASB") and Accounting Principles Board ("APB") opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. Governments have the option of following subsequently issued FASB statements subject to this same limitation. The District has elected not to follow the subsequently issued FASB statements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Reporting Entity

The District's financial statements are presented as the primary government and include all departments and activities for which the District is financially accountable. The District has determined that there are no potential component units that meet the criteria for inclusion in the financial statements.

Basis of Presentation - Fund Accounting

Government-wide Financial Statements: Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis display information about the reporting government as a whole. They include all funds of the reporting entity. The statements present the District's financial statements as governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Alternatively, business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District does not operate any business-type activities.

Fund Financial Statements: Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, receipts and disbursements. The District only has governmental funds. The District currently has no fiduciary or proprietary funds. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District, meets specific mathematical criteria set forth by GASB or is identified as a major fund by the District's management. All of the District's funds meet the criteria of a major fund.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation - Fund Accounting, Continued

The governmental funds of the reporting entity are described below:

General Fund – This fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all financing resources except those required to be accounted for in other funds.

Debt Service Fund – This fund is used to account for infrastructure related capital asset acquisition and development and the accumulation of resources for the payment of general long-term obligations, interest and related costs.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded, regardless of the measurement focus applied.

Measurement Focus

In both the government-wide financial statements and the fund financial statements, the governmental activities are presented using a cash basis measurement focus. The District’s reported net assets/fund balance is considered a measure of “available cash and investments.” The operating statements focus on cash received and cash disbursed.

Basis of Accounting

In the government-wide and the fund financial statements, the District prepares its financial statements using the cash basis of accounting. Accordingly, revenues are recognized when cash is received by the District and expenditures are recognized when cash is disbursed. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

This basis of accounting is applied to all transactions, including the disbursements for capital assets, receipt of proceeds from issuance of debt and the retirement of debt.

Investments

Investments are stated at cost, which approximates fair value. Additional cash and investment disclosures are presented in Note 3.

Long-term Debt

Long-term debt arising from cash transactions for governmental funds is not reported as a liability in the government-wide or fund financial statements. The debt proceeds are, instead, reported as other financing receipts and payment of principal and interest reported as cash disbursements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Classification

Government-wide Statements:

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by 1) external groups, such as creditors, grantors, contributors or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of “restricted.”

It is the District’s policy to use restricted net assets, first, prior to the use of unrestricted net assets, when a disbursement is made for purposes in which both restricted and unrestricted net assets are available.

Fund Financial Statements:

Governmental fund equity is reported as fund balance within each respective fund. For governmental funds, the fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- a. Non-spendable – This fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. At June 30, 2012, the District had no non-spendable fund balance.
- b. Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Board of Trustees to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Classification, Continued

Fund Financial Statements, Continued

- c. Committed – This fund balance classification includes amounts that can only be used for the specific purposes imposed by formal action (resolution) of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. At June 30, 2012, the District had no committed fund balance.
- d. Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Board of Trustees. At June 30, 2012, the District had no assigned fund balance.
- e. Unassigned – This fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Government-wide Financial Statements:

Amounts reported in the fund financial statements as interfund receivables and payables, if any, would be eliminated in the governmental activities column of the Statement of Net Assets.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Financial Statements:

Interfund activity, if any, within and among the governmental fund category is reported as follows in the fund financial statements:

- a. Interfund loans – amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b. Interfund reimbursements – repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
- c. Interfund transfers – flow of assets from one fund to another where repayment is not expected are reported as cash receipts and disbursements.

2. BUDGET PROCESS AND PROPERTY TAXES

The District is required by state law to adopt an annual budget. The Board has adopted separate budgets for the General Fund and Debt Service Fund. Each budget is presented on the cash basis of accounting, which is consistent with the requirements of the State budget act.

State Statutes of the Nebraska Budget Act provide the prescribed budget practices and procedures that governing bodies are required to follow. The amounts that may be budgeted for certain specific funds are subject to various expenditures and/or tax levy limitations.

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

- a. The Board of Trustees considers a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at a public meeting to obtain taxpayer comments.
- c. Prior to September 20, the budget is legally enacted by a resolution of the Board of Trustees.
- d. An encumbrance system is not used by the District and all appropriations lapse at the end of the fiscal year.
- e. The budget is adopted on a per-fund basis and all adjustments or supplemental appropriations must be approved by the Board of Trustees. No such adjustments or supplemental appropriations were made to the 2011-2012 budget.

The property tax requirement resulting from the budget process is utilized to establish the tax levy in accordance with State statutes, which tax levy attaches as an enforceable lien on property within the District as of December 31. Taxes are due as of that date. One-half of the real estate taxes become delinquent the following April 1, with the second one-half becoming delinquent August 1. The District levied taxes for 2011-2012 at the rate of \$0.6000 per \$100 on an estimated property valuation of \$33,594,368.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

3. DEPOSITS AND INVESTMENTS

According to State statutes, Sanitary and Improvement Districts are required to maintain their cash with the County Treasurer. At June 30, 2012, the County Treasurer has represented to the District that the District's cash maintained by the County Treasurer is insured or collateralized in the County Treasurer's name.

The District may by State statute invest in U.S. Government obligations, certificates of deposit and other time deposits. The District's investments of \$179,925 consist primarily of U.S. Treasury Bills with an original maturity of less than one year. As of June 30, 2012, all of the District's investments were uninsured and unregistered investments for which the securities were held by the County Treasurer in the District's name.

Deposit and investment risks include:

- Custodial Credit Risk – for deposits and investments, custodial credit risk is the risk that in the event of the failure of a bank or other counterparty, the District will not be able to recover the value of its deposits or investments or collateral securities in the possession of a third party.
- Credit Risk – for deposits and investments, credit risk is the risk that a bank or other counterparty defaults on its principal and/or interest payments owed to the District.
- Interest Rate Risk – for deposits and investments, interest rate risk is the risk that the value of deposits and investments will decrease as a result of a rise in interest rates.

The District has not adopted specific policies for the above risks, but certain risks are reduced through compliance with the provisions of State statutes.

4. LONG-TERM DEBT

The following individual general obligation bond issues are outstanding at June 30, 2012:

| <u>Issue Date</u> | <u>Interest Rate</u> | <u>Balance</u> | <u>Maturity Date</u> |
|-------------------|----------------------|----------------|----------------------|
| November 1, 2010 | 1.30 to 3.10% | \$ 730,000 | November 1, 2018 |

The following is a summary of bond transactions of the District for the year ended June 30, 2012:

| | |
|--------------------------|-------------------|
| Balance at June 30, 2011 | \$ 810,000 |
| Principal paid | <u>(80,000)</u> |
| Balance at June 30, 2012 | <u>\$ 730,000</u> |

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

4. LONG-TERM DEBT, CONTINUED

Aggregate principal and interest payments applicable to the District's bonds subsequent to June 30, 2012 are as follows:

| Year Ended <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------|-------------------|------------------|-------------------|
| 2013 | \$ 85,000 | \$ 16,418 | \$ 101,418 |
| 2014 | 90,000 | 15,146 | 105,146 |
| 2015 | 95,000 | 13,523 | 108,523 |
| 2016 | 100,000 | 11,495 | 111,495 |
| 2017 | 110,000 | 8,940 | 118,940 |
| 2018-19 | <u>250,000</u> | <u>7,785</u> | <u>257,785</u> |
| TOTAL | <u>\$ 730,000</u> | <u>\$ 73,307</u> | <u>\$ 803,307</u> |

5. RELATED PARTY TRANSACTIONS

The District reimbursed Normandy Hills Homeowners Association for \$1,055 ground maintenance services provided by John Macrander, District Chairman.

6. INTER-LOCAL AGREEMENT

The District formed an inter-local agreement in the previous year with Sanitary and Improvement District No. 242 to share costs of park maintenance and improvements. The District's share is 80% and District No. 242's share is 20%. Total costs paid by the District during the year ended June 30, 2012 under this agreement were \$15,735.

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors or omissions, injuries or acts of God. These risks are transferred to independent issuance carriers and no self-insurance program is maintained by the District. District management believes adequate coverage exists for potential exposures as of June 30, 2012. There have been no claims that have exceeded this coverage for any of the past three years.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

BUDGETARY COMPARISON SCHEDULE - CASH BASIS - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2012

| | Original and Final Budget | Actual | Variance Favorable (Unfavorable) |
|--|---------------------------------|------------------|--|
| RECEIPTS: | | | |
| Property taxes | \$ 90,705 | \$ 89,678 | \$ (1,027) |
| State motor vehicle tax allocation | 250 | 259 | 9 |
| Homestead exempt allocation | 1,200 | 1,536 | 336 |
| Interest on investments | 150 | 8 | (142) |
| Total receipts | 92,305 | 91,481 | (824) |
| DISBURSEMENTS: | | | |
| Banking fees | 600 | 1,000 | (400) |
| Treasurer's fees | 1,779 | 1,734 | 45 |
| Outfall sewer | 1,000 | 4,654 | (3,654) |
| Insurance | 500 | 6,612 | (6,112) |
| Homeowners fees | | 2,102 | (2,102) |
| Legal fees | 15,000 | 22,500 | (7,500) |
| Audit and accounting fees | 7,000 | 7,500 | (500) |
| Repairs and maintenance | 4,671 | 8,640 | (3,969) |
| Utilities | 15,000 | 19,279 | (4,279) |
| Engineering fees | 7,000 | 30,287 | (23,287) |
| Publications | 100 | 115 | (15) |
| Capital outlay | 30,000 | | 30,000 |
| Total disbursements | 82,650 | 104,423 | (21,773) |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | 9,655 | (12,942) | (22,597) |
| OTHER FINANCING SOURCES AND USES: | | | |
| Transfer to debt service fund | (100,000) | (75,000) | 25,000 |
| EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES | \$ (90,345) | (87,942) | \$ 2,403 |
| FUND BALANCE - beginning of year | | 128,405 | |
| FUND BALANCE - end of year | | \$ 40,463 | |

See Note to Supplementary Information.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

BUDGETARY COMPARISON SCHEDULE - CASH BASIS - DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2012

| | Original and Final Budget | Actual | Variance Favorable (Unfavorable) |
|--|---------------------------------|-------------------|--|
| RECEIPTS: | | | |
| Property taxes | \$ 110,861 | \$ 109,606 | \$ (1,255) |
| Special assessments | 200 | | (200) |
| State motor vehicle tax allocation | 300 | 317 | 17 |
| Homestead exempt allocation | 1,500 | 1,878 | 378 |
| Interest on investments | | 75 | 75 |
| Total receipts | 112,861 | 111,876 | (985) |
| DISBURSEMENTS: | | | |
| Treasurer's fees | 2,174 | 2,118 | 56 |
| Capital outlay | 185,000 | 70,000 | 115,000 |
| Bond principal | 80,000 | 80,000 | |
| Interest on bonds and warrants | 17,430 | 17,716 | (286) |
| Total disbursements | 284,604 | 169,834 | 114,770 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | (171,743) | (57,958) | 113,785 |
| OTHER FINANCING SOURCES AND USES: | | | |
| Transfer from general fund | 100,000 | 75,000 | (25,000) |
| Total other financing sources and uses | 100,000 | 75,000 | (25,000) |
| EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES | \$ (71,743) | 17,042 | \$ 88,785 |
| FUND BALANCE - beginning of year | | 164,755 | |
| FUND BALANCE - end of year | | \$ 181,797 | |

See Note to Supplementary Information.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

**NOTE TO SUPPLEMENTARY INFORMATION -
BUDGETARY COMPARISON SCHEDULES**

FOR THE YEAR ENDED JUNE 30, 2012

1. BUDGETARY ACCOUNTING

The District prepares its budget for the Governmental Funds on the cash basis of accounting. This basis is consistent with the basis of accounting used in presenting the basic financial statements. Under this method of accounting, all unexpended appropriations lapse at the end of the budget year.

The term "Budgetary Fund Balance" used in these supplementary schedules is synonymous with the terms "Fund Balance – Cash Basis" used in the basic financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

**INFORMATION REQUIRED BY SECTION 31-740,
REISSUE REVISED STATUTES OF NEBRASKA**

FOR THE YEAR ENDED JUNE 30, 2012

| | |
|---|------------|
| Gross revenue from all sources in previous year | \$ 204,566 |
| Amount spent for access to facilities and use of the services of the library system of one or more neighboring cities or villages | None |
| Amount spent for sewage disposal | None |
| Amount expended for water mains | None |
| Gross amount of sewage processed | None |
| Cost per thousand gallons of processing sewage | None |
| Amount expended for maintenance and repairs | \$ 8,640 |
| Amount expended for new equipment | None |
| Amount expended for new construction work | \$ 100,287 |
| Amount expended for property | None |
| Number of employees | None |
| Salaries and fees paid employees | None |
| Total amount of taxes levied upon the property within the District | \$ 201,566 |

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

BOARD OF TRUSTEES AND RELATED BONDS

JUNE 30, 2012

TRUSTEES

John Macrander, Chairman
Darlene Macrander, Clerk
Jeannie McDonald, Trustee
Warren Whitacre, Trustee
Dennis Ryan, Trustee

BONDS

State Surety \$ 5,000
State Surety \$20,000

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF DOUGLAS COUNTY, NEBRASKA**

**SCHEDULE OF BONDS OUTSTANDING
NOVEMBER 1, 2010, GENERAL OBLIGATION REFUNDING BONDS**

JUNE 30, 2012

| <u>Date</u> | <u>Principal</u> | <u>Coupon</u> | <u>Interest</u> | <u>Period Total</u> | <u>Fiscal Total</u> |
|-------------|-------------------|---------------|------------------|-------------------------|-------------------------|
| 11/1/2012 | \$ 85,000 | 1.30% | \$ 8,485 | \$ 93,485 | |
| 5/1/2013 | | | 7,933 | 7,933 | \$ 101,418 |
| 11/1/2013 | 90,000 | 1.60% | 7,933 | 97,933 | |
| 5/1/2014 | | | 7,213 | 7,213 | 105,146 |
| 11/1/2014 | 95,000 | 1.90% | 7,213 | 102,213 | |
| 5/1/2015 | | | 6,310 | 6,310 | 108,523 |
| 11/1/2015 | 100,000 | 2.25% | 6,310 | 106,310 | |
| 5/1/2016 | | | 5,185 | 5,185 | 111,495 |
| 11/1/2016 | 110,000 | 2.60% | 5,185 | 115,185 | |
| 5/1/2017 | | | 3,755 | 3,755 | 118,940 |
| 11/1/2017 | 120,000 | 2.90% | 3,755 | 123,755 | |
| 5/1/2018 | | | 2,015 | 2,015 | 125,770 |
| 11/1/2018 | <u>130,000</u> | 3.10% | <u>2,015</u> | <u>132,015</u> | <u>132,015</u> |
| | <u>\$ 730,000</u> | | <u>\$ 73,307</u> | <u>\$ 803,307</u> | <u>\$ 803,307</u> |

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF DOUGLAS COUNTY, NEBRASKA**

SCHEDULE OF CAPITAL ASSETS

JUNE 30, 2012

| | <u>Balance July 01, 2011</u> | <u>Increase</u> | <u>Balance June 30, 2012</u> |
|-----------------------------|----------------------------------|-----------------|----------------------------------|
| Improvements/infrastructure | \$ 1,334,840 | \$ 100,287 | \$ 1,435,127 |
| Equipment | 2,545 | | 2,545 |

December 31, 2012

**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 Trustees
**Sanitary and Improvement District No. 67
of Sarpy County, Nebraska**

We have audited the financial statements of the governmental activities and each fund of Sanitary and Improvement District No. 67, Sarpy County, Nebraska, (the "District") as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2012. Our report disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America. 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

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District'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 the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as 2012-1 that we consider to be a significant deficiency in internal control over financial reporting.

A significant deficiency is a deficiency, or 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.

Compliance and Other Matters

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

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Board of Trustees and the State of Nebraska Auditor of Public Accounts, and is not intended to be, and should not be, used by anyone other than these specified parties.

Orizon CPAs LLC
ORIZON CPAs LLC

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2012

FINANCIAL STATEMENT FINDINGS

2012-1 SIGNIFICANT DEFICIENCY

Financial Statement Preparation

Condition: The District's management does not appear to possess the expertise to prepare its financial statements or detect and correct a potential misstatement in the financial statements or notes.

Criteria: The District's management should possess the expertise to prepare, detect and correct a potential misstatement in the presentation of the financial statements or notes.

Effect: Intentional or unintentional errors could be made and not be detected within a timely period by the District's management in the normal course of performing their assigned functions.

Recommendation: A remedy for this situation would be for the District to engage a person with enough accounting experience to prepare the financial statements or assist the Board with review of such statements.

Response: At this time, the Board of Trustees of the District believes that the benefit of eliminating this significant deficiency does not outweigh the cost of engaging a duly qualified person to perform this service.