



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

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

JUNE 30, 2013

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

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position – Cash Basis	3
Statement of Activities – Cash Basis	4
<i>Fund Financial Statements:</i>	
Statement of Fund Balances and Changes in Fund Balances – Cash Basis – Governmental Funds	5-6
Notes to Basic Financial Statements	7-12
SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – Cash Basis – General Fund	13
Budgetary Comparison Schedule – Cash Basis – Debt Service Fund	14
Note to Supplementary Information – Budgetary Comparison Schedules	15
Information Required by Section 31-715, Reissue Revised Statutes of Nebraska, 1993	16
Board of Trustees and Related Bonds	17
Schedule of Bonds Outstanding	18
Schedule of Capital Assets	19
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	20-21
SCHEDULE OF FINDINGS AND RESPONSES	22

HSMC ORIZON LLC
CPAs, BUSINESS & TECHNOLOGY CONSULTANTS
16924 FRANCES STREET
OMAHA, NEBRASKA 68130



402.330.7008 / PHONE
402.330.6851 / FAX
www.hsmcorizon.com

December 18, 2013

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 Sanitary and Improvement District No. 67 of Sarpy County, Nebraska (the "District"), as of and for the year ended June 30, 2013, 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 the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

Auditor's 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 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—cash basis of the governmental activities and each major fund of the District, as of June 30, 2013, and the respective changes in financial position—cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Disclaimer of Opinion on Supplementary Information

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, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013, 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 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 the District's internal control over financial reporting and compliance.



HSMC ORIZON LLC

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

STATEMENT OF NET POSITION - CASH BASIS

JUNE 30, 2013

ASSETS

	<u>Governmental Activities</u>
Cash with County Treasurer	\$ 59,815
Investments	<u>99,959</u>
 TOTAL ASSETS	 <u>\$ 159,774</u>

NET POSITION

Restricted:	
Debt service	\$ 125,255
Unrestricted	<u>34,519</u>
 TOTAL NET POSITION	 <u>\$ 159,774</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, 2013

	Net (Disbursements) Receipts and Changes in Net position	<u>Cash Disbursements</u>	<u>Program Cash Receipts Capital Grants and Contributions</u>
Governmental activities:			
General services	\$ (103,362)	\$ (108,556)	\$ 5,194
Capital improvements	(80,000)	(80,000)	
Principal and interest on indebtedness	<u>(103,137)</u>	<u>(103,137)</u>	
Net program (disbursements) receipts	<u>(286,499)</u>	<u>\$ (291,693)</u>	<u>\$ 5,194</u>
General receipts:			
Property taxes	219,770		
Other taxes	4,129		
Investment earnings	<u>114</u>		
Total general receipts	<u>224,013</u>		
Change in net position	(62,486)		
Net position - beginning of year	<u>222,260</u>		
Net position - end of year	<u>\$ 159,774</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**

AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Debt Service Fund	Total Government Funds
RECEIPTS:			
Property taxes	\$ 96,123	\$ 123,647	\$ 219,770
State motor vehicle tax allocation	177	227	404
Homestead exempt allocation	1,609	2,116	3,725
Miscellaneous revenue	2,308	2,886	5,194
Interest on investments		114	114
Total receipts	100,217	128,990	229,207
DISBURSEMENTS:			
Banking fees	500		500
Treasurer's fees	1,864	2,395	4,259
Insurance	4,836		4,836
Legal fees	15,000		15,000
Audit and accounting fees	7,500		7,500
Repairs and maintenance	52,818		52,818
Utilities	16,450		16,450
Engineering fees	7,172		7,172
Publications	21		21
Capital outlay		80,000	80,000
Bond principal		85,000	85,000
Interest on bonds		16,418	16,418
Interest on warrants		1,719	1,719
Total expenditures	106,161	185,532	291,693
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(5,944)	(56,542)	(62,486)
FUND BALANCE - beginning of year	40,463	181,797	222,260
FUND BALANCE - end of year	\$ 34,519	\$ 125,255	\$ 159,774

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**

AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Debt Service Fund	Total Government Funds
FUND BALANCE - CASH BASIS:			
Cash with County Treasurer	\$ 34,519	\$ 25,296	\$ 59,815
Investments	<u> </u>	<u>99,959</u>	<u>99,959</u>
TOTAL FUND BALANCE - CASH BASIS - JUNE 30, 2013	<u>\$ 34,519</u>	<u>\$ 125,255</u>	<u>\$ 159,774</u>
 FUND BALANCE - CASH BASIS:			
Restricted for:			
Debt service		\$ 125,255	\$ 125,255
Unassigned	<u>\$ 34,519</u>	<u> </u>	<u>34,519</u>
TOTAL FUND BALANCE - CASH BASIS - JUNE 30, 2013	<u>\$ 34,519</u>	<u>\$ 125,255</u>	<u>\$ 159,774</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.

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 Position – 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 cash, investments, fund balance, 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.

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 Position/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, since the increase in value to fair value has not yet been received and therefore is not recognized on the cash basis of accounting. 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.

Equity Classification

Government-wide Statements:

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

- a. Restricted net position – Consists of net position 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 position – All other net position that do not meet the definition of "restricted."

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

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

It is the District's policy to use restricted net position, first, prior to the use of unrestricted net position, when a disbursement is made for purposes in which both restricted and unrestricted net position 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, 2013, 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.

Equity Classification, Continued

Fund Financial Statements, Continued

- a. 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, 2013, the District had no committed fund balance.

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

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- b. 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, 2013, the District had no assigned fund balance.
- c. 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.

Interfund transfers, the 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

2. BUDGET PROCESS AND PROPERTY TAXES, CONTINUED

- 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 2012-2013 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 2012-2013 at the rate of \$0.7000 per \$100 on an estimated property valuation of \$33,348,760.

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, 2013, 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 \$99,959 consist primarily of U.S. Treasury Bills with an original maturity of less than one year. As of June 30, 2013, 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

4. LONG-TERM DEBT

The following individual general obligation bond issues are outstanding at June 30, 2013:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Maturity Date</u>
November 1, 2010	1.60 to 3.10%	\$ 645,000	November 1, 2018

The following is a summary of bond transactions of the District for the year ended June 30, 2013:

Balance at June 30, 2012	\$ 730,000
Principal paid	<u>(85,000)</u>
Balance at June 30, 2013	<u>\$ 645,000</u>

Aggregate principal and interest payments applicable to the District's bonds subsequent to June 30, 2013 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	120,000	5,770	125,770
2019	<u>130,000</u>	<u>2,015</u>	<u>132,015</u>
TOTAL	<u>\$ 645,000</u>	<u>\$ 56,889</u>	<u>\$ 701,889</u>

5. 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, 2013 under this agreement were \$23,554.

6. 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, 2013. There have been no claims that have exceeded this coverage for any of the past three years.

7. COMMITMENTS & CONTINGENCIES

The District has issued warrants for payment of capital improvements at a rate of 7% and are due five years from the date of issuance. As of June 30, 2013 the total unpaid warrants were \$158,977 and mature in 2016 through 2018.

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

BUDGETARY COMPARISON SCHEDULE - CASH BASIS - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS:			
Property taxes	\$ 100,047	\$ 96,123	\$ (3,924)
State motor vehicle tax allocation	300	177	(123)
Homestead exempt allocation	1,500	1,609	109
Miscellaneous revenue		2,308	2,308
Interest on investments	100		(100)
Total receipts	101,947	100,217	(1,730)
DISBURSEMENTS:			
Banking fees	500	500	
Treasurer's fees	1,962	1,864	98
Insurance	4,000	4,836	(836)
Homeowners fees	3,000		3,000
Legal fees	20,000	15,000	5,000
Audit and accounting fees	7,500	7,500	
Repairs and maintenance	47,000	52,818	(5,818)
Utilities	16,500	16,450	50
Engineering fees	15,000	7,172	7,828
Publications	300	21	279
Capital outlay			
Total disbursements	115,762	106,161	9,601
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	\$ (13,815)	(5,944)	\$ 7,871
FUND BALANCE - beginning of year		40,463	
FUND BALANCE - end of year		\$ 34,519	

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, 2013

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS:			
Property taxes	\$ 133,395	\$ 123,647	\$ (9,748)
Special assessments	100		(100)
State motor vehicle tax allocation	350	227	(123)
Homestead exempt allocation	1,500	2,116	616
Miscellaneous revenue		2,886	2,886
Interest on investments		114	114
Total receipts	135,345	128,990	(6,355)
DISBURSEMENTS:			
Treasurer's fees	2,616	2,395	221
Capital outlay	125,000	80,000	45,000
Bond principal	85,000	85,000	
Interest on bonds and warrants	16,418	18,137	(1,719)
Total disbursements	229,034	185,532	43,502
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	\$ (93,689)	(56,542)	\$ 37,147
FUND BALANCE - beginning of year		181,797	
FUND BALANCE - end of year		\$ 125,255	

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, 2013

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, 2013

Gross revenue from all sources in previous year	\$ 203,357
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	\$ 52,818
Amount expended for new equipment	None
Amount expended for new construction work	\$ 87,172
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	\$ 233,441

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

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

JUNE 30, 2013

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
11/01/13	90,000	1.60%	7,933	97,933	
05/01/14			7,213	7,213	105,146
11/01/14	95,000	1.90%	7,213	102,213	
05/01/15			6,310	6,310	108,523
11/01/15	100,000	2.25%	6,310	106,310	
05/01/16			5,185	5,185	111,495
11/01/16	110,000	2.60%	5,185	115,185	
05/01/17			3,755	3,755	118,940
11/01/17	120,000	2.90%	3,755	123,755	
05/01/18			2,015	2,015	125,770
11/01/18	130,000	3.10%	2,015	132,015	132,015
	<u>\$ 645,000</u>		<u>\$ 56,889</u>	<u>\$ 701,889</u>	<u>\$ 701,889</u>

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

SCHEDULE OF CAPITAL ASSETS

JUNE 30, 2013

	<u>Balance July 01, 2012</u>	<u>Increase</u>	<u>Balance June 30, 2013</u>
Improvements\infrastructure	\$ 1,435,127	\$ 87,172	\$ 1,522,299
Equipment	2,545		2,545

HSMC ORIZON LLC
CPAs, BUSINESS & TECHNOLOGY CONSULTANTS
16924 FRANCES STREET
OMAHA, NEBRASKA 68130



402.330.7008 / PHONE
402.330.6851 / FAX
www.hsmcorizon.com

December 18, 2013

**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, 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 and each major fund of Sanitary and Improvement District No. 67, Sarpy County, Nebraska, (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 18, 2013. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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

HSMC Orizon LLC

HSMC ORIZON LLC

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

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2013

FINANCIAL STATEMENT FINDINGS

2013-1 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 in compliance with generally accepted accounting principles reporting model.

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 with generally accepted accounting principles reporting model.

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.

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.