

**Sanitary and Improvement District No. 92 of Sarpy
County, Nebraska**

**Basic Financial Statements and
Independent Auditors' Report**

June 30, 2014



Sanitary and Improvement District No. 92 of Sarpy County, Nebraska

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INDEPENDENT AUDITORS' REPORT

Board of Trustees

Sanitary and Improvement District No. 92 of Sarpy County, Nebraska

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 92 of Sarpy County, Nebraska, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the index.

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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sanitary and Improvement District No. 92 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 that the budgetary comparison information included in Schedules 1 and 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required 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.

Other Information

We were engaged to audit the financial statements taken as a whole. The accompanying other supplemental information included in Schedules 3 and 4 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management. The information has not been subjected to the auditing procedures applied in the audits of the financial statements. Accordingly, it is inappropriate to and we do not express an opinion on the other supplemental information referred to above.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2014, on our consideration of Sanitary and Improvement District No. 92 of Sarpy County, Nebraska'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* in considering the District's internal control over financial reporting and compliance.

Lutz & Company, P.C.

November 15, 2014

Sanitary and Improvement District No. 92 of Sarpy County, Nebraska

Governmental Funds Balance Sheet/Statement of Net Position

June 30, 2014

	General Fund	Debt Service Fund	Total	Reconciliation (Note 6)	Statement of Net Position
ASSETS					
Cash on Deposit					
County Treasurer	\$ 39,384	\$ 167,225	\$ 206,609	\$ -	\$ 206,609
Receivables					
Property Taxes (Note 2)	22,549	74,301	96,850	-	96,850
Capital Assets, Net of Accumulated Depreciation (Note 3)	-	-	-	1,288,190	1,288,190
TOTAL ASSETS	\$ 61,933	\$ 241,526	\$ 303,459	\$ 1,288,190	\$ 1,591,649
LIABILITIES					
Accounts Payable	\$ 5,344	\$ -	\$ 5,344	\$ -	\$ 5,344
Unregistered Warrants Payable (Note 4)	715	-	715	-	715
Accrued Interest on Bonds (Note 5)	-	2,368	2,368	-	2,368
Bonds Payable (Note 5)					
Due Within One Year	-	-	-	135,000	135,000
Due After One Year	-	-	-	645,000	645,000
Total Liabilities	6,059	2,368	8,427	780,000	788,427
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue	-	-	-	96,850	96,850
FUND BALANCE (DEFICIT)/NET POSITION					
Unassigned, Reported in					
General Fund	55,874	-	55,874	(55,874)	-
Restricted, Debt Service Fund	-	239,158	239,158	(239,158)	-
Total Fund Balance	55,874	239,158	295,032	(295,032)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
	\$ 61,933	\$ 241,526	\$ 303,459		
NET POSITION					
Invested in Capital Assets, Net of Related Debt				508,190	508,190
Unrestricted				33,325	33,325
Restricted for Debt Service				164,857	164,857
TOTAL NET POSITION				\$ 706,372	\$ 706,372

See Notes to Basic Financial Statements.

Sanitary and Improvement District No. 92 of Sarpy County, Nebraska

Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Statement of Activities

Year Ended June 30, 2014

	General Fund	Debt Service Fund	Total	Reconciliation (Note 6)	Statement of Activities
REVENUES/RECEIPTS					
Property Taxes (Note 2)	\$ 48,742	\$ 160,562	\$ 209,304	\$ (400)	\$ 208,904
Interest on					
Property Taxes (Note 2)	345	1,127	1,472	-	1,472
State Motor Vehicle Tax Allocation	192	640	832	-	832
Total Revenue/Receipts	49,279	162,329	211,608	(400)	211,208
EXPENDITURES/EXPENSES					
Current:					
Collection Fees- County Treasurer	932	3,105	4,037	-	4,037
Bond Issue Costs	-	21,135	21,135	-	21,135
Bond Maintenance Costs	-	750	750	-	750
Clerk Fees	1,704	-	1,704	-	1,704
Depreciation (Note 3)	-	-	-	57,739	57,739
Engineering	15,633	-	15,633	-	15,633
Fiscal Agent Fees	-	3,000	3,000	-	3,000
Insurance	2,121	-	2,121	-	2,121
Maintenance	668	-	668	-	668
Professional Fees	28,624	-	28,624	-	28,624
Utilities	13,237	-	13,237	-	13,237
Bonds Payable (Note 5)					
Principal	-	125,000	125,000	(125,000)	-
Interest	-	9,039	9,039	-	9,039
Net Capital Outlay	-	347,682	347,682	(347,682)	-
Total Expenditures/Expenses	62,919	509,711	572,630	(414,943)	157,687
Excess (Deficiency) of Revenues Over Expenditures/Expenses	(13,640)	(347,382)	(361,022)	414,543	53,521
OTHER FINANCING SOURCES (USES)					
Warrants Issued (Note 4)	-	357,717	357,717	(357,717)	-
Warrants Retired (Note 4)	-	(357,717)	(357,717)	357,717	-
Bonds Issued	-	365,000	365,000	(365,000)	-
Total Other Financing Sources (Uses)	-	365,000	365,000	(365,000)	-
Excess (Deficiency) of Revenues and Transfers in Over (Under) Expenditures/ Expenses and Transfers Out	(13,640)	17,618	3,978	(3,978)	-
Change in Net Position				53,521	53,521
Fund Balance/Net Position, Beginning of Year	69,514	221,540	291,054	-	652,851
Fund Balance/Net Position, End of Year	\$ 55,874	\$ 239,158	\$ 295,032	\$ -	\$ 706,372

See Notes to Basic Financial Statements.

Sanitary and Improvement District No. 92 of Sarpy County, Nebraska

Notes to Basic Financial Statements

June 30, 2014

1. Summary of Significant Accounting Policies

The accounting policies of Sanitary and Improvement District No. 92 of Sarpy County, Nebraska conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the District's significant policies.

Reporting Entity

Sanitary and Improvement District No. 92 of Sarpy County, Nebraska (the District) is a governmental subdivision authorized under the statutes of the State of Nebraska. The District operates under an elected Board of Trustees, which governs all activities related to streets, utility systems, and other public improvements within the jurisdiction of the District. The accompanying basic financial statements present the District's primary government unit and no component units because the District does not have any component units.

Basic Financial Statements

The basic financial statements include the government-wide and fund financial statements and provide reports on the financial condition and results of operations for the District. The government-wide financial statements are based on the District as a whole, while the fund financial statements provide information about the District's individual funds.

The District's government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. The accompanying Statement of Net Position presents all of the assets and deferred inflows over liabilities and deferred outflows. The Statement of Activities presents changes in net position from governmental activities. Governmental activities include programs supported primarily by taxes, special assessments and other intergovernmental revenues. The District has no fiduciary activities or business type activities that rely, to a significant extent, on fees and charges for support.

The District's governmental fund financial statements include the Governmental Funds Balance Sheet and Governmental Fund Revenues, Expenditures and Changes in Fund Balances. The District reports the two major governmental funds' financial condition and results of operations in separate columns.

Fund Accounting

The District used funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only used governmental funds.

Sanitary and Improvement District No. 92 of Sarpy County, Nebraska

Notes to Basic Financial Statements

June 30, 2014

Governmental Funds

Governmental funds are those through which most general governmental functions of the District are financed. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. Only current assets and liabilities are included on the balance sheets, and the operating statements present sources and uses of available financial resources during a given period. The following major governmental funds are used by the District:

- **General Fund**

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

- **Debt Service Fund**

The debt service fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs anticipated to be settled during the next fiscal year.

Measurement Focus and Basis of Accounting

The government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Net Position/Fund Balances

The net position of the District is classified as follows:

- **Invested in Capital Assets, Net of Related Debt**

This category consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets as well as deferred outflows or inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

Sanitary and Improvement District No. 92 of Sarpy County, Nebraska

Notes to Basic Financial Statements

June 30, 2014

- **Restricted**

This category consists of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors, contributors or laws and regulations external to the District. The District's restricted net position presents amounts restricted for the repayment of principal and interest on long-term debt and related costs.

- **Unrestricted**

This category consists of remaining net assets that do not meet the definitions of net position invested in capital assets, net of related debt or restricted net position as described above.

The governmental funds report up to five categories of fund balances as described below:

- **Nonspendable Fund Balance**

Nonspendable fund balances consist of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The District had no nonspendable fund balance as of June 30, 2014.

- **Restricted Fund Balance**

Restricted fund balances consist of amounts that are constrained by creditors, grantors, contributors or laws and regulations of other governments, or limitations that are imposed by law through constitutional provisions or enabling legislation.

- **Committed Fund Balance**

Committed fund balances consist of amounts that are only to be used for specific purposes pursuant to constraints imposed by the highest level of decision making, which is the Board of Trustees. These amounts cannot be used for any other purpose unless the government removes the restrictions through resolution. The District had no committed fund balance as of June 30, 2014.

- **Assigned Fund Balance**

Assigned fund balances consist of amounts that are constrained by the government intended to be used for a specific purpose but are neither restricted nor committed. The authority for making the assignment is not required to be the government's highest decision making authority and the nature of the actions necessary to remove or modify the assignment is not as prescriptive as it is with regards to committed fund balances. The District had no assigned fund balance as of June 30, 2014.

- **Unassigned Fund Balance**

Unassigned fund balances consist of the residual classification for the general fund.

Sanitary and Improvement District No. 92 of Sarpy County, Nebraska

Notes to Basic Financial Statements

June 30, 2014

The District first applies restricted resources when an expense/expenditure is incurred for a purpose for which both restricted and unrestricted resources are available.

Budgets 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, respectively. 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:

- (1) In September of each year, the District submits a proposed operating budget for all funds to the real estate owners of the District.
- (2) Notice of place and time of public hearings must be published prior to the public hearings.
- (3) Public hearings are conducted to obtain taxpayer comment.
- (4) 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.
- (5) The budget is adopted on a per-fund basis and budgetary control is exercised at the fund level.
- (6) The Board of Trustees may authorize supplemental appropriations during the year. (No such appropriations were made during the fiscal year ended June 30, 2014.)

Investments

Excess funds may be invested by the District in accordance with the statutes of the State of Nebraska. Allowable investments generally include U.S. government obligations, certificates of deposit, and time deposits. The District does not have a formal investment policy but all investments have consisted of short-term U.S. Treasury bills.

All investment activities are conducted through the County Treasurer. Treasury bills are bought and held in safekeeping by the County Treasurer in the District's name. The District does not have a policy for custodial credit risk beyond compliance with state statutes.

The District had no investments at June 30, 2014.

Property Taxes

Property taxes receivables are recorded when a legal and enforceable claim is assessed against the property. Delinquent taxes are considered fully collectible; therefore, no allowance for uncollectible taxes is provided.

Sanitary and Improvement District No. 92 of Sarpy County, Nebraska

Notes to Basic Financial Statements

June 30, 2014

Capital Assets

Capital assets are stated at cost in accordance with construction contracts and other costs applicable thereto in the government-wide financial statements. Interest accrued on warrants issued for the construction of improvements is capitalized during the period of construction. Capital assets are classified as construction in progress until construction is complete or special assessments are levied. No depreciation expense is reported for capital assets classified as construction in progress. The costs of improvements disposed and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Storm and Sanitary Sewer Systems	50
Water and Underground Power Systems	40
Park Improvements	25

Costs of Utilities

These costs include the cost of systems for which the District does not obtain title such as electrical systems (OPPD), water distribution systems (MUD) and/or gas distribution systems (MUD). These costs are expensed as incurred.

Credit Risk

The District's credit risk relates to receivables for property taxes which are due from property owners within the boundaries of the District and cash on deposit with the Sarpy County Treasurer. The District's investments are also exposed to various risks, such as interest rate, market and credit risk.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's Trustees to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events are events or transactions that occur after the Governmental Funds Balance Sheet/Statement of Net Position date but before the financial statements are available to be issued and may require potential recognition or disclosure in the financial statements. Management has considered such events or transactions through November 15, 2014, noting no items requiring disclosure.

Sanitary and Improvement District No. 92 of Sarpy County, Nebraska

Notes to Basic Financial Statements

June 30, 2014

2. Property Taxes

Property taxes are levied in September and attached 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.

For 2013-2014, the District levied taxes at \$.73 (\$.17 in the general fund and \$.56 in the debt service fund) per \$100 based on a property valuation of \$28,671,914.

3. Capital Assets

Capital assets at June 30, 2014, consist of the following:

	Costs at			Costs at
	June 30, 2013	Additions	Deletions	June 30, 2014
Water System	\$ 197,558	\$ -	\$ -	\$ 197,558
Underground Power	88,923	-	-	88,923
Sanitary Sewer System	426,290	-	-	426,290
Paving and Storm Sewer Systems	1,186,814	-	-	1,186,814
Park Improvements	57,159	347,682	-	404,841
Park Land	132,950	-	-	132,950
	<u>\$ 2,089,694</u>	<u>\$ 347,682</u>	<u>\$ -</u>	<u>2,437,376</u>
Less Accumulated Depreciation				<u>1,149,186</u>
Capital Assets, Net of Accumulated Depreciation				<u>\$ 1,288,190</u>

4. Warrants Payable

Interest accrues on the warrants from the date of registration to the date they are called for payment.

General fund warrants are due 3 years from the date of issuance. Debt service fund warrants are due 5 years from the date of issuance.

The following is a summary of warrant transactions during the year ended June 30, 2014:

	General	Debt
	Fund	Service Fund
Balance, June 30, 2013	\$ 2,848	\$ -
Warrants Issued	61,707	357,717
Warrants Retired	(63,840)	(357,717)
Balance, June 30, 2014	<u>\$ 715</u>	<u>\$ -</u>

Unregistered warrants at June 30, 2014, totaled \$715 in the general fund.

Sanitary and Improvement District No. 92 of Sarpy County, Nebraska

Notes to Basic Financial Statements

June 30, 2014

Aggregate maturities of warrants outstanding are as follows:

Year Ending <u>June 30:</u>	-----General Fund-----		----Debt Service Fund----	
	Amount of Warrants	Interest Rate	Amount of Warrants	Interest Rate
2015	\$ -		\$ -	
2016	-		-	
2017	715	7%	-	
2018	-		-	
2019	-		-	
	<u>\$ 715</u>		<u>\$ -</u>	

5. Long-Term Debt

The District's long-term debt consists of general obligation bonds which are reflected in the debt service fund.

Refunding general obligation bonds totaling \$665,000 issued November 15, 2011, with a balance of \$415,000 at June 30, 2014, are due serially beginning November 15, 2012, through November 15, 2016. Interest is payable semi-annually on this issue at 1.45% to 1.95% per annum.

General obligation bonds totaling \$365,000 issued April 15, 2014, with a balance of \$365,000 at June 30, 2014, are due serially beginning April 15, 2017, through April 15, 2020. Interest is payable semi-annually on this issue at 1.50% to 2.50% per annum.

The following is a summary of bonds payable transactions of the District for the year ended June 30, 2014:

Bonds Outstanding, June 30, 2013	\$ 540,000
Bonds Issued	365,000
Bonds Retired	(125,000)
Bonds Outstanding, June 30, 2014	<u>\$ 780,000</u>

Aggregate maturities of long-term debt and interest due on long-term debt are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 135,000	\$ 13,184	\$ 148,184
2016	140,000	11,085	151,085
2017	230,000	8,600	238,600
2018	90,000	5,885	95,885
2019	90,000	4,265	94,265
Thereafter	95,000	2,375	97,375
	<u>\$ 780,000</u>	<u>\$ 45,394</u>	<u>\$ 825,394</u>

Sanitary and Improvement District No. 92 of Sarpy County, Nebraska

Notes to Basic Financial Statements

June 30, 2014

6. Reconciliation of Net Position and Changes in Net Position

Net Position

Total fund balance per balance sheet \$ 295,032

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 1,288,190

Some liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds. (780,000)

Property tax revenue not yet earned at year end is reported as deferred revenue. (96,850)

Net position of governmental activities \$ 706,372

Changes in Net Position

Net change in fund balance \$ (361,022)

Current year property tax levy not yet earned at year end. (400)

Certain expenses do not require the use of current financial resources and therefore are not reported as expenditures in the funds. (57,739)

Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. 125,000

Governmental funds report capital outlay as expenditures. However, the cost of these assets is allocated over their estimated useful lives. 347,682

Change in net position of governmental activities \$ 53,521

REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual (Budgetary Basis) – General Fund**

**Schedule of Revenue, Expenditures and Changes in Fund Balance-
Budget and Actual (Budgetary Basis) – Debt Service Fund**

SUPPLEMENTAL INFORMATION

Information Required by Nebraska Revised Statutes Section 31-740

District Trustee and Related Bonds

**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***

Sanitary and Improvement District No. 92 of Sarpy County, Nebraska

Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund

Schedule 1

Year Ended June 30, 2014

	Actual on GAAP Basis	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Original and Final Budget	Variance- Favorable (Unfavorable)
REVENUES/RECEIPTS					
Property Taxes	\$ 48,742	\$ (802)	\$ 47,940	\$ 47,280	\$ 660
Interest on					
Property Taxes	345	-	345	50	295
State Motor Vehicle Tax Allocation	192	-	192	-	192
Total Revenues/Receipts	49,279	(802)	48,477	47,330	1,147
EXPENDITURES/DISBURSEMENTS					
Collection Fees- County Treasurer	932	-	932	-	(932)
Bond Maintenance Costs	-	-	-	500	500
Clerk Fees	1,704	-	1,704	1,200	(504)
Engineering	15,633	2,146	17,779	3,000	(14,779)
Fiscal Agent Fees	-	-	-	3,000	3,000
Insurance	2,121	-	2,121	2,000	(121)
Maintenance	668	(118)	550	2,000	1,450
Professional Fees	28,624	(330)	28,294	18,000	(10,294)
Utilities	13,237	(1,978)	11,259	14,000	2,741
Total Expenditures/Disbursements	62,919	(280)	62,639	43,700	(18,939)
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	(13,640)	(522)	(14,162)	3,630	(17,792)
OTHER FINANCING SOURCES (USES)					
Warrants Issued	-	61,707	61,707	-	61,707
Warrants Retired	-	(63,840)	(63,840)	-	(63,840)
Transfer to Debt Service Fund	-	-	-	(25,000)	25,000
Total Other Financing Sources (Uses)	-	(2,133)	(2,133)	(25,000)	22,867
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/DISBURSEMENTS AND OTHER USES					
	(13,640)	(2,655)	(16,295)	\$ (21,370)	\$ 5,075
Fund Balance (Deficit), Beginning of Year	69,514	(13,835)	55,679		
Fund Balance (Deficit), End of Year	\$ 55,874	\$ (16,490)	\$ 39,384		

See Independent Auditors' Report.

Sanitary and Improvement District No. 92 of Sarpy County, Nebraska

Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Debt Service Fund

Schedule 2

Year Ended June 30, 2014

	Actual on GAAP Basis	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Original and Final Budget	Variance- Favorable (Unfavorable)
REVENUES/RECEIPTS					
Property Taxes	\$ 160,562	\$ (961)	\$ 159,601	\$ 155,746	\$ 3,855
Interest on					
Property Taxes	1,127	-	1,127	100	1,027
State Motor Vehicle Tax Allocation	640	-	640	-	640
Total Revenues/Receipts	162,329	(961)	161,368	155,846	5,522
EXPENDITURES/DISBURSEMENTS					
Collection Fees- County Treasurer	3,105	-	3,105	5,000	1,895
Bond Issue Costs	21,135	-	21,135	-	(21,135)
Bond Maintenance Costs	750	-	750	-	(750)
Engineering	-	628	628	35,000	34,372
Fiscal Agent Fees	3,000	-	3,000	-	(3,000)
Professional Fees	-	-	-	35,000	35,000
Bonds Payable					
Principal	125,000	-	125,000	125,000	-
Interest	9,039	(1,299)	7,740	7,740	-
Net Capital Outlay	347,682	(628)	347,054	300,000	(47,054)
Total Expenditures/Disbursements	509,711	(1,299)	508,412	507,740	(672)
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	(347,382)	338	(347,044)	(351,894)	4,850
OTHER FINANCING SOURCES (USES)					
Warrants Issued	357,717	-	357,717	375,000	(17,283)
Warrants Retired	(357,717)	-	(357,717)	-	(357,717)
Bonds Issued	365,000	-	365,000	-	365,000
Transfer from General Fund	-	-	-	25,000	(25,000)
Total Other Financing Sources (Uses)	365,000	-	365,000	400,000	(35,000)
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/DISBURSEMENTS AND OTHER USES					
	17,618	338	17,956	\$ 48,106	\$ (30,150)
Fund Balance (Deficit), Beginning of Year	221,540	(72,271)	149,269		
Fund Balance (Deficit), End of Year	\$ 239,158	\$ (71,933)	\$ 167,225		

See Independent Auditors' Report.

Sanitary and Improvement District No. 92 of Sarpy County, Nebraska

Information Required by Nebraska Revised Statutes Section 31-740

Schedule 3

June 30, 2014

Total Receipts From All Sources	\$	574,845
Amount Spent for Sewage Disposal		None
Amount Expended on Water System		None
Gross Amount of Sewage Processed		None
Cost Per Thousand Gallons of Processing Sewage		
Amount Expended For		
Maintenance and Repair	\$	668
New Equipment		None
New Construction Work	\$	347,682
Property Purchased		None
Number of Employees		None
Total Amount of Taxes Levied Upon the Property Within the District	\$	209,304

Sanitary and Improvement District No. 92 of Sarpy County, Nebraska

District Trustees and Related Bonds

Schedule 4

June 30, 2014

<u>Trustees</u>		<u>Bonds</u>	
<u>Name</u>	<u>Office</u>	<u>Insurer</u>	<u>Amount</u>
Aaron Thornton	Chairman	Old Republic Surety Co.	\$ 5,000
Ann Rasmussen	Clerk	Old Republic Surety Co.	\$ 20,000
Stephanie Adams	Trustee		
Linda Paesl	Trustee		
Tim Albers	Trustee		

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

Board of Trustees
Sanitary and Improvement District No. 92 of Sarpy County, Nebraska

We have audited the accompanying financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 92 of Sarpy County, Nebraska, as of and for the year ended June 30, 2014, which collectively comprise Sanitary and Improvement District No. 92 of Sarpy County, Nebraska's basic financial statements and have issued our report thereon dated November 15, 2014. 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. 92 of Sarpy County, Nebraska's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sanitary and Improvement District No. 92 of Sarpy County, Nebraska's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sanitary and Improvement District No. 92 of Sarpy County, Nebraska'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 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 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, as summarized below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 92 of Sarpy County, Nebraska'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 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 certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* summarized below.

Significant Deficiency Identified:

Criteria

Internal controls should be in place that provide reasonable assurance of the District's ability to report financial information reliably in accordance with accounting principles generally accepted in the United States of America.

Condition

The Board of Trustees has engaged the outside audit firm to prepare the financial statements and related footnotes in conformity with accounting principles generally accepted in the United States of America.

Cause

The District has a limited number of administrative personnel available to prepare the financial statements and related footnotes in accordance with accounting principles generally accepted in the United States of America.

Effect

The District does not on its own comply with regulatory requirements to prepare annual financial statements in accordance with accounting principles generally accepted in the United States of America.

Recommendation

We recommend the District have a heightened awareness of the required oversight and monitoring of the transactions being reported.

Response

This is not an uncommon situation for a governmental entity of the District's size. The Board of Trustees has determined it would not be cost-beneficial to establish a system of internal controls that would allow the District to prepare its own financial statements. Accordingly, the District engaged the audit firm to assist in the preparation of the statements in accordance with accounting principles generally accepted in the United States of America. The Board of Trustees will oversee and monitor the transactions being reported and will accept responsibility for the financial statements prepared by the audit firm.

Instances of Noncompliance Identified:

Criteria

Internal controls should be in place that monitor the District's activities for consistency with budgeted amounts.

Condition

The District exceeded budgeted expenditures/expenses by approximately \$441,200.

Cause

Due to unanticipated events that occurred subsequent to the adoption of the budget, the District exceeded the budgeted amount of expenditures/expenses.

Effect

The District did not amend the budget to account for the exceeded expenditures/expenses.

Recommendation

We recommend the Board of Trustees monitor the District's activities for consistency with budgeted amounts.

Response

The District's activities were not consistent with budgeted amounts due to unanticipated circumstances. The Board of Trustees will monitor the District's activities in order to effectively budget in the future.

We did not audit and, accordingly, we express no opinion of the District's responses to the findings identified above.

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

Lutz & Company, P.C.

November 15, 2014

Lutz