SANITARY AND IMPROVEMENT DISTRICT NO. 111
OF SARPY COUNTY, NEBRASKA

Basic Financial Statements
with
Supplementary Information
and
Accompanying Independent
Auditors' Report
For the Year ended June 30, 2011

Sanitary and Improvements District No. 111
of Sarpy County Nebraska

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT……	1-2
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Assets……	3
Statement of Activities……	4
FUND FINANCIAL STATEMENTS	
Balance Sheet – Governmental Funds……	5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets……	6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds……	7
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Net Assets……	8
NOTES TO FINANCIAL STATEMENTS……	9-16
REQUIRED SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON STATEMENTS	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual……	18
BUDGETARY COMPARISON STATEMENTS INFORMATION	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to GAAP Reconciliation……	19
OTHER SUPPLEMENTARY INFORMATION	
BALANCE SHEET INFORMATION	
Schedule of Taxes Receivable……	21
Schedule of Investments……	22
Information Required by Section 31-715 and 31-740……	23
Board of Trustees and Related Bonds……	24
OTHER REPORTS	
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*……	25

GRP

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Independent Auditors' Report

To the Board of Trustees
Sanitary and Improvement District No. 111
of Sarpy County, Nebraska

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sanitary and Improvement District No. 111 of Sarpy County, Nebraska as of June 30, 2011 and for the year then ended as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements of the governmental activities and each major fund referred to above present fairly, in all material respects, the financial position of the governmental activities of Sanitary and Improvement District No. 111 of Sarpy County, Nebraska as of June 30, 2011, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America and the respective budgetary comparison for the General Fund and Debt Service Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2011 on our consideration of Sanitary and Improvement District No. 111 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 grants. The purpose of that report is to describe to scope of our testing of internal control over financial reporting and the compliance and 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.

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The Budgetary Comparison Information – General Fund and the Budgetary Comparison Information – Debt Service Fund listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the Unites States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is not a required part of the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Goracke, Ritterbush & Piotrowski, L.L.P.

Goracke, Ritterbush & Piotrowski, L.L.P.
December 20, 2011

SANITARY AND IMPROVEMENT DISTRICT NO. 111 OF SARPY COUNTY, NEBRASKA
Government-Wide Statement of Net Assets
June 30, 2011

Assets		
Cash on Deposit, County Treasurer (Note 2)	$	112,739
Investments (Notes 1 and 2)		129,962
Interest Receivable - Investments (Note 2)		3
Taxes Receivable (Notes 1 and 8)		181,354
Intangible Assets, Net of Accumulated Amortization (Notes 1 and 4)		36,234
Capital Assets, Net of Accumulated Depreciation (Notes 1 and 2)		100,176
Total Assets		560,468
Liabilities		
Accounts Payable		34,829
Interest Payable		2,613
Warrants Payable: (Note 5)		
Due within one year		1,386
Noncurrent Liabilities: (Note 6)		
Due within one year		275,000
Due in more than one year		560,000
Total Liabilities		873,828
Net Assets		
Invested in Capital Assets, Net of Related Debt		(698,590)
Restricted for Debt Service		289,158
Unrestricted		96,072
Total Net Assets (Liabilities)	$	(313,360)

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 111 OF SARPY COUNTY, NEBRASKA
Government-Wide Statement of Activities
For the year ended June 30, 2011

Expenses (Note 1)		
General Government:		
Amortization (Note 4)	$	3,294
Audit Fees		4,335
Collection Fees - County Treasurer		7,696
Depreciation (Note 3)		5,793
Engineering		8,231
Insurance and Trustee Bonding		4,145
Legal Fees		6,785
Repairs and Maintenance		26,124
Utilities		22,165
Total General Government Expenses		88,568
Interest Expense on Long-Term Debt		53,373
Total Expenses		141,941
General Revenues (Note 1)		
Property Taxes Assessed (Note 8)		405,343
State Motor Vehicle Tax Allocation		1,099
Interest Income		351
Total Revenues		406,793
Change in Net Assets		264,852
Net Assets (Liabilities) - Beginning of the Year		(578,212)
Net Assets (Liabilities) - End of the Year	$	(313,360)

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 111 OF SARPY COUNTY, NEBRASKA
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash on Deposit, County Treasurer (Note 2)	$ 78,714	$ 34,025	$ 112,739
Investments (Notes 1 and 2)	-	129,962	129,962
Receivables:			
Taxes Receivable (Notes 1 and 8)	47,445	133,909	181,354
Interest Receivable - Investments	-	3	3
Interfund Receivable (Note 7)	21,068	-	21,068
Total Assets	$ 147,227	$ 297,899	$ 445,126
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	$ 28,701	$ 6,128	$ 34,829
Interfund Payable (Note 7)	-	21,068	21,068
Total Liabilities	28,701	27,196	55,897
Fund Balances			
Unrestricted Fund Balance:			
Assigned Fund Balance	-	270,703	270,703
Unassigned Fund Balance	118,526	-	118,526
	118,526	270,703	$ 389,229
Total Liabilities and Fund Equity	$ 147,227	$ 297,899	$ 445,126

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 111 OF SARPY COUNTY, NEBRASKA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
For the year ended June 30, 2011

Total Fund Balances of Governmental Funds	$	389,229
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. This is the amount of capital assets, net of accumulated depreciation.		100,176
Other assets are not financial resources and, therefore, not reported in the governmental funds:		
Bond Issue Costs		39,528
Accumulated Amortization		(3,294)
Interest payable on long-term debt does not require current financial resources. Therefore, this accrued interest is not reported on as a liability in governmental funds balance sheet. This is the amount of interest accrued on the bonds payable as of June 30, 2011.		(2,613)
Warrants issued but not paid are shown as a liability in the government-wide statements, whereas warrants issued and paid are shown as revenues and expenditures in the governmental funds. This is the amount of warrants payable as of June 30, 2011.		(1,386)
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the the governmental funds:		
Bonds due within one year		(275,000)
Bonds due in more than one year		(560,000)
Total Net Assets of Governmental Activities	$	(313,360)

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 111 OF SARPY COUNTY, NEBRASKA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2011

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues (Note 1)			
Taxes:			
Property Taxes (Note 8)	$ 106,013	$ 299,330	$ 405,343
State Motor Vehicle Tax Allocation	286	813	1,099
Interest Income:			
Interest on Taxes Collected	67	193	260
Interest Income on Investments	-	91	91
Total Revenues	106,366	300,427	406,793
Expenditures (Note 1)			
Current:			
General Government:			
Audit Fees	4,335	-	4,335
Bond Issue Costs	-	39,528	39,528
Collection Fees, County Treasurer	1,998	5,698	7,696
Engineering Fees	8,231	-	8,231
Insurance and Trustee Bonding	4,145	-	4,145
Legal Fees	6,785	-	6,785
Repairs and Maintenance	26,124	-	26,124
Utilities	22,165	-	22,165
Total General Government	73,783	45,226	119,009
Debt Service:			
Warrant Principal Payments	61,496	-	61,496
Bond Principal Retirement	-	1,270,000	1,270,000
Bond Interest Paid	-	72,235	72,235
Total Expenditures	135,279	1,387,461	1,522,740
Excess Revenues Over (Under) Expenditures	(28,913)	(1,087,034)	(1,115,947)
Other Financing Sources			
Proceeds from the Issuance of Warrants	61,496	-	61,496
Proceeds from the Issuance of Bonds	-	835,000	835,000
Total Other Financing Sources	61,496	835,000	896,496
Net Change in Fund Balances	32,583	(252,034)	(219,451)
Fund Balance - Beginning of Year	85,943	522,737	608,680
Fund Balance - End of Year	$ 118,526	$ 270,703	$ 389,229

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 111 OF SARPY COUNTY, NEBRASKA
Reconciliation of the Governmental Funds statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Net Assets
For the year ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds	$	(219,451)
Amounts reported for governmental activities in the statement of activities are different because:		
Amortization and depreciation expense on intangible and capital assets are reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, amoritization and depreciation expenses are not reported as an expenditure in governmental funds. This is reported as an expenditure in governmental funds. This is the combined amount of amoritization and depreciation expenses in the current year for total intangible and capital assets.		(9,087)
Governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount of bond issue costs incurred in the the current year.		39,528
The repayment of long-term debt consumes current financial resources of governmental funds. However, this transaction does not have an effect on net assets. This is the amount of long-term debt retired in the current year.		1,270,000
Proceeds from issuance of warrants and bonds are reported as an other financing source in the governmental funds. In the statement of net assets, the proceeds increase long-term liabilities. This is the amount of proceeds in the current year.		
Bond Proceeds		(835,000)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. This is the difference governmental activities interest expense and interest expenditures reported in government funds.		18,862
Change in Net Assets of Governmental Activities	$	264,852

The accompanying notes are an integral part of these financial statements.

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of Sanitary and Improvement District No. 111 of Sarpy County, Nebraska (the District) is presented to assist in understanding the District's basic financial statements. The basic financial statements and notes are representations of the District's management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the basic financial statements.

Reporting Entity

The District is a governmental subdivision authorized under the statutes of the State of Nebraska. A Board of Trustees is elected by the property owners of the District and has decision-making authority to levy taxes, the power to designate management, and the ability to significantly influence operations. The board has governance responsibilities over all activities related to streets, utility systems, and other public improvements within the jurisdiction of the District. The board also has primary financial accountability for fiscal matters of the District. The District is engaged in a single government program and is not included in any other governmental "reporting entity" as defined by GASB pronouncements. In addition, there are no component units as defined by GASB 14, which are included in the District's reporting entity.

Government Accounting Standards Board Statement No. 34

Effective June 30, 2004, the District adopted GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments," Statement No. 37, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus," and Statement No. 38, "Certain Financial Statement Note Disclosures." These statements require the presentation of government-wide financial statements in addition to fund financial statements.

The primary impact of adopting the statements includes changing the presentation of fund equity to net assets and long-term debt in the statements in place of separate account groups, and presenting "Management's Discussion and Analysis." Management has elected to omit "Management's Discussion and Analysis" from the basic financial statements.

Basis of Presentation

The basic financial statements of the District include the government-wide and the fund financial statements.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities, which report financial information for all non-fiduciary activities of the District. Individual funds are not displayed, and internal activity between or within funds is eliminated.

The government-wide Statement of Net Assets recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets for debt service; and unrestricted net assets.

Note 1 – Summary of Significant Accounting Policies (Continued)

Net assets are restricted when constraints placed on them are either externally imposed or imposed by law through constitutional provisions or enabling legislatures. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first then unrestricted resources, as they are needed.

The government-wide Statement of Activities reflects the expenses of the District's governmental activities, offset by general revenues to determine the change in net assets for the year.

Fund Financial Statements
The fund financial statements provide additional and detailed information about the District. The emphasis of the fund financial statements is on the determination of financial position and changes in financial position rather than upon net income. The following is a description of the District's two governmental funds:

General Fund – This fund is the operating fund of the District. It is used to account for all financing resources, except those accounted for in other funds.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

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

In the government-wide financial statements, the activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. On an accrual basis, revenues are recognized when earned. Expenditures are recorded when liabilities are incurred, regardless of the timing of related cash flows.

In the fund financial statements, both funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, that is when they become both measurable and available. Available means collectable within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized in the period the liability is incurred, except for unaccrued interest on general long-term debt, which is recognized when due.

Use of Estimates – The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported in the financial statements and accompanying notes. Actual results could differ from the estimates.

Note 1 – Summary of Significant Accounting Policies (Continued)

Revenue – See subsequent note "Tax Levy" for property tax revenues. State motor vehicle tax allocation, taxes collected in excess, interest on taxes, and miscellaneous revenues are recognized as the amounts are collected as the amounts earned cannot be measured. However, investment earnings are recorded as earned since they are measurable and available.

Special Assessments - Revenues on special assessments levied after June 15, 1987 are recognized as the amounts are collected on the fund financial statements and in the year when they were assessed on the government-wide statements. Uncollected special assessments outstanding are recorded as receivable on the government-wide statement of net assets and balance sheet and as receivable and deferred revenue on the fund financial statements. Special assessment levied before June 15, 1987 were recorded as income in the year assessed.

Long-Lived Assets – Long-lived assets and certain identifiable intangibles held and used by the entity are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This application has not materially affected the entity's reported earnings, financial condition or cash flows.

Capital Assets and Depreciation – Capital assets of the District are recorded at historical costs except for minor expenses for street and sidewalk improvements, recreational equipment, costs of constructing improvements for utilities, etc.

Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The estimated useful lives for significant assets capitalized are as follows:

Infrastructure Assets	25 Years
Land and Park Improvements	20 Years

Infrastructure assets include all water systems, drainage systems, easements, sewage disposal works system, waterways, electrical systems, and roads.

GASB 34 requires the District to report and depreciate new infrastructure assets effective July 1, 2003 and allows for an extended implementation period for retroactive reporting of infrastructure assets. The District has elected to report and depreciate all major general infrastructure assets retroactively.

Interest Expense - GASB 37 eliminated the requirement to capitalize construction-period interest for government activities. Effective July 1, 2003, all interest not related to long-term debt is expensed when incurred. Long-term debt related interest is expensed when incurred for government-wide financial statements and expensed when paid for fund financial statements.

Investments - Investments are stated at cost or amortized cost, which approximates market.

Note 1 – Summary of Significant Accounting Policies (Continued)

Bond Issue Costs and Amortization – In the government-wide financial statements bond issue costs are amortized over the terms of the bonds, using the straight-line method of amortization. Fund financial statements expense bond issue costs when incurred.

Contributions in Aid of Construction – This is an equity account, which includes the proceeds of Federal and State Grants, contributions from other governmental units, and contributions from any other source.

Subsequent Events – The district has evaluated subsequent events through December 20, 2011, the date which the financial statements were available to be issued.

Concentration of Credit Risks

Taxes and Special Assessments Receivable - Receivables for real estate and property taxes and special assessments are due from property owners within the boundaries of the District located in Sarpy County, Nebraska.

Budget and Budgetary Accounting – The District is required by Nebraska law to adopt an annual operating budget for all the funds over which the District controls. The budget is adopted using the cash basis of accounting. Under the cash basis of accounting, revenues and expenditures are recorded when cash is received or paid. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

a) The Board of Trustees considers a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them.

b) Public hearings are conducted to obtain taxpayer comments.

c) Expenditures and transfers cannot exceed appropriations at the fund level. When expenditures and transfers are required for functions that have not been budgeted, authorization to amend the budget and to incur the expenditures is permitted following a public hearing. No significant supplemental appropriations were made for the fiscal year ended June 30, 2011.

d) A majority vote by the Board of Trustees authorizes transfer of budgeted amounts from the General Fund to the Debt Service Fund.

e) Prior to September 20, the budget is legally enacted by a resolution of the Board of Trustees. On or before September 20, the budget document is filed with the County Board and State Auditor of Public Accounts.

f) Appropriations for the General Fund and the Debt Service Fund lapse at the end of the fiscal year.

Note 2 – Deposits and Investments

Nebraska statutes provide that the District may, by and with the consent of the Board of Trustees of the District, invest the funds of the District in certificates of deposit or treasury bills.

Listed below is a summary of the deposits and investments that comprise the Cash on Deposit, County Treasurer and Investments on the June 30, 2011, basic financial statements.

Deposits. At June 30, 2011, the carrying amounts of the District's deposits were $78,714 in the General Fund and $34,025 in the Debt Service Fund. The County Treasurer balances for all funds totaled $112,739. For purposes of classifying categories of custodial risk, the County Treasurer balances of the District's deposits as of June 30, 2011 were entirely insured by the federal depository insurance corporation.

Investments. As of June 30, 2011 all investments for the District are invested in obligations of the U.S. Treasury and are conducted through the District's fiscal agent, the County Treasurer. These securities are bought and held in safekeeping by the County Treasurer in the District's name.

At June 30, 2011, the District had the following investments:

	Cost	Market Value	Maturity
Debt Service:			
U.S. Treasury Bill	$ 129,962	$ 129,942	December 8, 2011
Total	$ 129,962	$ 129,942	

Note 3 – Capital Assets and Accumulated Depreciation

A summary of capital assets for the year ended June 30, 2011 is as follows:

	Balance June 30, 2010	Additions	Sales or Disposals	Balance June 30, 2011
Land	$ 40,091	$ -	$ -	$ 40,091
Depreciable Capital Assets:				
Infrastructure Assets	2,031,652	-	-	2,031,652
Land/Park Improvements	188,245	-	-	188,245
Subtotal	2,259,988	-	-	2,259,988
Less: Accumulated Depreciation	(2,154,019)	(5,793)	-	(2,159,812)
Net Capital Assets	$ 105,969	$ (5,793)	$ -	$ 100,176

The District recorded depreciation expense of $5,793 for the year ended June 30, 2011. However, depreciation was not recorded for the District's land.

Note 4 – Intangible Assets and Accumulated Amortization

A summary of intangible assets for the year ended June 30, 2011 is as follows:

	Balance June 30, 2010	Additions	Sales or Disposals	Balance June 30, 2011
Bond Issue Costs	$ -	$ 39,528	$ -	$ 39,528
Less Accumulated Amortization	-	(3,294)	-	(3,294)
Net Intangible Assets	$ -	$ 36,234	$ -	$ 36,234

The District recorded amortization expense of $3,294 for the year ended June 30, 2011.

Note 5 – Warrants Outstanding

General fund warrants are due and payable no later than three years from the date of issuance. Debt service fund warrants are due and payable no later than five years from the date of issuance. The outstanding general and debt service fund warrants mature during the next five years as follows:

Year Ending June 30,	General Fund	Debt Service Fund	Total
2012	$ 1,386	$ -	$ 1,386
	$ 1,386	$ -	$ 1,386

Registered warrants bear interest at the rate of 7% per annum. Interest accrues on warrants from the date of registration until the date they are called for payment. There are no general fund warrants registered as of June 30, 2011.

Note 6 – Long-Term Debt

Long-term debt comprised of the following:

Bonds Payable

On March 15, 1996, the District issued $1,280,000 in general obligation bonds. The bonds were callable on March 15, 2001, and at any time thereafter. The bonds were to mature on March 15, 2013, but were retired on April 15, 2011 with the issuance of new bonds.

On September 15, 1997, the District issued $1,910,000 in general obligation bonds. The bonds were callable on September 15, 2002, and at any time thereafter. The bonds matured on September 15, 2010.

Note 6 – Long-Term Debt (Continued)

On April 15, 2011, the District issued $835,000 in general obligation refunding bonds. The bonds are callable on April 15, 2012 and at any time thereafter. The bonds mature according to the following schedule and bear interest, which is payable semi-annually at the rates indicated:

Maturity Date	Interest Rate	Amount Payable
April 15, 2012	1.15%	$ 275,000
April 15, 2013	1.50%	280,000
April 15, 2014	1.85%	280,000
		$ 835,000

Transactions for long-term debt for the year ended June 30, 2011 are summarized as follows:

Type of Debt	Balance June 30, 2010	Proceeds	Payments	Balance June 30, 2011
Bond Issue, 1996	$ 1,075,000	$ -	$ 1,075,000	$ -
Bond Issue, 1997	195,000	-	195,000	-
Bond Issue, 2011	-	835,000	-	835,000
	$ 1,270,000	$ 835,000	$ 1,270,000	$ 835,000

Aggregate maturities during the next five years are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 275,000	$ 12,543	$ 287,543
2013	280,000	9,380	289,380
2014	280,000	5,180	285,180
2015	-	-	-
2016	-	-	-
	$ 835,000	$ 27,103	$ 862,103

Note 7 - Interfund Receivables and Payables

Interfund balances at June 30, 2011 consisted of the following individual fund receivables and payables:

Due From	Due To	Amount
Debt Service Fund	General Fund	$ 21,068

These interfund balances resulted from the General Fund assisting the Debt Service Fund by financing various costs of operations and costs relating to the bond issue. This balance is not scheduled to be collected in the subsequent year.

Note 8 – Tax Levy

Property taxes are levied in August and become due December 31. The first half payment is due March 31 and becomes delinquent April 1 of the following year and the second half payment is due July 31 and becomes delinquent August 1 of the following year. The County Treasurer bills and collects all property taxes for the District. If the taxes remain delinquent after February of the following year, the County places a lien on the property.

Property tax revenues are recognized when they are assessed. Delinquent taxes are considered fully collectable and, therefore, no allowance for uncollectible taxes is provided.

The District has levied real and personal property taxes as follows:

	District	District Tax Levy per $100		
Fiscal Year	Valuation of Property	General	Debt Service	Total
2010-2011	$62,360,419	0.170000	0.480000	0.650000

Note 9 – Risk Management

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

REQUIRED SUPPLEMENTARY INFORMATION

SANITARY AND IMPROVEMENT DISTRICT NO. 111 OF SARPY COUNTY, NEBRASKA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General and Debt Service Funds
For the year ended June 30, 2011

	General Fund Budgetary Basis (Non GAAP)			Debt Service Fund Budgetary Basis (Non GAAP)		
Revenues	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Property Taxes Collected	$ 101,936	$ 105,564	$ 3,628	$ 287,817	$ 300,921	$ 13,104
State Motor Vehicle Tax Allocation	400	286	(114)	1,000	813	(187)
Interest on Investments	-	-	-	400	157	(243)
Interest on Taxes	100	67	(33)	200	193	(7)
Total Revenues	102,436	105,917	3,481	289,417	302,084	12,667
Expenditures						
Operating Expenses:						
Audit Fee	4,500	4,335	165	-	-	-
Bond Issue Costs	-	-	-	-	33,400	(33,400)
Broker Fees	2,000	1,000	1,000	-	-	-
Clerk Fees	200	-	200	-	-	-
Collection Fee, County Treasurer	2,039	1,998	41	5,756	5,698	58
Engineering	6,500	8,997	(2,497)	-	-	-
Insurance and Trustee Bonding	2,500	753	1,747	-	-	-
Legal Fees	8,000	8,802	(802)	-	-	-
Repairs and Maintenance	42,500	23,109	19,391	-	-	-
Utilities	26,000	14,501	11,499	-	-	-
Interest on Warrants	2,000	-	2,000	-	-	-
Total Operating Expenses	96,239	63,495	30,744	5,756	39,098	(33,342)
Debt Service:						
Retirement of Bond Principal	-	-	-	470,000	1,270,000	(800,000)
Interest on Bonds	-	-	-	68,314	72,235	(3,921)
Total Expenditures	96,239	63,495	30,744	544,070	1,381,333	(837,263)
Excess/(Deficiency) of Revenues Over Expenditures	6,197	42,422	34,225	(254,653)	(1,079,249)	(824,596)
Other Financing Sources (Uses)						
Issuance of Warrants	94,200	61,496	(32,704)	-	-	-
Retirement of Warrants	(94,200)	(61,496)	32,704	-	-	-
Issuance of Bonds	-	-	-	-	835,000	835,000
Interfund Transfer	-	(40,000)	(40,000)	-	40,000	40,000
Sinking Fund	-	-	-	(100,000)	-	100,000
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	$ 6,197	2,422	$ (5,775)	$ (354,653)	(204,249)	$ 150,404
Fund Balance - Beginning of Year		76,292			368,236	
Fund Balance - End of Year		$ 78,714			$ 163,987	

The accompanying notes are an integral part of these financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 111 OF SARPY COUNTY, NEBRASKA
Statements of Revenues, Expenditures, and Changes
in Fund Balances - Budget to GAAP Reconciliation
For the year ended June 30, 2011

	General Fund	Debt Service Fund	Total
Sources/Inflows of Resources:			
Actual Amounts (Budgetary Basis) "Total Revenues" Available for Appropriation from the Budgetary Comparison Schedule	$105,917	$ 302,084	$ 408,001
Differences - Budget to GAAP:			
Real estate and property tax revenue is recognized when assessed or when excess collections are recorded rather than when collected.	449	(1,591)	(1,142)
Interest income is accrued during the year rather than recognized when collected.	-	(66)	(66)
Total Revenues as Reported on the Government-Wide Statement of Activities (GAAP)	$ 106,366	$ 300,427	$ 406,793
Uses/Outflows of Resources:			
Actual Amounts (Budgetary Basis) of Total Expenditures from the Budgetary Comparison Schedule	$ 63,495	$ 1,381,333	$1,444,828
Differences - Budget to GAAP:			
Depreciation on capital assets is recorded using estimated lives	-	5,793	5,793
Amortization is recorded on intangible assets	-	3,294	3,294
Retirement of long-term debt principal is not an expenditure but a reduction in long-term liability.	-	(1,270,000)	(1,270,000)
Interest expense, including interest on long-term debt, is accrued during the year rather than expensed when paid.	-	(18,862)	(18,862)
Bond issue costs are capitalized and amortized rather than expensed. This is the amount of bond issue costs.	-	(39,528)	(39,528)
Expenditures are accrued during the year through accounts payable rather than expensed when paid.	10,289	6,127	16,416
Total Expenditures as Reported on the Government-Wide Statement of Activities (GAAP)	$ 73,784	$ 68,157	$ 141,941
Other Financing Sources/Uses:			
Issuance of Warrants (Budgetary Basis)	$ 61,496	$ -	$ 61,496
Retirement of Warrants (Budgetary Basis)	(61,496)	-	(61,496)
Issuance of Bonds (Budgetary Basis)	-	835,000	835,000
Interfund Transfers (Budgetary Basis)	(40,000)	40,000	-
Differences - Budget to GAAP:			
Warrants and bonds issued and not yet retired are recorded as a payable rather than recognized as an other financing source.	-	(835,000)	(835,000)
Transfers are recorded as an interfund payable/receivable	40,000	(40,000)	-
Total Other Financing Sources/Uses (GAAP)	$ -	$ -	$ -

The accompanying notes are an integral part of these financial statements.

OTHER SUPPLEMENTARY INFORMATION

SANITARY AND IMPROVEMENT DISTRICT NO. 111 OF SARPY COUNTY, NEBRASKA
Schedule of Taxes Receivable
June 30, 2011

Tax Levy

During 2010, the District's Board of Trustees approved a tax levy of 0.650000 per $100 of actual value of taxable property. The June 30, 2011 taxes receivable based on this levy and the delinquent taxes receivable are as follows:

	General Fund	Debt Service Fund
Valuation of Taxable Property	$ 62,360,419	$ 62,360,419
Tax Levy	0.170000	0.480000
Taxes Receivable – 2010-2011	106,013	299,330
Less: 2010-2011 Taxes Collected	58,930	166,391
Balance Taxes Receivable 2010-2011	47,083	132,939
Add: Delinquent Taxes	362	970
Total Taxes Receivable	$ 47,445	$ 133,909

SANITARY AND IMPROVEMENT DISTRICT NO. 111 OF SARPY COUNTY, NEBRASKA
Schedule of Investments
June 30, 2011

	Cost	Market Value	Accrued Interest
Debt Service Fund			
U.S. Treasury Bill, Par Value $130,000 Due December 8, 2011	$ 129,962	$ 129,942	$ 3
Totals	$ 129,962	$ 129,942	$ 3

SANITARY AND IMPROVEMENT DISTRICT NO. 111 OF SARPY COUNTY, NEBRASKA
Information Required by Section 31-740
Revised Statutes of Nebraska, 1998
For the year ended June 30, 2011

Gross Revenue from all Sources	$	406,793
Gross Revenue from all Sources in Previous Year	$	419,250
Amount Spent for Access to the Facilities and Use of the Services of the Library System		None
Amount Spent for Sewage Disposal		None
Amount Expended on Water Mains		None
Gross Amount of Sewage Processed		Not Applicable
Cost per Thousand Gallons of Processing Sewage		Not Applicable
Amount Expended for Repairs and Maintenance	$	26,124
Amount Expended for New Equipment		None
Amount Expended for New Construction Work		None
Amount Expended for Real Estate Acquisitions		None
Number of Employees at June 30, 2011		None
Salaries and Fees Paid Employees		None
Total Amount of Taxes Levied Upon the Property Within the District	$	405,343

SANITARY AND IMPROVEMENT DISTRICT NO. 111 OF SARPY COUNTY, NEBRASKA
Board of Trustees and Related Bonds
June 30, 2011

Trustees		Bonds	
Name	Office	Insurer	Amount
Matthew Lamb	Chairperson	Universal Surety Co.	$ 5,000
Matthew Miller	Clerk	Universal Surety Co.	$ 20,000
Douglas Wallace	Trustee		
James Aesoph	Trustee		
John Juno	Trustee		

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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. 111
of Sarpy County, Nebraska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sanitary and Improvement District No. 111 of Sarpy County, Nebraska, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 20, 2011. 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. 111 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. 111 of Sarpy County, Nebraska's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sanitary and Improvement District No. 111 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 111 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Trustees and the Nebraska Auditor of Public Accounts. However this report is a matter of public record and its distribution is not limited.

Goracke, Ritterbush & Piotrowski, L.L.P.

Goracke, Ritterbush & Piotrowski, LLP

December 20, 2011