

**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, 2015**

Sanitary and Improvements District No. 111
of Sarpy County Nebraska

TABLE OF CONTENTS

<u>FINANCIAL SECTION</u>	<u>Page</u>
INDEPENDENT AUDITORS' REPORT.....	1-2
 <u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position.....	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 Position.....	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 Activities.....	8
 NOTES TO FINANCIAL STATEMENTS.....	 9-15
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
BUDGETARY COMPARISON STATEMENT	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	17
BUDGETARY COMPARISON STATEMENT INFORMATION	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to GAAP Reconciliation.....	18
 <u>OTHER SUPPLEMENTARY INFORMATION</u>	
BALANCE SHEET INFORMATION	
Schedule of Taxes Receivable.....	20
 Information Required by Section 31-740.....	 21
Board of Trustees and Related Bonds.....	22
 <u>OTHER REPORTS</u>	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	23-24



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2015, and the respective changes in financial position, thereof 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 – General Fund and the Budgetary Comparison Information – Debt Service Fund listed in the table of contents 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 requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sanitary and Improvement District No. 111 of Sarpy County, Nebraska's internal control over financial reporting and compliance.

Ritterbush & Piotrowski, LLP

Ritterbush & Piotrowski, L.L.P.
Omaha, Nebraska
December 15, 2015

SANITARY AND IMPROVEMENT DISTRICT NO. 111 OF SARPY COUNTY, NEBRASKA
Government-Wide Statement of Net Position
June 30, 2015

Assets

Cash on Deposit, County Treasurer (Note 2)	\$ 88,435
Taxes Receivable (Notes 1 and 7)	117,683
Capital Assets, Net of Accumulated Depreciation (Notes 1 and 3)	<u>301,724</u>
 Total Assets	 <u>507,842</u>

Liabilities

Accounts Payable	18,116
Interest Payable	420
Warrants Payable: (Note 5)	
Due within one year	1,386
Noncurrent Liabilities: (Note 6)	
Due within one year	<u>155,000</u>
 Total Liabilities	 <u>174,922</u>

Net Position

Net Investment in Capital Assets	146,724
Restricted for Debt Service	111,424
Unrestricted	<u>74,772</u>
 Total Net Position	 <u><u>\$ 332,920</u></u>

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, 2015

Expenses (Note 1)

General Government:	
Audit Fees	\$ 4,905
Broker Fees	10,750
Collection Fees - County Treasurer	4,610
Depreciation (Note 3)	15,198
Engineering	21,273
Insurance and Trustee Bonding	3,696
Interest Expense on Registered Warrants	157
Legal Fees	11,325
Repairs and Maintenance	17,942
Utilities	23,985
Uncollectible Taxes / Adjustments	244
Total General Government Expenses	<u>114,085</u>
Interest Expense on Long-Term Debt	<u>3,426</u>
Total Expenses	<u><u>117,511</u></u>

General Revenues (Note 1)

Property Taxes Assessed (Note 7)	260,088
State Motor Vehicle Tax Allocation	628
Interest Income	331
Total Revenues	<u>261,047</u>
 Change in Net Position	 143,536
 Net Position - Beginning of the Year	 <u>189,384</u>
 Net Position - End of the Year	 <u><u>\$ 332,920</u></u>

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, 2015

	General Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash on Deposit, County Treasurer (Note 2)	\$ 35,575	\$ 52,860	\$ 88,435
Receivables:			
Taxes Receivable (Notes 1 and 7)	58,699	58,984	117,683
Interfund Receivable (Note 4)	21,068	-	21,068
	<u>115,342</u>	<u>111,844</u>	<u>227,186</u>
Total Assets	<u>\$ 115,342</u>	<u>\$ 111,844</u>	<u>\$ 227,186</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 18,116	\$ -	\$ 18,116
Interfund Payable (Note 4)	-	21,068	21,068
	<u>18,116</u>	<u>21,068</u>	<u>39,184</u>
Total Liabilities	<u>18,116</u>	<u>21,068</u>	<u>39,184</u>
 Fund Balances			
Unrestricted Fund Balance:			
Assigned Fund Balance	-	90,776	90,776
Unassigned Fund Balance	97,226	-	97,226
	<u>97,226</u>	<u>90,776</u>	<u>188,002</u>
Total Liabilities and Fund Equity	<u>\$ 115,342</u>	<u>\$ 111,844</u>	<u>\$ 227,186</u>

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 Position
For the year ended June 30, 2015

Total Fund Balances of Governmental Funds \$ 188,002

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. 301,724

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, 2015. (420)

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, 2015. (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 Payable (155,000)

Total Net Position of Governmental Activities \$ 332,920

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, 2015

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues (Note 1)			
Taxes:			
Property Taxes (Note 7)	\$ 130,044	\$ 130,044	\$ 260,088
State Motor Vehicle Tax Allocation	273	355	628
Interest Income:			
Interest on Taxes Collected	120	211	331
Total Revenues	<u>130,437</u>	<u>130,610</u>	<u>261,047</u>
Expenditures (Note 1)			
Current:			
General Government:			
Audit Fees	4,905	-	4,905
Broker Fees	10,750	-	10,750
Collection Fees, County Treasurer	1,774	2,836	4,610
Engineering Fees	21,273	-	21,273
Insurance and Trustee Bonding	3,696	-	3,696
Legal Fees	11,325	-	11,325
Repairs and Maintenance	17,942	-	17,942
Utilities	23,985	-	23,985
Uncollectible Taxes / Adjustments	64	180	244
Total General Government	<u>95,714</u>	<u>3,016</u>	<u>98,730</u>
Debt Service:			
Warrant Principal Payments	107,372	7,392	114,764
Warrant Interest Paid	157	-	157
Bond Principal Retirement	-	155,000	155,000
Bond Interest Paid	-	3,797	3,797
Total Expenditures	<u>203,243</u>	<u>169,205</u>	<u>372,448</u>
Excess Revenues Over (Under) Expenditures	(72,806)	(38,595)	(111,401)
Other Financing Sources			
Proceeds from the Issuance of Warrants	<u>107,372</u>	<u>7,392</u>	<u>114,764</u>
Total Other Financing Sources	<u>107,372</u>	<u>7,392</u>	<u>114,764</u>
Net Change in Fund Balances	34,566	(31,203)	3,363
Fund Balance - Beginning of Year	<u>62,660</u>	<u>121,979</u>	<u>184,639</u>
Fund Balance - End of Year	<u>\$ 97,226</u>	<u>\$ 90,776</u>	<u>\$ 188,002</u>

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 Activities
For the year ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 3,363

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 position, but they do not require the use of current financial resources. Therefore, amortization 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 amortization and depreciation expenses in the current year for total intangible and capital assets. (15,198)

Proceeds from the issuance of warrants and bonds are reported as an other financing source in the governmental funds. In the statement of net position, the proceeds increase liabilities. This is the amount of proceeds in the current year.
Warrant Proceeds (114,764)

Repayment of principal on noncurrent liabilities is reported as an expenditure in the governmental funds. In the statement of net position, the repayment reduces liabilities. This is the amount of repayments in the current year.
Warrant Principal Payments 114,764
Bond Principal Payments 155,000

Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, 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. 371

Change in Net Position of Governmental Activities \$ 143,536

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

SANITARY AND IMPROVEMENT DISTRICT NO. 111 OF SARPY COUNTY, NEBRASKA
Notes to Financial Statements
June 30, 2015

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 position 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 position 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 Position recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position for debt service; and unrestricted net position.

Note 1 – Summary of Significant Accounting Policies (Continued)

Net position is restricted when constraints placed on it 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 position. 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 position 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 position 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 expensed when incurred. Fund financial statements expense bond issue costs when paid. Net bond issue costs incurred prior to July 1, 2012 have been charged to net position to properly recognize them in the prior periods they were 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 15, 2015, 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, 2015.
- 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, 2015, basic financial statements.

Deposits. At June 30, 2015, the carrying amounts of the District’s deposits were \$35,575 in the General Fund and \$52,860 in the Debt Service Fund. The County Treasurer balances for all funds totaled \$88,435. For purposes of classifying categories of custodial risk, the County Treasurer balances of the District’s deposits as of June 30, 2015 were entirely insured by the federal depository insurance corporation.

Investments. As of June 30, 2015 the District held no investments.

Note 3 – Capital Assets and Accumulated Depreciation

A summary of capital assets for the year ended June 30, 2015 is as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Sales or</u> <u>Disposals</u>	<u>Balance</u> <u>June 30, 2015</u>
Non-Depreciable Assets:				
Land	\$ 40,091	\$ -	\$ -	\$ 40,091
Depreciable Capital Assets:				
Infrastructure Assets	2,274,676	-	-	2,274,676
Land/Park Improvements	<u>188,245</u>	<u>-</u>	<u>-</u>	<u>188,245</u>
Subtotal	2,503,012	-	-	2,503,012
Less: Accumulated Depreciation	<u>(2,186,090)</u>	<u>(15,198)</u>	<u>-</u>	<u>(2,201,288)</u>
Net Capital Assets	<u>\$ 316,922</u>	<u>\$ (15,198)</u>	<u>\$ -</u>	<u>\$ 301,724</u>

The District recorded depreciation expense of \$15,198 for the year ended June 30, 2015. However, depreciation was not recorded for the District’s land.

Note 4 – Interfund Receivables and Payables

Interfund balances at June 30, 2015 consisted of the following individual fund receivables and payables:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Debt Service Fund	General Fund	<u>\$ 21,068</u>

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

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 <u>June 30,</u> 2016	General <u>Fund</u>	Debt Service <u>Fund</u>	<u>Total</u>
	\$ 1,386	\$ -	\$ 1,386
	<u>\$ 1,386</u>	<u>\$ -</u>	<u>\$ 1,386</u>

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 or debt service fund warrants registered as of June 30, 2015.

Note 6 – Long-Term Debt

Long-term debt comprised of the following:

Bonds Payable

On April 15, 2014, the District issued \$310,000 in general obligation bonds. The bonds are callable on April 15, 2015 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:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Payable</u>
April 15, 2016	1.30%	\$ 155,000
		<u>\$ 155,000</u>

Transactions for long-term debt for the year ended June 30, 2015 are summarized as follows:

<u>Type of Debt</u>	Balance <u>June 30, 2014</u>	<u>Proceeds</u>	<u>Payments</u>	Balance <u>June 30, 2015</u>
Bond Issue, 2014	\$ 310,000	\$ -	\$ 155,000	\$ 155,000
	<u>\$ 310,000</u>	<u>\$ -</u>	<u>\$ 155,000</u>	<u>\$ 155,000</u>

Aggregate maturities during the next five years are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 155,000	\$ 2,015	\$ 157,015
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
	<u>\$ 155,000</u>	<u>\$ 2,015</u>	<u>\$ 157,015</u>

Note 7 – 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:

<u>Fiscal Year</u>	District Valuation of <u>Property</u>	<u>District Tax Levy per \$100</u>		
		<u>General</u>	Debt <u>Service</u>	<u>Total</u>
2014-2015	<u>\$65,021,891</u>	<u>0.200000</u>	<u>0.200000</u>	<u>0.400000</u>

Note 8 – 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.

Note 9 – Excess of Expenditures over Appropriations

For the year ended June 30, 2015, expenditures exceeded appropriations in the debt service fund by \$7,727. These overexpenditures were funded by tax collections being higher than anticipated, as well as a surplus fund balance.

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, 2015

	General Fund			Debt Service Fund		
	Budgetary Basis (Non GAAP)			Budgetary Basis (Non GAAP)		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Property Taxes Collected	\$ 127,543	\$ 125,036	\$ (2,507)	\$ 127,543	\$ 178,474	\$ 50,931
State Motor Vehicle Tax Allocation	400	273	(127)	900	355	(545)
Interest on Taxes	200	120	(80)	300	211	(89)
Total Revenues	<u>128,143</u>	<u>125,429</u>	<u>(2,714)</u>	<u>128,743</u>	<u>179,040</u>	<u>50,297</u>
Expenditures						
Operating Expenses:						
Audit Fee	5,000	4,900	100	-	-	-
Bond Issue Costs	-	-	-	-	5,408	(5,408)
Broker Fees	9,000	10,750	(1,750)	-	1,984	(1,984)
Clerk Fees	200	-	200	-	-	-
Collection Fee, County Treasurer	2,501	1,774	727	2,501	2,836	(335)
Engineering	8,500	31,585	(23,085)	-	-	-
Insurance and Trustee Bonding	3,500	7,359	(3,859)	-	-	-
Legal Fees	10,000	11,240	(1,240)	-	-	-
Repairs and Maintenance	56,500	15,662	40,838	-	-	-
Utilities	25,000	25,875	(875)	-	-	-
Interest on Warrants	2,000	157	1,843	-	-	-
Total Operating Expenses	<u>122,201</u>	<u>109,302</u>	<u>11,056</u>	<u>2,501</u>	<u>10,228</u>	<u>(7,727)</u>
Debt Service:						
Retirement of Bond Principal	-	-	-	155,000	155,000	-
Interest on Bonds	-	-	-	3,797	3,797	-
Total Expenditures	<u>122,201</u>	<u>109,302</u>	<u>11,056</u>	<u>161,298</u>	<u>169,025</u>	<u>(7,727)</u>
Excess/(Deficiency) of Revenues Over Expenditures	5,942	16,127	8,342	(32,555)	10,015	42,570
Other Financing Sources (Uses)						
Issuance of Warrants	119,700	107,372	(12,328)	-	7,392	7,392
Retirement of Warrants	(121,086)	(107,372)	13,714	-	(7,392)	(7,392)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	<u>\$ 4,556</u>	<u>16,127</u>	<u>\$ 9,728</u>	<u>\$ (32,555)</u>	<u>10,015</u>	<u>\$ 42,570</u>
Fund Balance - Beginning of Year		<u>19,448</u>			<u>42,845</u>	
Fund Balance - End of Year		<u>\$ 35,575</u>			<u>\$ 52,860</u>	

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, 2015

	General Fund	Debt Service Fund	Total
Sources/Inflows of Resources:			
Actual Amounts (Budgetary Basis) "Total Revenues" Available for Appropriation from the Budgetary Comparison Schedule	\$125,429	\$ 179,040	\$ 304,469
Differences - Budget to GAAP:			
Real estate and property tax revenue is recognized when assessed or when excess collections are recorded rather than when collected.	5,008	(48,430)	(43,422)
Total Revenues as Reported on the Government-Wide Statement of Activities (GAAP)	<u>\$130,437</u>	<u>\$ 130,610</u>	<u>\$ 261,047</u>
Uses/Outflows of Resources:			
Actual Amounts (Budgetary Basis) of Total Expenditures from the Budgetary Comparison Schedule	\$109,302	\$ 169,025	\$ 278,327
Differences - Budget to GAAP:			
Depreciation on capital assets is recorded using estimated lives	-	15,198	15,198
Retirement of long-term debt principal is not an expenditure but a reduction in long-term liability.	-	(155,000)	(155,000)
Interest expense, including interest on long-term debt, is accrued during the year rather than expensed when paid.	-	(371)	(371)
Writeoff of uncollectible taxes is an accrual adjustment that is not considered an expenditure for budget purposes.	64	180	244
Prepaid expenses are accrued during the year rather than expensed when paid.	1,742	-	1,742
Expenditures are accrued during the year through accounts payable rather than expensed when paid.	(15,237)	(7,392)	(22,629)
Total Expenditures as Reported on the Government-Wide Statement of Activities (GAAP)	<u>\$ 95,871</u>	<u>\$ 21,640</u>	<u>\$ 117,511</u>
Other Financing Sources/Uses:			
Issuance of Warrants (Budgetary Basis)	\$107,372	\$ 7,392	\$ 114,764
Retirement of Warrants (Budgetary Basis)	(107,372)	(7,392)	(114,764)
Issuance of Bonds (Budgetary Basis)	-	-	-
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.	-	-	-
Total Other Financing Sources/Uses (GAAP)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2015

Tax Levy

During 2014, the District's Board of Trustees approved a tax levy of 0.400000 per \$100 of actual value of taxable property. The June 30, 2015 taxes receivable based on this levy and the delinquent taxes receivable are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Valuation of Taxable Property	\$ 65,021,891	\$ 65,021,891
Tax Levy	<u>0.200000</u>	<u>0.200000</u>
Taxes Receivable – 2014-2015	130,044	130,044
Less: 2014-2015 Taxes Collected	<u>71,598</u>	<u>71,598</u>
Balance Taxes Receivable 2014-2015	58,446	58,446
Add: Delinquent Taxes	<u>253</u>	<u>538</u>
Total Taxes Receivable	<u>\$ 58,699</u>	<u>\$ 58,984</u>

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, 2015

Gross Revenue from all Sources	\$	261,047
Gross Revenue from all Sources in Previous Year	\$	360,247
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	\$	17,942
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, 2015		None
Salaries and Fees Paid Employees		None
Total Amount of Taxes Levied Upon the Property Within the District	\$	260,088

SANITARY AND IMPROVEMENT DISTRICT NO. 111 OF SARPY COUNTY, NEBRASKA
Board of Trustees and Related Bonds
June 30, 2015

<u>Trustees</u>		<u>Bonds</u>	
<u>Name</u>	<u>Office</u>	<u>Insurer</u>	<u>Amount</u>
Matthew Lamb	Chairperson	Universal Surety Co.	\$ 5,000
Matthew Miller	Clerk	Universal Surety Co.	\$ 20,000
James Aesoph	Trustee		
John Juno	Trustee		
Larry Davis	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. 111
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, 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, 2015, 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 15, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sanitary and Improvement District No. 111 of Sarpy County, Nebraska'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 opinion 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. Accordingly, we do not express an opinion on the effectiveness of Sanitary and Improvement District No. 111 of Sarpy County, Nebraska'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. 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.

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 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*.

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.

Ritterbush & Piotrowski, LLP

Ritterbush & Piotrowski, LLP
Omaha, Nebraska
December 15, 2015