SANITARY AND IMPROVEMENT DISTRICT NO. 143
OF SARPY COUNTY, NEBRASKA

BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
(WITH INDEPENDENT AUDITORS' REPORT THEREON)

YEAR ENDED JUNE 30, 2012

SANITARY AND IMPROVEMENT DISTRICT NO. 143
OF SARPY COUNTY, NEBRASKA

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Sanitary and Improvement District No. 143
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. 143 of Sarpy County, Nebraska (a political subdivision) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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. 143 of Sarpy County, Nebraska as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2013 on our consideration of Sanitary and Improvement District No. 143 of Sarpy County'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* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITORS' REPORT- continued

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 16 through 19 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sanitary and Improvement District No. 143 of Sarpy County, Nebraska's basic financial statements as a whole. The other supplementary information on pages 20 through 22 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Management has not presented Management's Discussion and Analysis, that governmental 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 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.

HANCOCK & DANA PC

Hancock & Dana PC

Omaha, Nebraska
January 6, 2013

SANITARY AND IMPROVEMENT DISTRICT NO. 143
OF SARPY COUNTY, NEBRASKA
Statement of Net Assets
June 30, 2012

ASSETS		
Cash on deposit - County Treasurer	$	448,224
Taxes receivable		238,891
Special assessments receivable		15,498
Accrued interest on special assessments		23,219
Capital assets, net of accumulated depreciation		1,793,648
Bond issue costs, net of accumulated amortization		192,303
Total Assets	**$**	**2,711,783**
LIABILITIES		
Accounts payable		23,552
Accrued interest		13,055
Noncurrent liabilities		
Bonds payable		
Due within one year		175,000
Due in more than one year		2,275,000
Total Liabilities	**$**	**2,486,607**
NET ASSETS		
Invested in capital assets, net of related debt		(464,049)
Restricted for debt service		454,185
Unrestricted		235,040
Total Net Assets	**$**	**225,176**

See accompanying notes to basic financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 143
OF SARPY COUNTY, NEBRASKA
Statement of Activities
For the year ended June 30, 2012

GOVERNMENTAL ACTIVITIES:

EXPENSES - GENERAL GOVERNMENT		
Professional and administrative expenses	$	35,659
Maintenance and street lighting		119,955
Depreciation		175,087
Amortization		18,571
Interest		106,794
		456,066
GENERAL REVENUES		
Property taxes, net of uncollectible taxes		513,303
Interest		2,044
Miscellaneous		33,960
		549,307
Change in net assets		**93,241**
Net assets - beginning of year		**131,935**
Net assets - end of year	**$**	**225,176**

See accompanying notes to basic financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 143
OF SARPY COUNTY, NEBRASKA
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash on deposit - County Treasurer	$ 149,437	$ 298,787	$ 448,224
Taxes receivable	108,905	129,986	238,891
Special assessments receivable	-	15,498	15,498
Accrued interest on special assessments	-	23,219	23,219
Total Assets	**$ 258,342**	**$ 467,490**	**$ 725,832**
LIABILITIES			
Accounts payable	$ 23,302	$ 250	$ 23,552
Total Liabilities	23,302	250	23,552
FUND BALANCES			
Restricted for debt service	-	467,240	467,240
Unassigned	235,040	-	235,040
Total Fund Balances	235,040	467,240	702,280
Total Liabilities and Fund Balances	**$ 258,342**	**$ 467,490**	**$ 725,832**

See accompanying notes to basic financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 143
OF SARPY COUNTY, NEBRASKA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2012

Total Fund Balances - Governmental Funds		**$ 702,280**
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds:		
Capital assets	$ 5,446,277	
Accumulated depreciation	(3,652,629)	1,793,648
Other assets are not financial resources and, therefore, not reported in the governmental funds:		
Bond issue costs	361,489	
Accumulated amortization	(169,186)	192,303
Long-term liabilities are not due and payable in the current period and, therefore, not reported in the governmental funds:		
Bonds payable	(2,450,000)	
Accrued interest	(13,055)	(2,463,055)
Net Assets of Governmental Activities		**$ 225,176**

See accompanying notes to basic financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 143
OF SARPY COUNTY, NEBRASKA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2012

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Taxes assessed	$ 234,769	$ 280,210	$ 514,979
Interest on taxes	201	240	441
Interest on special assessments	-	1,554	1,554
Interest on investments	-	49	49
State motor vehicle tax allocation	695	830	1,525
Miscellaneous	32,435	-	32,435
Total Revenues	268,100	282,883	550,983
EXPENDITURES			
Current:			
Collection fees - County Treasurer	4,501	5,372	9,873
Engineering fees	964	-	964
Insurance	1,135	-	1,135
Paying agent fees	-	500	500
Professional fees	23,187	-	23,187
Repairs and maintenance	85,226	-	85,226
Street lighting	34,431	-	34,431
Uncollectible taxes	764	912	1,676
Water	298	-	298
Debt service:			
Bond principal payments	-	165,000	165,000
Bond interest payments	-	107,578	107,578
Total Expenditures	150,506	279,362	429,868
Excess of revenues over expenditures and net change in fund balances	**117,594**	**3,521**	**121,115**
Fund balances - beginning of year	**117,446**	**463,719**	**581,165**
Fund balances - end of year	**$ 235,040**	**$ 467,240**	**$ 702,280**

See accompanying notes to basic financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 143
OF SARPY COUNTY, NEBRASKA
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
For the year ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds	**$**	**121,115**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays, net of refunds, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays, net of refunds, in the current year.		(175,087)
Repayments of noncurrent liabilities are reported as expenditures in the governmental funds. In the statement of net assets, the repayments reduce noncurrent liabilities. This is the amount of repayments in the current year:		
Bond principal payments		165,000
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These expenses consist of:		
Amortization of bond issue costs		(18,571)
Change in accrued interest		784
Change in Net Assets of Governmental Activities	**$**	**93,241**

See accompanying notes to basic financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 143
OF SARPY COUNTY, NEBRASKA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Sanitary and Improvement District No. 143 of Sarpy County, Nebraska comply with the rules and regulations of the State of Nebraska, and conform in all material respects to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies.

DEFINITION OF DISTRICT – The District is a governmental subdivision created with the filing of the Petition and Articles of Association with the Secretary of State, State of Nebraska. The District was formed for the purpose of installing sewers, water, and public road systems within the District and contracting for water, fire protection, and lighting for roads. The District is located in Sarpy County and is commonly known as Eagle Ridge.

REPORTING ENTITY – The Board of Trustees has governance responsibilities over all activities related to public improvements within the jurisdiction of the District. The accompanying financial statements present the District's primary government unit and do not include any component units because the District does not exercise financial accountability over any separate units. Financial accountability is based primarily on operational or financial relationships with the District including budget adoption, taxing authority, funding, and appointment of the respective governing board.

The Sarpy County Treasurer is the ex-officio treasurer of the District. All cash transactions and funds are required to be administered and recorded by the County Treasurer.

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 nonfiduciary activities of the District. Individual funds are not displayed and internal activity between or within funds are eliminated. Governmental activities include programs supported primarily by taxes and other intergovernmental revenue. The District has no business type activities that rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The following is a description of the District's two governmental funds:

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, general long-term 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 on the financial statements. Basis of accounting relates to the timing of the measurements 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. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows.

In the governmental fund financial statements, the funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Measurable means that the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred except for debt service expenditures and other long-term liabilities, which are recorded only when due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt are reported as an other financing source in governmental funds.

INVESTMENTS – Investments are stated at amortized cost, which approximates market. Premiums or discounts on investments are amortized on the straight-line method from date of purchase to date of maturity.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

CAPITAL ASSETS – Within the government-wide financial statements, capital assets, including primarily infrastructure, are recorded at historical cost. The District defines capital assets as assets with an individual cost of more than $500 and an estimated useful life in excess of one year. Capital assets are depreciated using the straight-line method over their estimated useful lives in the government-wide statements.

The estimated useful lives are as follows:

Sanitary and Storm Sewers	25 years
Underground Power and Water	25 years
Paving	30-40 years
Miscellaneous Infrastructure (principally park improvements, legal and financing fees)	10-25 years

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; and natural disasters. The District has purchased a commercial general liability insurance policy and bonds on its chairman and clerk to minimize the adverse effects of certain types of losses. There have been no significant reductions in insurance coverage and no significant claims or settlements for the current year or the three prior years. The District has retained the risk of loss for property damage to its public improvements.

CREDIT RISK – Receivables for property taxes and special assessments are due from property owners within the boundaries of the District located in Sarpy County, Nebraska.

AMORTIZATION – Bond issue costs are amortized over the term of the bonds (15 years) using the straight-line method in the government-wide financial statements. The amount of bond issue costs presented in the government-wide financial statements is net of accumulated amortization of $169,186 at June 30, 2012. Bond issue costs are recorded as expenditures in the governmental funds.

USE OF ESTIMATES – The preparation of 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 amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

SUBSEQUENT EVENTS – The District has evaluated subsequent events through January 6, 2013, the date which the financial statements were available to be issued.

NOTE B – INVESTMENTS

The District is allowed to invest funds as permitted by Nebraska Statutes and allowable investments generally include U.S. government obligations, certificates of deposit and time deposits. During the year ended June 30, 2012, the District invested only in U.S. Treasury Bills. The District does not have a formal investment policy in place. All investment activities are conducted through the County Treasurer and investments are held in the County's name.

At June 30, 2012, the District held no investments and, accordingly, was not subject to interest rate risk or custodial credit risk as of that date.

NOTE C – SPECIAL ASSESSMENTS

SPECIAL ASSESSMENT LEVY OF APRIL 25, 1996 – Special assessments in the amount of $1,091,720 were levied against certain properties within the District in connection with the construction of improvements. Special assessments are due in ten annual installments and bear interest at 8% per annum until delinquent and 10% per annum thereafter until paid. The balance due on this levy at June 30, 2012 amounted to $15,498, which consisted of delinquent installments.

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 is as follows:

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Governmental Activities:				
Depreciable Capital Assets:				
Sanitary and Storm Sewers	$ 1,456,127	$ -	$ -	$ 1,456,127
Underground Power and Water	780,094	-	-	780,094
Paving	1,422,699	-	-	1,422,699
Miscellaneous Infrastructure	1,131,776	-	-	1,131,776
	4,790,696	-	-	4,790,696

NOTE D – CAPITAL ASSETS - Continued

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Accumulated Depreciation:				
Sanitary and Storm Sewers	1,201,857	58,245	-	1,260,102
Underground Power and Water	640,363	31,204	-	671,567
Paving	769,045	37,135	-	806,180
Miscellaneous Infrastructure	866,277	48,503	-	914,780
	3,477,542	175,087	-	3,652,629
Net Depreciable Capital Assets	1,313,154	(175,087)	-	1,138,067
Non-Depreciable Capital Assets:				
Capital Facilities Charges	510,132	-	-	510,132
Park Lot	145,449	-	-	145,449
	655,581	-	-	655,581
Capital Assets, net	$ 1,968,735	$ (175,087)	$ -	$ 1,793,648

NOTE E – WARRANTS PAYABLE

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.

Warrants registered with the County bear interest at 7% per annum. Interest accrues on the warrants from the date of registration to the date they are called for payment.

The summary of warrant activity is as follows:

	General Fund	Debt Service Fund
Balance Outstanding, June 30, 2011	$ -	$ -
Warrants Issued	142,316	250
Warrant Principal Payments	(142,316)	(250)
Balance Outstanding, June 30, 2012	$ -	$ -

The District is not currently registering its warrants but is paying them on a current basis as presented to the County Treasurer. Accordingly, any outstanding warrant balance is presented as a current liability in the in the governmental funds balance sheet and in the statement of net assets.

SANITARY AND IMPROVEMENT DISTRICT NO. 143
OF SARPY COUNTY, NEBRASKA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE F – NONCURRENT LIABILITIES

BONDS PAYABLE

BOND ISSUE OF NOVEMBER 15, 2007 – The $3,050,000 General Obligation Refunding Bonds, "Series 2007" bond issue is scheduled to mature in annual increments of $175,000 - $280,000, through November 15, 2022. At June 30, 2012, the outstanding balance was $2,450,000. Bonds bear interest payable semi-annually each May 15 and November 15, at a rate of 3.85% graduating to 4.65% depending on the maturity date.

Bonds maturing on or after November 15, 2013 are subject to redemption, in whole or in part, at anytime on or after November 15, 2012 at par plus accrued interest to the date set for redemption, with no redemption premium.

The following is a summary of bonds payable transactions of the District:

Balance Outstanding, June 30, 2011	$ 2,615,000
Bond Principal Payments	(165,000)
Balance Outstanding, June 30, 2012	$ 2,450,000

Aggregate maturities of the bonds payable and interest due on this debt, for the next five years and thereafter, are as follows:

	PRINCIPAL	INTEREST	TOTAL
June 30, 2013	$ 175,000	$ 101,074	$ 276,074
June 30, 2014	185,000	94,098	279,098
June 30, 2015	190,000	86,738	276,738
June 30, 2016	200,000	78,985	278,985
June 30, 2017	210,000	70,680	280,680
June 30, 2018-2022	1,210,000	205,973	1,415,973
June 30, 2023	280,000	6,510	286,510
Total	$ 2,450,000	$ 644,058	$ 3,094,058

As described in Note I, the 2007 bonds outstanding at June 30, 2012 were refunded by a bond issue on December 1, 2012. After the refunding, the principal to be paid during the year ending June 30, 2013 will remain unchanged.

NOTE G – PROPERTY TAXES

Property taxes are levied in September and attach 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.

The District has levied taxes for the year ended June 30, 2012 as follows:

GENERAL FUND	DEBT SERVICE FUND	ASSESSED VALUATION	TAXES LEVIED
(Cents per $100 Valuation)			
31.00	37.00	$75,732,150	$ 514,979

NOTE H – FUND BALANCES - GOVERNMENTAL FUNDS

Fund balances of the governmental funds are classified as follows:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees. The Board of Trustees is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Trustees.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board of Trustees may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

NOTE I – SUBSEQUENT EVENT

A $2,350,000 bond issue was approved by the Board of Trustees in October 2012 for issuance on December 1, 2012. The bonds are scheduled to mature in annual increments of $215,000 - $260,000, commencing on December 1, 2013, through December 1, 2022. Interest is payable semi-annually each June 1st and December 1st at a rate of 1.20% graduating to 2.75%, depending on maturity date.

Bonds maturing on or after December 1, 2018 are subject to redemption in whole or in part on or after December 1, 2017 at par plus accrued interest to the date set for redemption.

The purpose of the bond issue was to provide funds to refund outstanding General Obligation Refunding Series 2007 bonds (See Note F) and to pay for the costs and expenses of issuance and sale.

REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)

SANITARY AND IMPROVEMENT DISTRICT NO. 143
OF SARPY COUNTY, NEBRASKA
Required Supplementary Information - Unaudited
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the year ended June 30, 2012

	Budget - Original/ Final	(Budgetary Basis) Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes assessed	$ 234,769	$ 224,851	$ (9,918)
Interest on taxes	100	201	101
State motor vehicle tax allocation	600	695	95
Homestead exemption allocation	-	2,843	2,843
Property tax credit	-	6,892	6,892
Miscellaneous	-	32,435	32,435
Total Revenues	235,469	267,917	32,448
EXPENDITURES			
Current:			
Collection fees - County Treasurer	4,603	4,501	102
Engineering fees	15,000	3,224	11,776
Insurance	1,000	1,723	(723)
Professional fees	30,000	23,537	6,463
Repairs and maintenance	115,000	82,398	32,602
Street lighting	40,000	31,278	8,722
Water	500	155	345
	206,103	146,816	59,287
Debt service:			
Warrant principal payments	201,500	142,316	59,184
Total Expenditures	407,603	289,132	118,471
Excess of revenues under expenditures	**(172,134)**	**(21,215)**	**150,919**
OTHER FINANCING SOURCES			
Issuance of warrants	201,500	142,316	(59,184)
	201,500	142,316	(59,184)
Net change in fund balances	**29,366**	**121,101**	**91,735**
Fund balances - beginning of year	**28,336**	**28,336**	**-**
Fund balances - end of year	**$ 57,702**	**$ 149,437**	**$ 91,735**

See accompanying notes to schedules of revenues, expenditures and changes in fund balances - budget and actual.

SANITARY AND IMPROVEMENT DISTRICT NO. 143
OF SARPY COUNTY, NEBRASKA
Required Supplementary Information - Unaudited
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Debt Service Fund
For the year ended June 30, 2012

	Budget - Original/ Final	(Budgetary Basis) Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes assessed	$ 280,210	$ 268,371	$ (11,839)
Interest on taxes	200	240	40
Interest on investments	300	84	(216)
State motor vehicle tax allocation	800	830	30
Homestead exemption allocation	-	3,394	3,394
Property tax credit	-	8,226	8,226
Total Revenues	281,510	281,145	(365)
EXPENDITURES			
Current:			
Paying agent fees	2,000	250	1,750
Collection fees - County Treasurer	5,495	5,372	123
	7,495	5,622	1,873
Debt service:			
Bond principal payments	165,000	165,000	-
Warrant principal payments	2,000	250	1,750
Bond interest payments	107,578	107,578	-
	274,578	272,828	1,750
Total Expenditures	282,073	278,450	3,623
Excess of revenues over (under) expenditures	**(563)**	**2,695**	**3,258**
OTHER FINANCING SOURCES			
Issuance of warrants	2,000	250	(1,750)
	2,000	250	(1,750)
Net change in fund balances	**1,437**	**2,945**	**1,508**
Fund balances - beginning of year	**295,842**	**295,842**	**-**
Fund balances - end of year	**$ 297,279**	**$ 298,787**	**$ 1,508**

See accompanying notes to schedules of revenues, expenditures and changes in fund balances - budget and actual.

SANITARY AND IMPROVEMENT DISTRICT NO. 143
OF SARPY COUNTY, NEBRASKA

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2012

BUDGETS AND BUDGETARY ACCOUNTING

The District is required to adopt an annual operating budget for all the funds over which the District controls. Budgets are adopted by the District for the general and debt service funds. The budget is adopted using a cash basis of accounting which differs significantly from generally accepted accounting principles (GAAP). Under the cash basis of accounting, revenues and expenditures are recorded when cash is received or paid. Payment is deemed to have been made when warrants are issued. Accordingly, adjustments are necessary to convert the revenues and expenditures as reported on the governmental fund statements to the budgetary basis for comparison with budgetary data in the accompanying schedules of revenues, expenditures and changes in fund balances - budget and actual. Fund balance on the budgetary basis consists of cash on deposit with the County Treasurer and the original purchase cost of investments. Encumbrance accounting is not used by the District.

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) Appropriations lapse at year-end, however, the Board of Trustees may authorize supplemental appropriations during the year. No such appropriations were made during the fiscal year ended June 30, 2012.

SANITARY AND IMPROVEMENT DISTRICT NO. 143
OF SARPY COUNTY, NEBRASKA

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2012

RECONCILIATION OF BUDGET BASIS TO GAAP

A reconciliation for the year ended June 30, 2012, which discloses the nature and amount of adjustments necessary to convert the budgetary basis to a GAAP basis, is presented below:

	General Fund	Debt Service Fund
Net change in fund balances:		
Balance on a budgetary basis	$ 121,101	$ 2,945
Adjustments:		
Revenue for receivables	(581)	826
Expenditures for payables	(2,926)	(250)
Balance on a GAAP basis	$ 117,594	$ 3,521

OTHER SUPPLEMENTARY INFORMATION

SANITARY AND IMPROVEMENT DISTRICT NO. 143
OF SARPY COUNTY, NEBRASKA

SCHEDULE OF BONDS PAYABLE

June 30, 2012

Issue date: November 15, 2007
Optional call date: November 15, 2012

BOND NUMBERS	INTEREST RATES	MATURITY DATES	AMOUNT
121 – 155	3.85%	November 15, 2012	$ 175,000
156 – 192	3.90%	November 15, 2013	185,000
193 – 230	3.95%	November 15, 2014	190,000
231 – 270	4.00%	November 15, 2015	200,000
271 – 312	4.10%	November 15, 2016	210,000
313 – 356	4.20%	November 15, 2017	220,000
357 – 402	4.30%	November 15, 2018	230,000
403 – 450	4.40%	November 15, 2019	240,000
451 – 501	4.50%	November 15, 2020	255,000
502 – 554	4.60%	November 15, 2021	265,000
555 – 610	4.65%	November 15, 2022	280,000
			$ 2,450,000

SANITARY AND IMPROVEMENT DISTRICT NO. 143
OF SARPY COUNTY, NEBRASKA

INFORMATION REQUIRED BY SECTION 31-740
REISSUED REVISED STATUTES OF NEBRASKA, 2008

June 30, 2012

Gross income from all sources	$ 549,307
Amount spent for access to facilities and use of services of library system of neighboring cities and villages	None
Amount spent for sewage disposal	None
Amount expended on water mains	None
Gross amount of sewage processed	None
Cost per thousand gallons of processing sewage	None
Amount expended for:	
a. Maintenance and repair	$ 85,226
b. New equipment	None
c. New construction work	None
d. Property purchased	None
Number of employees	None
Salaries and fees paid employees	None
Total amount of taxes levied upon property within the District	$ 514,979

SANITARY AND IMPROVEMENT DISTRICT NO. 143
OF SARPY COUNTY, NEBRASKA

TRUSTEES AND RELATED BONDS

June 30, 2012

TRUSTEES		BONDS	
NAME	OFFICE	INSURER	AMOUNT
Brian J. Muench	Chairman	Western Surety Company	$ 5,000
C. John Tefft	Clerk	Western Surety Company	$ 20,000
Dale Lasher	Trustee	None	
Jill Muench	Trustee	None	

HANCOCK & DANA PC
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SUITE 100
OMAHA, NEBRASKA 68154-2155
(402) 391-1065 FAX (402) 334-9498

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*

To the Board of Trustees
Sanitary and Improvement District No. 143
of Sarpy County, Nebraska

We have audited the financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 143 of Sarpy County, Nebraska, as of and for the year ended June 30, 2012, which collectively comprise Sanitary and Improvement District No. 143 of Sarpy County's basic financial statements and have issued our report thereon dated January 6, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Sanitary and Improvement District No. 143 of Sarpy County, Nebraska is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Sanitary and Improvement District No. 143 of Sarpy County'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. 143 of Sarpy County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sanitary and Improvement District No. 143 of Sarpy County'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.

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 discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 - Continued*

Preparation of Financial Statements

The District does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Sanitary and Improvement District No. 143 of Sarpy County's response to this finding is that the aforementioned circumstance is not unusual in a governmental entity of their size and that the costs of correcting this deficiency would exceed the benefits to be derived therefrom. The District's management has also informed us that they are willing to accept the degree of risk associated with this condition.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 143 of Sarpy County'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*.

Sanitary and Improvement District No. 143 of Sarpy County's response to the finding identified in our audit is described above. We did not audit Sanitary and Improvement District No. 143 of Sarpy County's response and, accordingly, we express no opinion on it.

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

HANCOCK & DANA PC
Hancock & Dana PC

Omaha, Nebraska
January 6, 2013