

SANITARY AND IMPROVEMENT DISTRICT NO. 151

OF SARPY COUNTY, NEBRASKA

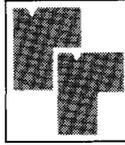
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

WITH INDEPENDENT AUDITOR'S REPORT THEREON

FOR THE YEAR ENDED JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Sanitary and Improvement District No. 151
Sarpy County, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 151 of Sarpy County, Nebraska (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the presentation 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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. 151 of Sarpy County, Nebraska, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and notes on pages 18 and 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 as essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

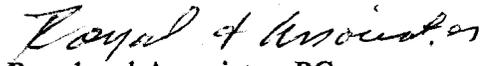
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The additional supplementary information included in schedules on pages 21 and 22, is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

This 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, 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 supplementary information on pages 21 and 22 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 November 1, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


Royal and Associates, PC
Omaha, NE

November 1, 2013

SANITARY AND IMPROVEMENT DISTRICT NO. 151
 OF SARPY COUNTY NEBRASKA
 STATEMENT OF NET POSITION
 JUNE 30, 2013

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash on deposit	\$ 28,834
Taxes receivable	17,978
Investments	49,983
Accrued interest on investments	7
Bond issue costs, net of accumulated amortization	8,538
Land	25,000
Other capital assets, net of accumulated depreciation	<u>162,376</u>
 TOTAL ASSETS	 <u>\$ 292,716</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 2,515
Warrants payable	7,950
Payroll taxes payable	184
Accrued interest payable	1,544
Bonds payable:	
Due within 1 year	25,000
Due in more than 1 year	265,000
 TOTAL LIABILITIES	 <u>\$ 302,193</u>
<u>NET POSITION</u>	
Deficit of related debt over capital assets	\$ (95,630)
Restricted for debt service	69,703
Unrestricted	<u>16,450</u>
 TOTAL DEFICIT IN NET POSITION	 <u>\$ (9,477)</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF
 THESE FINANCIAL STATEMENTS.

SANITARY AND IMPROVEMENT DISTRICT NO. 151
 OF SARPY COUNTY, NEBRASKA
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2013

	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash on deposit, County Treasurer	\$ 21,546	\$ 7,288	\$ 28,834
Taxes receivable	4,853	13,125	17,978
Investments	-	49,983	49,983
Accrued interest on investments	-	7	7
TOTAL ASSETS	<u>\$ 26,399</u>	<u>\$ 70,403</u>	<u>\$ 96,802</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Accounts payable	\$ 1,815	\$ 700	\$ 2,515
Warrants payable	7,950	-	7,950
Payroll taxes payable	184	-	184
TOTAL LIABILITIES	<u>\$ 9,949</u>	<u>\$ 700</u>	<u>\$ 10,649</u>
 Fund Balances			
Restricted for debt service	\$ -	\$ 69,703	\$ 69,703
Unassigned	16,450	-	16,450
TOTAL FUND BALANCES	<u>16,450</u>	<u>69,703</u>	<u>86,153</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 26,399</u>	<u>\$ 70,403</u>	<u>\$ 96,802</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF
 THESE FINANCIAL STATEMENTS

SANITARY AND IMPROVEMENT DISTRICT NO. 151
 OF SARPY COUNTY, NEBRASKA
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2013

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	86,153
<p>Amounts reported for governmental activities in the statements of net assets are different because:</p>		
<p>Capital Assets used in governmental activities are not financial resources and are therefore not reported in the governmental fund financial statements:</p>	\$ 395,770	
Less accumulated depreciation	<u>(208,394)</u>	187,376
<p>Bond issue costs are not financial resources and are therefore not reported in the governmental fund financial statements</p>	16,610	
Less accumulated amortization	<u>(8,072)</u>	8,538
<p>Bonds payable are not due and payable in the current period and therefore are not reported in governmental fund financial statements:</p>		(290,000)
<p>Accrued interest on bonds is not due and payable in the current period and therefore is not reported in the governmental fund financial statements</p>		<u>(1,544)</u>
Net Asset (Deficit) of Governmental Activities	\$	<u><u>(9,477)</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF
 THESE FINANCIAL STATEMENTS.

SANITARY AND IMPROVEMENT DISTRICT NO. 151
 OF SARPY COUNTY, NEBRASKA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	GENERAL FUND	DEBT SERVICE FUND	TOTAL
Revenues:			
Real estate taxes	\$ 10,529	\$ 28,471	\$ 39,000
Other taxes	19	53	72
Interest on taxes	46	128	174
Interest on investments	-	47	47
Total revenues	\$ 10,594	\$ 28,699	\$ 39,293
Expenditures:			
Accounting and audit fees	\$ 4,200	\$ -	\$ 4,200
Legal fees	8,521	-	8,521
Collection fee-county treasurer	205	562	767
Election expense	34	-	34
Insurance	275	-	275
Clerk fees	1,200	-	1,200
Payroll taxes	92	-	92
Paying agent fees	-	700	700
Publication fees	65	-	65
Repairs and maintenance	110	-	110
Debt Service:			
Interest on bonds	-	9,478	9,478
Principal payments	-	25,000	25,000
Total expenditures	\$ 14,702	\$ 35,740	\$ 50,442
Excess (deficiency) of revenues over expenditures	(4,108)	(7,041)	(11,149)
Fund Balance-Beginning	20,558	76,744	97,302
Fund Balance-Ending	<u>\$ 16,450</u>	<u>\$ 69,703</u>	<u>\$ 86,153</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF
 THESE FINANCIAL STATEMENTS

SANITARY AND IMPROVEMENT DISTRICT NO. 151
 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, 2013

Net change in fund balances - total governmental funds \$ (11,149)

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

Government funds report capital outlays as expenditures in the period incurred. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. Depreciation expense for the current year totaled (10,968)

Government funds report bond issuance costs as expenditures in the period incurred. However in the statement of activities the costs are amortized over their estimated usefulness.
 Amortization expense (2,317)

Government funds report bond interest expense as expenditures in the period incurred. However in the statement of activities the expense is reported when incurred. Decrease in accrual for the current year totaled 53

The proceeds of general obligation bonds provide financial resources to governmental funds, but issuing debt increase long-term liabilities in the statement of net assets. Repayment of bond principal is reported as an expenditure in the period incurred in the government funds. In the statements of net assets the repayment reduces liabilities.
 Repayments 25,000

Change in net position of Governmental Activities \$ 619

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF
 THESE FINANCIAL STATEMENTS

SANITARY AND IMPROVEMENT DISTRICT NO. 151
OF SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of Sanitary and Improvement District No. 151 of Sarpy County, Nebraska have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A summary of significant accounting policies follows:

A. THE REPORTING ENTITY:

Sanitary and Improvement District No. 151 of Sarpy County, Nebraska is organized as a governmental subdivision authorized under the statutes of the State of Nebraska. The board of Trustees, consisting of up to five members, is elected by the property owners of the District. They have governance responsibilities over all activities related to streets, storm sewers, street lighting and other public improvements within the District. The District is engaged in a single governmental program and has no component units as defined by Governmental Accounting Standards Board Statement 14.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:

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

In the government-wide financial statements, activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. On the accrual basis, revenues are recognized when earned and expenses are recognized when the liability is incurred. 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; and unassigned net assets. Net assets are restricted when constraints placed on them are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. The government-wide Statement of Activities reflects the expenses of the District's governmental activities, reduced by general revenues to determine the change in net assets for the year.

Fund financial statements of the District are organized into funds each of which is considered to be a separate reporting entity. In the fund financial statements, activities 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

SANITARY AND IMPROVEMENT DISTRICT NO. 151
OF SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District uses a 60-day availability test for all revenues. Expenditures are recognized in the period in which the liability is incurred, except for accrued interest on bonds, which is recognized when due. Property taxes and interest income are recognized when susceptible to accrual. Revenues from miscellaneous sources are recognized when received. The District reports the following major funds:

General Fund

The general fund is the main operating fund of the District. It accounts for all activities of the District except those required to be accounted for in another fund.

Debt Service Fund

This fund is used to accumulate money to be used for the payment of bonds, interest and related costs.

C. CAPITAL ASSETS:

Land has been recorded at estimated fair value at the date it was received by donation. Other capital assets of the District are recorded at cost. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. The estimated useful lives of the capital assets are as follows:

Paving and Sewers	35 years
Underground Power and Water Systems	30 years

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 require the District to depreciate infrastructure assets.

SANITARY AND IMPROVEMENT DISTRICT NO. 151
OF SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

D. BOND ISSUE COSTS:

In November, 2010, the District refinanced its general obligation bonds. Bond issue costs are being amortized on the interest method over the life of the outstanding bond issue. Amortization expense for the year ended June 30, 2013 was \$2,317.

E. USE OF ESTIMATES:

The preparation of the basic financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

2. BUDGET PROCESS AND BUDGETARY REPORTING:

The District is required to adopt an annual operating budget for all the funds over which the District exercises control. The budget is adopted using the cash basis of accounting which differs significantly from generally accepted accounting principles. Under the cash basis of accounting, revenue is recorded when received and expenditures are recorded when paid. Payment is deemed to have been made when warrants are issued.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

On or before September 15 of each year, the District publishes a proposed operating budget for all funds for the next fiscal year ending June 30.

Public hearings are conducted to obtain taxpayer comment.

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 no later than September 20.

The budget is adopted on a per-fund basis and budgetary control is exercised at the fund level.

SANITARY AND IMPROVEMENT DISTRICT NO. 151
OF SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

2. BUDGET PROCESS AND BUDGETARY REPORTING (continued):

The Board of Trustees may authorize supplemental appropriations during the year. No additional appropriations were made during the fiscal year ended June 30, 2013.

3. DEPOSITS AND INVESTMENTS:

Custodial credit risk is the risk that in event of a bank failure, a governments' deposits may not be returned to it. Cash in the individual funds of the district were held by the Sarpy County Treasurer in a pooled fund. These deposits are insured or covered with assets pledged to Sarpy County by financial institutions at June 30, 2013 and thus no custodial risk exists. Amounts of collateral are not readily available.

Investments are recorded at cost, which approximates fair value, and any premium or discount on investments is amortized on the straight-line method from date of purchase to date of maturity.

The District is allowed to invest funds as permitted by Nebraska Statute 77-2341, R.R.S., 1990, and allowable investments generally include U.S. Government obligations, certificates of deposit, and time deposits. During the year ended June 30, 2013, the District invested exclusively in U.S. Treasury Bills.

All investment activities are conducted through the District's fiscal agent and the County Treasurer. U.S. Treasury bills are bought and held in safekeeping by the County Treasurer in the District's name.

At June 30, 2013, the original purchase cost and amortized cost of the District's investments were \$49,983 and \$49,990, respectively.

Investment risks to which the District may be subject are:

Interest Rate Risk – Since the District's investments are short-term, the risk is minimal at June 30, 2013.

4. TAXES RECEIVABLE:

All receivables of the District are due from property owners within the boundaries of the District which is located in Sarpy County, Nebraska. These receivables are an enforceable lien upon the property.

SANITARY AND IMPROVEMENT DISTRICT NO. 151
OF SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

4. TAXES RECEIVABLE (continued):

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 becomes delinquent August 1 of the following year. The Sarpy County Treasurer bills and collects all property taxes for the District.

Property tax revenues are recognized in governmental funds when they become available, which includes those property tax receivables expected to be collected within 60 days after year-end. The portion of the taxes not expected to be collected within 60 days after the year-end is recorded as deferred revenue, if material. Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided. Interest on delinquent taxes is recorded when received.

The District's property tax levy is as follows:

<u>Fiscal year</u>	<u>Taxable Valuation</u>	<u>Levy per \$100 of Value</u>		
		<u>General</u>	<u>Debt Service</u>	<u>Total</u>
2012-13	\$5,525,697	.191614	.518215	.709829

5. CAPITAL ASSETS:

A summary of changes in capital assets for the year ended June 30, 2013 is as follows:

<u>Description</u>	<u>Balance</u>	<u>Addition</u>	<u>Retirement</u>	<u>Balance</u>
	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2012</u>			<u>June 30, 2013</u>
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Paving and sewers	281,292	-	-	281,292
Underground power and water systems	78,682	-	-	78,682
Legal & other non-allocable fees	10,796	-	-	10,796
	<u>395,770</u>	<u>-</u>	<u>-</u>	<u>395,770</u>
Less accumulated depreciation	(197,426)	(10,968)	-	(208,394)
	<u>\$ 198,344</u>	<u>\$ (10,968)</u>	<u>\$ -</u>	<u>\$ 187,376</u>

SANITARY AND IMPROVEMENT DISTRICT NO. 151
 OF SARPY COUNTY, NEBRASKA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

6. BONDS PAYABLE:

On November 1, 2010, the District issued \$340,000 of general obligation bonds and repaid the remaining balance of its 2004 bond issue. The 2010 bonds bear interest at 1.15% to 4.20% and mature serially through November 1, 2023. Interest is payable semiannually on May 1 and November 1 of each year.

Debt service requirements are as follows:

YEAR ENDING	PRINCIPAL	INTEREST	TOTAL
JUNE 30,			
2014	\$ 25,000	\$ 9,102	\$ 34,102
2015	25,000	8,640	33,640
2016	25,000	8,096	33,096
2017	25,000	7,459	32,459
2018	25,000	6,728	31,728
2019-2024	165,000	20,765	185,765
	<u>\$ 290,000</u>	<u>\$ 60,790</u>	<u>\$ 350,790</u>

7. RECONCILIATION OF FUND BALANCES TO BUDGETARY BASIS PRESENTATION:

The budget of the District is prepared on the cash basis. Necessary adjustments to reconcile from budgetary basis to GAAP basis are as follows:

	General Fund	Debt Service Fund
Fund balance, ending (budget basis)	\$ 21,546	\$ 57,271
Adjustments to generally accepted accounting principles:		
Revenue and accruals	4,853	13,132
Expenditures and accruals	<u>(9,949)</u>	<u>(700)</u>
Fund balance, ending (GAAP basis)	<u>\$ 16,450</u>	<u>\$ 69,703</u>

SANITARY AND IMPROVEMENT DISTRICT NO. 151
OF SARPY COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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; 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 three prior years.

REQUIRED SUPPLEMENTARY INFORMATION

SANITARY AND IMPROVEMENT DISTRICT NO. 151
 OF SARPY COUNTY, NEBRASKA
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES
 BUDGET AND ACTUAL COMPARISON-(NON-GAAP)
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE (UNFAVORABLE)
RECEIPTS:			
Taxes	\$ 10,588	\$ 10,487	\$ (101)
Motor vehicle tax and homestead exemption	25	19	(6)
Interest on taxes	50	46	(4)
TOTAL RECEIPTS	\$ 10,663	\$ 10,552	\$ (111)
DISBURSEMENTS:			
Audit fees	\$ 4,125	\$ 4,200	\$ (75)
Legal fees	9,000	12,087	(3,087)
Collection fee-County Treasurer	250	205	45
Election expense	-	34	(34)
Insurance & trustee bonds	275	275	-
Clerk fees	1,200	1,200	-
Payroll taxes	92	92	-
Publication fees	-	65	(65)
Repairs and maintenance	7,000	110	6,890
TOTAL DISBURSEMENTS	\$ 21,942	\$ 18,268	\$ 3,674
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	\$ (11,279)	\$ (7,716)	3,563
OTHER CASH SOURCES (USES):			
Warrants issued	\$ -	\$ 7,950	\$ 7,950
Warrants redeemed	(5,030)	(5,030)	-
Total other sources (uses):	\$ (5,030)	\$ 2,920	\$ 7,950
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER USES	\$ (16,309)	\$ (4,796)	\$ 11,513
CASH AND INVESTMENTS - beginning of year		<u>26,342</u>	
CASH AND INVESTMENTS - end of year		<u>\$ 21,546</u>	

SANITARY AND IMPROVEMENT DISTRICT NO. 151
 OF SARPY COUNTY, NEBRASKA
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES
 BUDGETARY COMPARISON - (NON GAAP)
 DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE (UNFAVORABLE)
RECEIPTS:			
Taxes	\$ 28,635	\$ 28,710	\$ 75
Motor vehicle tax and homestead exemption	75	53	(22)
Interest on taxes	200	128	(72)
Interest on investments	125	49	(76)
TOTAL RECEIPTS	\$ 29,035	\$ 28,940	\$ (95)
DISBURSEMENTS:			
Collection fee-County Treasurer	\$ 600	\$ 562	\$ 38
Paying agent fees	500	700	(200)
Interest on bonds	9,478	9,478	-
TOTAL DISBURSEMENTS	\$ 10,578	\$ 10,740	\$ (162)
EXCESS (DEFICIENCY) OF			
RECEIPTS OVER DISBURSEMENTS	\$ 18,457	\$ 18,200	\$ (257)
OTHER CASH			
SOURCES (USES):			
Bond principal payment	\$ (25,000)	\$ (25,000)	\$ -
TOTAL OTHER	\$ (25,000)	\$ (25,000)	\$ -
EXCESS (DEFICIENCY) OF			
RECEIPTS AND OTHER			
SOURCES OVER			
DISBURSEMENTS AND			
OTHER USES	\$ (6,543)	\$ (6,800)	\$ (257)
CASH AND INVESTMENTS -			
beginning of year		64,071	
CASH AND INVESTMENTS -			
end of year		\$ 57,271	

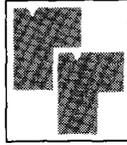
OTHER SUPPLEMENTARY INFORMATION

SANITARY AND IMPROVEMENT DISTRICT NO. 151
 OF SARPY COUNTY, NEBRASKA
 INFORMATION REQUIRED BY SECTION 31-740
 REVISED STATUTES OF NEBRASKA, 1943, REISSUED 2008
 JUNE 30, 2013

Gross income from all sources	\$39,293
Gross income from all sources from previous year	\$38,608
Amount spent for capital improvements for sewage disposal	None
Amount expended for capital improvements for water mains	None
Gross amount of sewage processed	None
Cost per thousand gallons of processing sewage	None
Amount expended for:	
a. Maintenance and repairs	None
b. New equipment	None
c. New construction work	None
d. Property purchased	None
Number of employees	1
Salaries and fees paid employees	\$ 1,200
Total amount of taxes levied upon the property within the District	\$39,223
Total amount of special assessments levied upon the property within the District	None

SANITARY AND IMPROVEMENT DISTRICT NO. 151
OF SARPY COUNTY, NEBRASKA
TRUSTEES AND RELATED BONDS
JUNE 30, 2013

<u>TRUSTEES</u>		
<u>NAME</u>	<u>OFFICE</u>	<u>BOND AMOUNT</u>
Mark Shrader	Chairman	\$ 5,000
Michael Shrader	Clerk	\$ 20,000
Daniel Shrader	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. 151
Sarpy County, Nebraska.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 151 Sarpy County, Nebraska, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 1, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sanitary and Improvement District No. 151 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on effectiveness of the District's internal control.

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

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

Financial Statement Preparation

Comment: The Auditing Standards Board issued guidance to auditors related to an entity's internal controls over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. Statement on Auditing Standards No. 112 emphasizes that the auditor can't be part of your system of internal control over financial reporting. In our judgment, the District's accounting personnel and those charged with governance, in the course of their assigned duties, lack the capable skills to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles and to detect and correct material misstatements, if present. As auditors, we were requested to draft the financial statements, accompanying notes and supplementary schedules.

Recommendation: In our judgment, management and those charged with governance need to understand the importance of this communication. However, due to the lack of resources available to management to correct this material weakness in financial reporting, we recommend management mitigate this weakness by having a heightened awareness of all transactions being reported.

Management Response: Management response to this finding is that the aforementioned circumstance is not unusual in a small governmental entity and that the costs of correcting this deficiency would exceed the benefit to be derived there from.

Audit Adjustments

Comment: In conjunction with the audit of the financial statements, we had to propose material adjustments for the financial statements to be in conformity with accounting principles generally accepted in the United States of America.

Recommendation: We recommend that procedures be established to ensure that the financial statements are in conformity with accounting principles generally accepted in the United States of America.

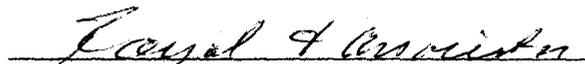
Management Response: Management has reviewed the entries and approved them.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 151 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 grants, 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.



Royal & Associates, P.C.

Omaha, Nebraska
November 1, 2013