

**Sanitary and Improvement District  
No. 156 of Sarpy County, Nebraska**

**Financial Statements  
and Independent Auditors' Reports**

**June 30, 2015**

# Sanitary and Improvement District No. 156 of Sarpy County, Nebraska

## Table of Contents June 30, 2015

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|   | <u>Page</u>     |
|---|-----------------|
| Independent Auditors' Report  | 1-2             |
| <br><b><u>Financial Statements</u></b><br>  |                 |
| Governmental Funds Balance Sheet and Statement of Financial Position  | 3               |
| Governmental Fund Revenues, Expenditures, and Changes<br>in Fund Balances/Statement of Activities   | 4               |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes<br>in Fund Balances of Governmental Funds to the Statement of Activities   | 5               |
| Notes to Financial Statements   | 6-11            |
| <br><b><u>Required Supplementary Information</u></b><br>  |                 |
|   | <u>Schedule</u> |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances<br>Budget and Actual (Budgetary Basis) - General Fund  | 1      12       |
| <br><b><u>Supplemental Information</u></b><br>  |                 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances<br>Budget and Actual (Budgetary Basis) - Debt Service Fund   | 2      13       |
| Bonds Payable   | 3      14       |
| Information Required by Section 31-740 Nebraska Revised Statutes  | 4      15       |
| <br><b><u>Other Information</u></b><br>   |                 |
| Board of Trustees and Related Bonds   | 5      16       |
| Independent Auditors' Report on Internal Control Over Financial Reporting<br>and on Compliance and Other Matters Based on an Audit of Financial<br>Statements Performed in Accordance with <i>Government Auditing Standards</i> | 17-18           |
| Schedule of Findings and Responses  | 19              |

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Sanitary and Improvement District  
No. 156 of Sarpy County, Nebraska:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sanitary and Improvement District No. 156 of Sarpy County, Nebraska (hereinafter the "District"), as of and for the year ended June 30, 2015, including 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 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.

### 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 the Sanitary and Improvement District No. 156 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.

***Required Supplementary Information***

Management has omitted the 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 opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 12 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.

***Supplementary 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 supplemental information included in the supplementary schedules on pages 13-15 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information included in the supplementary schedules on pages 13-15 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 supplemental information included in the supplementary schedules on pages 13-15 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Schedule 5 – Board of Trustees and Related Bonds on page 16 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Accounting Standards* we have also issued our report dated December 15, 2015 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, and grant agreements. 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 the District's internal control over financial reporting and compliance.

*Lengemann & Associates, P.C.*

Lengemann & Associates, P.C.  
Papillion, Nebraska  
December 15, 2015

# Sanitary and Improvement District No. 156 of Sarpy County, Nebraska

## Governmental Funds Balance Sheet and Statement of Financial Position

June 30, 2015

| ASSETS                                    | General          | Debt              | Total             | Reconciling         | Statement           |
|---|------------------|-------------------|-------------------|---------------------|---------------------|
|   | Fund             | Service           |                   | Items               | of                  |
|   |                  | Fund              |                   |                     | Financial Position  |
| Cash - County Treasurer                   | \$ 30,787        | \$ 249,052        | \$ 279,839        | \$ -                | \$ 279,839          |
| Taxes receivable                          | 57,136           | 94,271            | 151,407           | -                   | 151,407             |
| Prepaid expenses                          | 1,223            | -                 | 1,223             | -                   | 1,223               |
| Capital assets, net of accum. depr.       | -                | -                 | -                 | 1,605,893           | 1,605,893           |
| <b>TOTAL ASSETS</b>                       | <b>\$ 89,146</b> | <b>\$ 343,323</b> | <b>\$ 432,469</b> | <b>\$ 1,605,893</b> | <b>\$ 2,038,362</b> |
| <b>LIABILITIES</b>                        |                  |                   |                   |                     |                     |
| Accounts payable                          | \$ 8,220         | \$ -              | \$ 8,220          | \$ -                | \$ 8,220            |
| Accrued interest                          | -                | -                 | -                 | 19,802              | 19,802              |
| Bonds outstanding                         |                  |                   |                   |                     |                     |
| Due within one year                       | -                | -                 | -                 | 125,000             | 125,000             |
| Due after one year                        | -                | -                 | -                 | 2,400,000           | 2,400,000           |
| <b>TOTAL LIABILITIES</b>                  | <b>8,220</b>     | <b>-</b>          | <b>8,220</b>      | <b>2,544,802</b>    | <b>2,553,022</b>    |
| <b>FUND BALANCES/NET POSITION</b>         |                  |                   |                   |                     |                     |
| Fund Balances-                            |                  |                   |                   |                     |                     |
| Restricted                                | 1,223            | 343,323           | 344,546           | (344,546)           | -                   |
| Unassigned                                | 79,703           | -                 | 79,703            | (79,703)            | -                   |
| Total Fund Balances                       | 80,926           | 343,323           | 424,249           | (424,249)           | -                   |
| <b>TOTAL LIAB. AND FUND BALANCE</b>       | <b>\$ 89,146</b> | <b>\$ 343,323</b> | <b>\$ 432,469</b> |                     |                     |
| Net investment in capital assets          |                  |                   |                   | (919,107)           | (919,107)           |
| Restricted for debt service               |                  |                   |                   | 323,521             | 323,521             |
| Unrestricted                              |                  |                   |                   | 80,926              | 80,926              |
| Total Net Position                        |                  |                   |                   | (514,660)           | (514,660)           |
| <b>TOTAL LIABILITIES AND NET POSITION</b> |                  |                   |                   | <b>\$ 1,605,893</b> | <b>\$ 2,038,362</b> |

## Sanitary and Improvement District No. 156 of Sarpy County, Nebraska

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

Year Ended June 30, 2015

|   | General<br>Fund  | Debt Service<br>Fund | Total             | Reconciling<br>Items | Statement of<br>Activities |
|---|------------------|----------------------|-------------------|----------------------|----------------------------|
| <b>REVENUES:</b>  |                  |                      |                   |                      |                            |
| Property taxes  | \$ 124,380       | \$ 205,227           | \$ 329,607        | \$ -                 | \$ 329,607                 |
| Overestimate of taxes   | (1,038)          | (1,714)              | (2,752)           | -                    | (2,752)                    |
| Interest on taxes   | 113              | 186                  | 299               | -                    | 299                        |
| Interest on investments   | -                | 11                   | 11                | -                    | 11                         |
| State motor vehicle tax allocation  | 266              | 440                  | 706               | -                    | 706                        |
| Homestead   | 1,425            | 2,352                | 3,777             | -                    | 3,777                      |
| Total revenues  | <u>125,146</u>   | <u>206,502</u>       | <u>331,648</u>    | <u>-</u>             | <u>331,648</u>             |
| <b>EXPENDITURES/EXPENSES:</b>   |                  |                      |                   |                      |                            |
| Current:  |                  |                      |                   |                      |                            |
| Collection fee - County Treasurer   | 1,743            | 2,875                | 4,618             | -                    | 4,618                      |
| Electricity   | 14,915           | -                    | 14,915            | -                    | 14,915                     |
| Engineering   | 17,058           | -                    | 17,058            | -                    | 17,058                     |
| Insurance   | 4,519            | -                    | 4,519             | -                    | 4,519                      |
| Legal and accounting fees   | 20,887           | -                    | 20,887            | -                    | 20,887                     |
| Paying agent fees   | 9,000            | 750                  | 9,750             | -                    | 9,750                      |
| Repairs and maintenance   | 24,894           | -                    | 24,894            | -                    | 24,894                     |
| Capital outlay:   |                  |                      |                   |                      |                            |
| Improvements  | 69,825           | -                    | 69,825            | (69,825)             | -                          |
| Depreciation  | -                | -                    | -                 | 178,420              | 178,420                    |
| Debt service:   |                  |                      |                   |                      |                            |
| Principal   | -                | 125,000              | 125,000           | (125,000)            | -                          |
| Interest  | -                | 94,485               | 94,485            | (291)                | 94,194                     |
| Total expenditures/expenses   | <u>162,841</u>   | <u>223,110</u>       | <u>385,951</u>    | <u>(16,696)</u>      | <u>369,255</u>             |
| Excess (deficiency) of revenues over expenditures/expenses                    | (37,695)         | (16,608)             | (54,303)          | 16,696               | (37,607)                   |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                  |                      |                   |                      |                            |
| Issuance of warrants  | 182,659          | 750                  | 183,409           | (183,409)            | -                          |
| Warrants retired  | (182,659)        | (750)                | (183,409)         | 183,409              | -                          |
| Total other financing sources (uses)  | <u>-</u>         | <u>-</u>             | <u>-</u>          | <u>-</u>             | <u>-</u>                   |
| Excess (deficiency) of revenues over expenditures and other financing sources | (37,695)         | (16,608)             | (54,303)          | 54,303               | -                          |
| Change in net position  | -                | -                    | -                 | (37,607)             | (37,607)                   |
| Fund balances/net position:   |                  |                      |                   |                      |                            |
| Beginning of the year   | 118,621          | 359,931              | 478,552           | -                    | (477,053)                  |
| End of the year   | <u>\$ 80,926</u> | <u>\$ 343,323</u>    | <u>\$ 424,249</u> | <u>\$ -</u>          | <u>\$ (514,660)</u>        |

See accompanying notes to financial statements

# Sanitary and Improvement District No. 156 of Sarpy County, Nebraska

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

June 30, 2015

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**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ (54,303)

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

|  |           |
|--|-----------|
| Governmental funds report capital outlays as expenditures, but they are shown as increases in capital assets in the government-wide financial statements   | 69,825    |
| Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of the current year's depreciation is to decrease net position | (178,420) |
| Current year long-term debt principal payments are reported as expenditures in the governmental funds, but shown as a reduction in long-term debt in the statement of net position                             | 125,000   |
| In the statement of activities, interest expense is accrued on long-term debt, whereas in governmental funds, interest is reported when due  | 291       |

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ (37,607)

# Sanitary and Improvement District No. 156 of Sarpy County, Nebraska

## Notes to Financial Statements

June 30, 2015

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### 1. Summary of Significant Accounting Policies

#### A. Reporting Entity

The District is a governmental subdivision created May 26, 1992 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 infrastructure construction and to arrange for basic utility services.

The Board of Trustees, consisting of 5 members, has governance responsibilities over all activities related to streets, utility systems, and other public improvements within the jurisdiction of the District. The accompanying financial statements present the District's entire reporting entity - there are no component units, in accordance with generally accepted accounting principles.

#### B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements include the Statement of Financial Position and the Statement of Activities, which report financial information for all activities of the District. Individual funds are not displayed and internal activity between funds is 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

The District presents combined government-wide and fund financial statements. Major individual governmental funds are reported as separate columns. The following is a description of the District's two major governmental funds:

#### **General Fund**

The general fund is the main 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 and report financial resources that are restricted, committed or assigned to expenditures for principal and interest.

# Sanitary and Improvement District No. 156 of Sarpy County, Nebraska

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies - Continued

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#### **C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they occur and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District issues warrants to pay liabilities of the District instead of cash on hand, thus the District considers revenues to be available if they are collected within one year of the end of the current fiscal period because warrants are generally paid within a year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

#### **D. Budgets and Budgetary Accounting**

The District is required to adopt an annual operating budget for all the funds which the District controls. These budgeted appropriations lapse at fiscal year end June 30, 2015.

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

- (1) In August 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 on or before September 20.
- (5) The budget is adopted on a per-fund basis and budgetary control is exercised at the fund level.
- (6) The Board of Trustees may authorize supplemental appropriations during the year. There were no supplemental appropriations during fiscal year ended June 30, 2015.

The budget is adopted using a cash basis of accounting, which differs significantly from generally accepted accounting principles. Under the cash basis of accounting, revenues and expenditures are recorded when cash is received or paid, respectively. Payment is deemed to have been made when warrants are issued.

# Sanitary and Improvement District No. 156 of Sarpy County, Nebraska

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies - Continued

A reconciliation of the differences between the basis of accounting for 2015, is presented below:

|  | <u>General<br/>Fund</u> | <u>Debt Service<br/>Fund</u> |
|--|-------------------------|------------------------------|
| (Deficiency) of revenues and other sources over expenditures and other uses of financial resources- budgetary non-GAAP basis | \$ (64,246)             | \$ (20,695)                  |
| Adjustments:   |                         |                              |
| Receivables  | 2,478                   | 4,087                        |
| Prepays  | 1,223                   | -                            |
| Payables   | <u>22,850</u>           | <u>-</u>                     |
| (Deficiency) of revenues and other sources over expenditures and other uses of financial resources- GAAP basis               | <u>\$ (37,695)</u>      | <u>\$ (16,608)</u>           |

#### **E. Restricted Assets**

All assets in a debt service (bond or construction) fund are restricted and may be used only for the purpose of the fund, which is to pay off the debt of the District. Typical assets include cash, investments, and taxes receivable.

#### **F. Deposits**

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State Statutes 15-846 and 15-847 R.R.S., 1943 require banks either to give bond or to pledge government securities (types of which are specifically identified in the statutes) to the District Treasurer in the amount of the District's deposits. The statutes allow pledged securities to be reduced by the amount of the deposits insured by the Federal Deposit Insurance Corporation (FDIC).

At June 30, 2015, the District's cash deposits, in excess of the \$250,000 FDIC limits, are covered by collateral held by an agent for the District and thus no custodial credit risk exists.

#### **G. Capital Assets**

Capital assets, which consist primarily of infrastructure, are reported in the government-wide statement of financial position but are not reported in the fund financial statements. All capital assets are capitalized at historical cost (or estimated historical cost) and updated for additions and retirements during the year. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. The estimated useful lives for significant capital assets are as follows:

# Sanitary and Improvement District No. 156 of Sarpy County, Nebraska

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies - Continued

|                           |    |       |
|---------------------------|----|-------|
| Water & Gas Distr. System | 50 | years |
| Sanitary Sewer            | 50 | years |
| Sewer & Paving            | 25 | years |
| Electrical System         | 30 | years |
| Park                      | 30 | years |

A summary of capital assets is as follows:

|                           | <u>6/30/2014</u>    | <u>Additions</u>    | <u>6/30/2015</u>    |
|---------------------------|---------------------|---------------------|---------------------|
| Water & Gas Distr. System | \$ 659,904          | \$ -                | \$ 659,904          |
| Sanitary Sewer            | 901,598             | -                   | 901,598             |
| Sewer & Paving            | 3,254,204           | 69,825              | 3,324,029           |
| Electrical System         | 388,269             | -                   | 388,269             |
| Park                      | 80,481              | -                   | 80,481              |
|                           | <u>5,284,456</u>    | <u>69,825</u>       | <u>5,354,281</u>    |
| Accumulated Depreciation  | (3,569,968)         | (178,420)           | (3,748,388)         |
| Net Capital Assets        | <u>\$ 1,714,488</u> | <u>\$ (108,595)</u> | <u>\$ 1,605,893</u> |

#### H. Credit Risk

The District's credit risk relates to receivables for property taxes, sewer connection fees and special assessments which are due from property owners within the boundaries of the District and cash on deposit with the Sarpy County Treasurer.

#### I. Property Taxes

Property taxes, which constitute the District's principal source of tax revenue, are levied in September based on the assessed value of property and attach as an enforceable lien on the property as of December 31. Assessed values are an approximation of market value. Property taxes are delinquent on April 1 (first half) and August 1 (second half). The Sarpy County Treasurer bills and collects all property taxes for the District.

The District has levied taxes for 2014-2015 at a rate of \$.5300 per \$100 of actual value of taxable property. The 2014-2015 taxes based on this levy are as follows:

|                               | <u>General Fund</u> | <u>Debt Service Fund</u> |
|-------------------------------|---------------------|--------------------------|
| Valuation of taxable property | \$ 62,189,895       | \$ 62,189,895            |
| Tax levy                      | <u>0.2000</u>       | <u>0.3300</u>            |
| 2014-2015 taxes assessed      | <u>\$ 124,380</u>   | <u>\$ 205,227</u>        |

There were no delinquent taxes, therefore no allowance for uncollectible taxes is provided.

# Sanitary and Improvement District No. 156 of Sarpy County, Nebraska

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies - Continued

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**J. Use of Restricted/Unrestricted Net Position and Fund Balances**

The District's policy is to first apply unrestricted resources when a cost is incurred for purposes for which both restricted and unrestricted resources are available.

**K. Income Taxes**

As a government subdivision, the District is not subject to federal or state income taxes.

**L. Net Position**

Net position presents the difference between assets and liabilities and deferred inflows of resources in the statement of financial position. Net investment in capital assets is reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by the District's constitutional provisions or external restrictions by creditors, grantors, laws, or regulations of other governments. All other resources that do not meet the previous definition is "unrestricted" net position.

### 2. Liabilities

Liabilities include registered warrants and general obligation bonds. Warrant activity for the year ended June 30, 2015 is as follows:

|                             | Balance<br>June 30,<br>2014 | Issued            | Retired           | Balance<br>June 30,<br>2015 |
|-----------------------------|-----------------------------|-------------------|-------------------|-----------------------------|
| General Fund Warrants:      |                             |                   |                   |                             |
| 7.0%                        | \$ -                        | \$ 182,659        | \$ 182,659        | \$ -                        |
| Debt Service Fund Warrants: |                             |                   |                   |                             |
| 7.0%                        | -                           | 750               | 750               | -                           |
| Total Warrants Payable      | <u>\$ -</u>                 | <u>\$ 183,409</u> | <u>\$ 183,409</u> | <u>\$ -</u>                 |

Registered warrants outstanding bear interest at 7% per annum. Interest is accrued on warrants from the date of registration with the Sarpy County Treasurer. General Fund warrants mature three years from the date of issuance and Debt Service Fund warrants mature five years from the date of issuance. Warrants will be redeemed with proceeds from tax revenues, special assessments and bond proceeds. The District is not currently registering its warrants, but is paying its warrants on a current basis as presented.

## Sanitary and Improvement District No. 156 of Sarpy County, Nebraska

### Notes to Financial Statements

#### 2. Liabilities - Continued

Bond activity for the year ended June 30, 2015 is as follows:

|                           | Balance<br>June 30,<br>2014 | Issued<br>(Retired) | Balance<br>June 30,<br>2015 |
|---------------------------|-----------------------------|---------------------|-----------------------------|
| General Obligation Bonds: |                             |                     |                             |
| 1.35-5.00%: 2013          | \$ 2,650,000                | \$ (125,000)        | \$ 2,525,000                |
| Total Bonds Payable       | <u>\$ 2,650,000</u>         | <u>\$ (125,000)</u> | <u>\$ 2,525,000</u>         |

General Obligation 2013 Series Bonds payable bear interest at 1.35% to 5.00%. Interest is payable semi-annually on April 15 and October 15. Aggregate maturities are as follows:

| Year Ending<br>June 30 | Principal           | Interest          | Total               |
|------------------------|---------------------|-------------------|---------------------|
| 2016                   | \$ 125,000          | \$ 92,954         | \$ 217,954          |
| 2017                   | 130,000             | 91,038            | 221,038             |
| 2018                   | 130,000             | 88,730            | 218,730             |
| 2019                   | 135,000             | 85,875            | 220,875             |
| 2020                   | 135,000             | 82,365            | 217,365             |
| 2021-2025              | 750,000             | 338,357           | 1,088,357           |
| 2026-2030              | 910,000             | 164,805           | 1,074,805           |
| 2031                   | 210,000             | 5,250             | 215,250             |
| Total                  | <u>\$ 2,525,000</u> | <u>\$ 949,374</u> | <u>\$ 3,474,374</u> |

#### 3. 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. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year.

#### 4. Compliance

Sanitary and Improvement District No. 156 of Sarpy County, Nebraska is not in compliance with regard to the statutes concerning budgeted expenditures. At June 30, 2015, the District's general fund expenditures exceeded the amounts budgeted for the period. The District's Board of Trustees had not adopted a budget amendment for the expenditures that exceeded the budgeted amounts. These expenditures were financed by issuance of warrants.

**Required Supplementary Information**

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

**Supplemental Information**

**Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Budget Basis) - Debt Service Fund**

**Bonds Payable**

**Information Required by Section 31-740,  
Nebraska Revised Statutes**

**Other Information**

**Board of Trustees and Related Bonds**

# Sanitary and Improvement District No. 156 of Sarpy County, Nebraska

## Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (Budgetary Basis) - General Fund

Year Ended June 30, 2015

Schedule 1

|   | Budgeted Amounts |                  | Actual on<br>Budgetary<br>Basis | Variance-<br>Favorable<br>(Unfavorable) |
|---|------------------|------------------|---------------------------------|---|
|   | Original         | Final            |                                 |   |
| <b>REVENUES RECEIVED</b>  |                  |                  |                                 |   |
| Property taxes  | \$ 124,380       | \$ 124,380       | \$ 120,865                      | \$ (3,515)                              |
| Interest on taxes   | 75               | 75               | 113                             | 38                                      |
| State motor vehicle tax allocation  | 300              | 300              | 266                             | (34)                                    |
| Miscellaneous   | 149              | 149              | -                               | (149)                                   |
| Homestead   | 600              | 600              | 1,425                           | 825                                     |
| Total revenues received   | <u>125,504</u>   | <u>125,504</u>   | <u>122,669</u>                  | <u>(2,835)</u>                          |
| <b>EXPENDITURES PAID</b>  |                  |                  |                                 |   |
| Current:  |                  |                  |                                 |   |
| Collection fee - County Treasurer   | 2,438            | 2,438            | 1,743                           | 695                                     |
| Electricity   | 13,500           | 13,500           | 18,283                          | (4,783)                                 |
| Engineering   | 15,000           | 15,000           | 17,521                          | (2,521)                                 |
| Insurance   | 5,000            | 5,000            | 7,164                           | (2,164)                                 |
| Legal and accounting fees   | 23,000           | 23,000           | 32,887                          | (9,887)                                 |
| Miscellaneous   | 4,000            | 4,000            | 2,513                           | 1,487                                   |
| Paying agent fees   | 12,000           | 12,000           | 9,500                           | 2,500                                   |
| Repairs and maintenance   | 95,000           | 95,000           | 97,304                          | (2,304)                                 |
| Total expenditures paid   | <u>169,938</u>   | <u>169,938</u>   | <u>186,915</u>                  | <u>(16,977)</u>                         |
| Excess (deficiency) of revenues received over expenditures paid   | <u>(44,434)</u>  | <u>(44,434)</u>  | <u>(64,246)</u>                 | <u>(19,812)</u>                         |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                  |                  |                                 |   |
| Warrants issued   | -                | -                | 182,659                         | 182,659                                 |
| Warrants redeemed   | -                | -                | (182,659)                       | (182,659)                               |
| Net other financing sources (uses)  | <u>-</u>         | <u>-</u>         | <u>-</u>                        | <u>-</u>                                |
| <b>Excess (deficiency) of revenues received and other financing sources over expenditures paid and other financing uses</b> | <u>(44,434)</u>  | <u>(44,434)</u>  | <u>(64,246)</u>                 | <u>\$ (19,812)</u>                      |
| Fund balances - beginning of year   | <u>95,033</u>    | <u>95,033</u>    | <u>95,033</u>                   |   |
| <b>Fund balances - end of year</b>  | <u>\$ 50,599</u> | <u>\$ 50,599</u> | <u>\$ 30,787</u>                |   |

# Sanitary and Improvement District No. 156 of Sarpy County, Nebraska

## Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (Budgetary Basis) - Debt Service Fund

Year Ended June 30, 2015

|   | Schedule 2       |                  |                                 |   |
|---|------------------|------------------|---------------------------------|---|
|   | Budgeted Amounts |                  | Actual on<br>Budgetary<br>Basis | Variance-<br>Favorable<br>(Unfavorable) |
|   | Original         | Final            |                                 |   |
| <b>REVENUES RECEIVED</b>  |                  |                  |                                 |   |
| Property taxes  | \$ 205,227       | \$ 205,227       | \$ 199,426                      | \$ (5,801)                              |
| Interest on taxes   | 150              | 150              | 186                             | 36                                      |
| Interest on investments   | -                | -                | 11                              | 11                                      |
| State motor vehicle tax allocation  | 600              | 600              | 440                             | (160)                                   |
| Homestead   | 1,300            | 1,300            | 2,352                           | 1,052                                   |
| Total revenues received   | <u>207,277</u>   | <u>207,277</u>   | <u>202,415</u>                  | <u>(4,862)</u>                          |
| <b>EXPENDITURES PAID</b>  |                  |                  |                                 |   |
| Current:  |                  |                  |                                 |   |
| Collection fee - County Treasurer   | 4,024            | 4,024            | 2,875                           | 1,149                                   |
| Paying agent fees   | -                | -                | 750                             | (750)                                   |
| Repairs and maintenance   | 19,000           | 19,000           | -                               | 19,000                                  |
| Debt service:   |                  |                  |                                 |   |
| Principal   | 325,000          | 325,000          | 125,000                         | 200,000                                 |
| Interest  | 94,485           | 94,485           | 94,485                          | -                                       |
| Total expenditures paid   | <u>442,509</u>   | <u>442,509</u>   | <u>223,110</u>                  | <u>219,399</u>                          |
| Excess (deficiency) of revenues received over expenditures paid   | (235,232)        | (235,232)        | (20,695)                        | 214,537                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                  |                  |                                 |   |
| Issuance of warrants  | -                | -                | 750                             | 750                                     |
| Warrants redeemed   | -                | -                | (750)                           | (750)                                   |
| Net other financing sources   | <u>-</u>         | <u>-</u>         | <u>-</u>                        | <u>-</u>                                |
| <b>Excess (deficiency) of revenues received and other financing sources over expenditures paid and other financing uses</b> | (235,232)        | (235,232)        | (20,695)                        | <u>\$ 214,537</u>                       |
| Fund balances - beginning of year   | <u>269,745</u>   | <u>269,745</u>   | <u>269,745</u>                  |   |
| <b>Fund balances - end of year</b>  | <u>\$ 34,513</u> | <u>\$ 34,513</u> | <u>\$ 249,050</u>               |   |

**Sanitary and Improvement District No. 156 of Sarpy County, Nebraska**

**Bonds Payable**

**June 30, 2015**

**Schedule 3**

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**2013 Series**

Issue Date: October 15, 2013  
Option Call Date: October 15, 2018

| <b><u>Maturity Dates</u></b> | <b><u>Interest Rate</u></b> | <b><u>Amount</u></b> |
|------------------------------|-----------------------------|----------------------|
| October 15, 2016             | 1.35%                       | \$ 125,000           |
| October 15, 2017             | 1.65%                       | 130,000              |
| October 15, 2018             | 1.90%                       | 130,000              |
| October 15, 2019             | 2.40%                       | 135,000              |
| October 15, 2020             | 2.80%                       | 135,000              |
| October 15, 2021             | 3.15%                       | 140,000              |
| October 15, 2022             | 3.50%                       | 145,000              |
| October 15, 2023             | 3.75%                       | 150,000              |
| October 15, 2024             | 3.90%                       | 155,000              |
| October 15, 2025             | 4.10%                       | 160,000              |
| October 15, 2026             | 4.30%                       | 165,000              |
| October 15, 2027             | 4.50%                       | 175,000              |
| October 15, 2028             | 4.65%                       | 180,000              |
| October 15, 2029             | 4.80%                       | 190,000              |
| October 15, 2030             | 4.90%                       | 200,000              |
| October 15, 2031             | 5.00%                       | 210,000              |
| TOTAL 2013 Series            |                             | <u>\$ 2,525,000</u>  |

**Sanitary and Improvement District No. 156 of Sarpy County, Nebraska**

**Information Required by Section 31-740 Nebraska Revised Statutes**

**June 30, 2015**

**Schedule 4**

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|  |    |         |
|--|----|---------|
| Gross income from all sources                                      | \$ | 331,648 |
| Amount spent for sewage disposal                                   |    | NONE    |
| Amount expended for water mains                                    |    | NONE    |
| Gross amount of sewage processed                                   |    | NONE    |
| Cost per thousand gallons of processing sewage                     |    | NONE    |
| Amount expended for:   |    |         |
| a. Maintenance and repair  | \$ | 24,894  |
| b. New equipment   |    | NONE    |
| c. New construction  | \$ | 69,825  |
| d. Property purchased  |    | NONE    |
| Number of employees (Clerk)  |    | NONE    |
| Salaries and fees paid employees                                   |    | NONE    |
| Total amount of taxes levied upon the property within the District | \$ | 329,607 |

**Sanitary and Improvement District No. 156 of Sarpy County, Nebraska**

**Board of Trustees and Related Bonds**

**June 30, 2015**

**Schedule 5**

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| <b><u>Name</u></b>      | <b><u>Office</u></b> |
|-------------------------|----------------------|
| Carolyn Hall - See Note | Chairman             |
| Roger Reese - See Note  | Clerk                |
| Matthew Nelson          | Trustee              |
| Melodie McNee           | Trustee              |
| Christopher Lyons       | Trustee              |

Note - Surety bond for the District clerk was on file with the Sarpy County Clerk as of June 30, 2015 in accordance with the Revised Statutes of Nebraska.

# LENGEMANN & ASSOCIATES, P.C.

Certified Public Accountants

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## 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. 156 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 and each major fund of the Sanitary and Improvement District No. 156 of Sarpy County, Nebraska (hereinafter the "District"), as of and for the year ended June 30, 2015, including 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 the District'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 the 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 audits we did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses (see summary of findings).

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 an instance of noncompliance required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2015-01.

## **District's Response to Findings**

District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 report is not suitable for any other purpose.

*Lengemann & Associates, P.C.*

Lengemann & Associates, P.C.  
Papillion, Nebraska  
December 15, 2015

# Schedule of Findings and Responses

## Instance of Noncompliance and Material Weakness

2015 – 01

### *Criteria (Compliance & Material Weakness)*

Internal Controls should be in place to monitor the District's activities for consistency with budgeted amounts to ensure that budget expenditures will not be exceeded and compliance with the Nebraska Budget Act.

### *Condition (Compliance & Material Weakness)*

The District exceeded the budgeted expenditures/expenses by \$ 16,977.

### *Cause (Compliance & Material Weakness)*

There were unforeseen street repairs that were needed during the fiscal year and due to the relative immateriality the Board elected to not amend the budget.

### *Effect ((Compliance & Material Weakness)*

There are \$ 16,977 of unbudgeted expenditures.

### *Recommendation*

We recommend the Board of Trustees monitor the District's activities and amend the budget for appropriately approved expenditures in excess of the originally budgeted amount if such expenditures are needed in the future.

### *Response from the Board of Directors*

The Board of Trustees agrees to monitor expenditures with budgeted amounts more closely and if the need arises, they will amend the budget.