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RECEIVED
JAN 13 2012
DEBRA J. KOUGHTALING
SARPY COUNTY CLERK

December 28, 2011

Board of Trustees
Sanitary and Improvement District No. 162
15831 Josephine Street
Omaha, NE 68136

Attention: Mr. Richard Hansen, Chairman:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sanitary and Improvement District No. 162 of Sarpy County, Nebraska for the year ended June 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 28, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Sanitary and Improvement District No. 162 of Sarpy County, Nebraska are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2011. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the basic financial statements was:

> Management's estimate of the useful lives and depreciation methods are based on industry standards for governmental entities. We evaluated the key factors and assumptions used to develop the useful lives and depreciation methods in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the basic financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 28, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The District lacks a trustee or management with the qualifications and training to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.

Management has the ability to override internal controls due to a lack of segregation of duties within the district.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This is information is intended solely for the use of the Board of Trustees and management of Sanitary and Improvement District No. 162 of Sarpy County, Nebraska and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

INFINITY CPA GROUP, LLC

Leo J. Panzer, CPA

SID 162
SUMMARY OF AUDIT DIFFERENCES
BOND FUND
YEAR ENDED 6/30/11

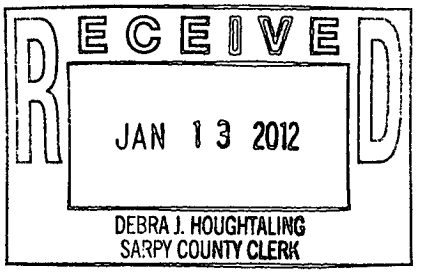
Unadjusted audit differences:	**Current Year Over (Under) Revenue and Expenditures/Expenses And Changes in Fund Balance/Equity**
Accrued interest on Special Assessment Receivables	$6,044
Cumulative effect (before effect of prior year differences)	
Effect of unadjusted audit differences-prior year:	
Cumulative effect (after effect of prior year differences)	$6,044
	Below Materiality

Reclassification Adjustments:	**Balance Sheet**	**Statement(s) of Revenues and Expenditures/Expenses and Changes in Fund Balance/Equity**
NONE	$	$

Financial Statements

SANITARY AND IMPROVEMENT DISTRICT NO. 162 OF SARPY COUNTY, NEBRASKA

JUNE 30, 2011



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Sanitary and Improvement District No. 162
Sarpy County, Nebraska

We have audited the accompanying financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 162 of Sarpy County, Nebraska (the District), as of and for the year ended June 30, 2011, 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 the Board of Trustees, 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 financial position of the governmental activities and each major fund of Sanitary and Improvement District No. 162 of Sarpy County, Nebraska, as of June 30, 2011, and the respective changes in financial position, thereof and the respective budgetary comparison for the General and Debt Service Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 28, 2011 on our consideration of Sanitary and Improvement District No. 162 of Sarpy County, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information on pages 16 through 21 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Infinity CPA Group, LLC

Omaha, Nebraska
December 28, 2011

SANITARY AND IMPROVEMENT DISTRICT NO. 162
OF SARPY COUNTY, NEBRASKA

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS
June 30, 2011

	General Fund	Debt Service Fund	Total
ASSETS			
Cash on deposit, County Treasurer	$ 152,324	$ 178,991	$ 331,315
Investments	-	424,878	424,878
Taxes receivable	146,754	386,896	533,650
Special assessments receivable	-	8,463	8,463
Interest receivable on investments	-	53	53
Bond issue costs, net of accumulated amortization $218,205	-	-	-
Capital assets:			
Depreciable infrastructure, net	-	-	-
Total assets	$ 299,078	$ 999,281	$ 1,298,359
LIABILITIES			
Accounts payable	$ 39,306	$ -	$ 39,306
Warrants payable:			
Due after one year	27,397	-	27,397
Interest payable, bonds	-	-	-
Bonds payable:			
Due within one year	-	-	-
Due after one year	-	-	-
Deferred revenue	17,282	54,024	71,306
Total liabilities	83,985	54,024	138,009
FUND BALANCES/NET ASSETS			
Fund balances:			
Reserved for debt service	-	945,257	945,257
Unreserved, reported in:			
General fund	215,093	-	215,093
Total fund balances	215,093	945,257	1,160,350
Total liabilities and fund balances	$ 299,078	$ 999,281	$ 1,298,359
Net assets:			
Invested in capital assets, net of related debt			
Restricted for debt service			
Unrestricted			

See Notes to Basic Financial Statements.

Adjustments	Statement of Net Assets
$ -	$ 331,315
-	424,878
-	533,650
-	8,463
-	53
238,383	238,383
8,114,820	8,114,820
8,353,203	9,651,562
-	39,306
250	27,647
30,545	30,545
485,000	485,000
6,885,000	6,885,000
-	71,306
7,400,795	7,538,804
(945,257)	-
(215,093)	-
(1,160,350)	-
952,408	952,408
945,257	945,257
215,093	215,093
$ 2,112,758	$ 2,112,758

SANITARY AND IMPROVEMENT DISTRICT NO. 162
OF SARPY COUNTY, NEBRASKA

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

	General	Debt Service	Totals
REVENUES			
Personal and real property taxes	$ 293,709	$ 774,328	$ 1,068,037
Interest on taxes	426	1,123	1,549
Interest on investments	-	702	702
Miscellaneous	6,044	15,935	21,979
State motor vehicle tax allocation	811	2,137	2,948
Total revenues	300,990	794,225	1,095,215
EXPENDITURES/EXPENSES			
Current:			
Accounting fees	130	-	130
Amortization of bond issue costs	-	-	-
Audit fees	4,900	-	4,900
Collection fees	5,689	14,997	20,686
Depreciation	-	-	-
Engineering fees	61,431	-	61,431
Fiscal agent fees	-	750	750
Insurance	3,674	-	3,674
Legal fees	17,070	-	17,070
Publishing expense	660	-	660
Repairs and maintenance	166,949	-	166,949
Utilities	47,104	-	47,104
Debt service:			
Bond principal	-	470,000	470,000
Bond interest	-	337,253	337,253
Total expenditures/expenses	307,607	823,000	1,130,607
Deficit of revenues over expenditures	(6,617)	(28,775)	(35,392)
OTHER FINANCING SOURCES (USES)			
Issuance of warrants	-	750	750
Retirement of warrants	-	(500)	(500)
	-	250	250
Deficit of revenues and other sources over expenditures and other uses	(6,617)	(28,525)	(35,142)
Change in net assets	-	-	-
Fund balances/net assets-beginning	221,710	973,782	1,195,492
Fund balances/net assets-ending	$ 215,093	$ 945,257	$ 1,160,350

See Notes to Basic Financial Statements.

Adjustments	Statement of Activities
$ -	$ 1,068,037
-	1,549
-	702
-	21,979
-	2,948
-	1,095,215
-	130
39,327	39,327
-	4,900
-	20,686
427,264	427,264
-	61,431
-	750
-	3,674
-	17,070
-	660
-	166,949
-	47,104
(470,000)	-
(1,339)	335,914
(4,748)	1,125,859
35,392	-
(750)	-
500	-
(250)	-
35,142	-
$ (30,644)	(30,644)
	2,143,402
	$ 2,112,758

SANITARY AND IMPROVEMENT DISTRICT NO. 162
OF SARPY COUNTY, NEBRASKA

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
For the Year Ended June 30, 2011

	Budgeted Amounts Original and Final	Actual amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
REVENUES			
Personal and real property taxes	$ 295,095	$ 292,968	$ (2,127)
Interest on taxes	-	426	426
Miscellaneous	-	6,044	6,044
State motor vehicle tax allocation	1,039	811	(228)
Total revenues	296,134	300,249	4,115
EXPENDITURES			
Current			
Accounting fees	3,000	130	2,870
Audit fees	4,900	4,900	-
Chairman and clerk bonds	500	-	500
Collection fees	-	5,689	(5,689)
Engineering fees	75,000	70,784	4,216
Insurance	4,000	3,674	326
Legal fees	25,000	15,631	9,369
Miscellaneous	1,000	-	1,000
Publishing	1,000	660	340
Repairs and maintenance	262,000	164,604	97,396
Utilities	50,000	43,160	6,840
Total expenditures	426,400	309,232	117,168
Excess (deficit) of revenues over expenditures	(130,266)	(8,983)	121,283
OTHER FINANCING SOURCES (USES)			
Issuance of warrants	-	303,543	303,543
Retirement of warrants	-	(326,845)	(326,845)
	-	(23,302)	(23,302)
Excess (deficit) of revenues and other sources over expenditures and other uses	(130,266)	(32,285)	97,981
Fund balance, beginning	184,609	184,609	-
Fund balance, ending	$ 54,343	$ 152,324	$ 97,981

See Notes to Basic Financial Statements.

Budget to GAAP Reconciliation	Actual amounts (GAAP Basis)
$ 741	$ 293,709
-	426
-	6,044
-	811
741	300,990
-	130
-	4,900
-	-
-	5,689
(9,353)	61,431
-	3,674
1,439	17,070
-	-
-	660
2,345	166,949
3,944	47,104
(1,625)	307,607
2,366	(6,617)
(303,543)	-
326,845	-
23,302	-
$ 25,668	(6,617)
	221,710
	$ 215,093

SANITARY AND IMPROVEMENT DISTRICT NO. 162
OF SARPY COUNTY, NEBRASKA

BUDGETARY COMPARISON SCHEDULE FOR THE DEBT SERVICE FUND
For the Year Ended June 30, 2011

	Budgeted Amounts Original and Final	Actual amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
REVENUES			
Personal and real property taxes	$ 777,980	$ 772,373	$ (5,607)
Interest on taxes	-	1,123	1,123
Interest on investments	4,000	804	(3,196)
Miscellaneous	-	15,935	15,935
State motor vehicle tax allocation	2,790	2,137	(653)
Total revenues	784,770	792,372	7,602
EXPENDITURES			
Current			
Collection fees	-	14,997	(14,997)
Fiscal agent fees	1,000	750	250
Debt service:			
Bond principal	470,000	470,000	-
Bond interest	337,253	337,253	-
Total expenditures	808,253	823,000	(14,747)
Deficit of revenues over expenditures	(23,483)	(30,628)	(7,145)
OTHER FINANCING SOURCES (USES)			
Issuance of warrants	-	750	(750)
Retirement of warrants	-	(500)	500
	-	250	(250)
Deficit of revenues and other sources over expenditures and other uses	(23,483)	(30,378)	(7,395)
Fund balance, beginning	634,247	634,247	-
Fund balance, ending	$ 610,764	$ 603,869	$ (7,395)

See Notes to Basic Financial Statements.

Budget to GAAP Reconciliation	Actual amounts (GAAP Basis)
$ 1,955	$ 774,328
-	1,123
(102)	702
-	15,935
-	2,137
1,853	794,225
-	14,997
-	750
-	470,000
-	337,253
-	823,000
1,853	(28,775)
-	750
-	(500)
-	250
$ 1,853	(28,525)
	973,782
	$ 945,257

Note 1. Nature of Activity and Significant Accounting Policies

Nature of activity:

The District is organized as a political subdivision and governed under the laws of the State of Nebraska. The District has a tax base made up of 590 residential lots and is located in Sarpy County, Nebraska.

Significant accounting policies are as follows:

Reporting entity:

The Board of Trustees of the District has financial accountability and control over all the activities related to Sanitary and Improvement District No. 162. The Board of Trustees is elected every other year by the property owners of the District. The Board of Trustees appoints the Chairperson of the Board from existing Board members. The Chair responsibilities are to preside at all meetings of the Board; be the Chief Officer of the District; and exercise supervision over the District.

The Board has decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and have primary financial accountability for fiscal matters of the District. The District is not included in any other governmental "reporting entity" as defined by the GASB pronouncements. In addition, there are no component units as defined by the Governmental Accounting Standards Board Statement 14, which are included in the District's reporting entity.

Government-wide and fund financial statements:

Government-wide financial statements:

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information on all of the non-fiduciary activities of the District.

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

Note 1. Significant Accounting Policies (continued)

Government-wide financial statements (continued):

The statement of activities reports the expenses of a given function offset by program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements:

The fund financial statements provide information about the District's funds. Separate statements for each fund category – *governmental* – are presented. The emphasis of fund financial statements is on the determination of financial position and changes in financial position.

The District reports on the following major governmental funds:

General Fund – This fund is the operating fund of the District. It is used to account for all financing resources except those required to be accounted for in other funds. The primary revenue sources are personal property and real estate taxes. The primary expenditures are for street repairs and maintenance, professional fees, and utilities.

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

Measurement focus and basis of accounting:

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 at the time liabilities are incurred, regardless of when the related cash flows take place.

In the fund financial statements, both funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, that is, when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recognized in the period the liability is incurred, except for interest that is not matured on general long-term debt, which is recognized when due.

Note 1. Significant Accounting Policies (continued)

Measurement focus and basis of accounting (continued):

Property tax revenues are recognized when susceptible to accrual. Revenues on special assessments and miscellaneous revenues are recognized as the amounts are collected. Uncollected special assessments and taxes are recorded as a receivable and deferred revenue on the balance sheets. Investment earnings are recorded as earned since they are measurable and available.

Budgets and budgetary accounting:

The District is required by Nebraska law to adopt an annual operating budget for all the funds over which the District controls. The budget is adopted using the cash basis of accounting, 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. Payment is deemed made when warrants are issued. Budgetary comparisons presented for both the General Fund and Debt Service Fund in this report are on non-GAAP budgetary basis.

1. On or before early September, the Board of Trustees proposes an operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

2. Prior to September 20, the Board of Trustees formally approves the budget document following a public hearing, with notice given five days in advance.

3. As of September 20, the budget document must be on file with the County Board and the Auditor of Public Accounts.

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

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

6. A majority vote by the Board of Trustees may authorize transfer of budgeted amounts from the General Fund to the Debt Service Fund.

Note 1. Significant Accounting Policies (continued)

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Encumbrances:

Encumbrances represent commitments related to unperformed contracts for goods or services. The commitments are not treated as expenditures until a liability for payment is incurred. Encumbrance accounting is not employed by the District, rather the expenditure will be budgeted for in the period which the contract will be performed.

Depreciation:

Capital assets of the District, which primarily include infrastructure assets, are recorded at historical cost. Depreciation is provided over the estimated useful lives of the related assets using the modified half-year depreciation method (straight-line depreciation with a half-year taken the first and last year) for financial statement purposes. The estimated useful lives for significant capital assets are as follows:

Paving and sewer systems	30 years
Underground power and water systems	30 years
Park and land improvements	30 years

Amortization:

Bond issue costs are amortized over the terms of the bonds, using the interest method of amortization. Amortization remaining on a retired bond is amortized in the year retired. Amortization expense for the year ended June 30, 2011 was $39,327.

Note 2. Concentration of Credit Risk

At June 30, 2011, the balance in cash of $331,315 is equal to the carrying amount of the District's deposits. The deposits of the District are classified as Category 3, deposits that are uncollateralized or uninsured. This includes any deposit balance that is collateralized with securities held by the County but not in the district's name.

Note 2. Concentration of Credit Risk (continued)

State Statute authorizes the District to invest in obligations of the U.S. Treasury. All investments for the District at June 30, 2011, amounting to $424,878 are invested in obligations of the U.S. Treasury and are carried at amortized cost, which approximates fair value. These investments are classified as Category 3 investments, uninsured and unregistered securities of the District which are held by the County in the name of the District.

Note 3. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment consists of several elements as follows:

Total fund balance – governmental funds		$ 1,160,350
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund financial statements	$ 13,512,017	
Less accumulated depreciation	(5,397,197)	
		8,114,820
Other long-term assets are not current financial resources and therefore not reported in the fund financial statements:		
Bond issue costs	456,588	
Accumulated amortization	(218,205)	
		238,383
Liabilities are not due and payable in the current period and therefore not reported in governmental funds statements:		
Bond payable		(7,370,000)
Interest payable – bonds		(30,545)
Warrants payable		(250)
Net assets of governmental activities		$ 2,112,758

Note 3. Reconciliation of Government-Wide and Fund Financial Statements (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment as follows:

Net change in fund balances – governmental funds	$	(35,142)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements		(427,264)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements		470,000
Proceeds from issuance of warrants is recorded as other financing sources on the funds statements, but do not affect the statement of net assets in the government-wide statements		(750)
Retirement of warrants is recorded as other financing sources on the funds statements, but do not affect the statement of net assets in the government-wide statements		500
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:		
Amortization on bond issue costs		(39,327)
Decrease in interest payable - bonds		1,339
Change in net assets of governmental activities	$	(30,644)

Note 4. Special Assessments Receivable

The Board of Trustees has levied special assessments on the lots in the District. The assessments are summarized as follows:

Levy Date:	11/4/98	10/28/99	7/26/00	12/12/02
Amount Assessed:	$921,748	$552,863	$1,443,001	$1,130,476
Due Date:	12/24/98	12/18/99	09/13/00	01/31/03
Delinquent Date:	11/04/99	10/28/00	07/26/01	12/12/03
Regular Rate:	10%	7%	8%	8%
Delinquent Rate:	12%	9%	10%	10%

These assessments were due in ten equal annual installments, plus interest. There was $8,463 of delinquent special assessments from the 1998 and 1999 levy dates at June 30, 2011.

Note 5. Personal and Real Property Taxes

Property taxes are levied in September and attach as an enforceable lien on the assessed property as of December 31. Nebraska State law allows taxpayers the opportunity to pay real estate taxes in two equal installments after December 31. Installment one is due March 31 and delinquent April 1. Installment two is due July 31 and delinquent August 1. If after February of the following year the taxes remain delinquent, the County places the property up for tax sale. Tax collections are remitted to the District from the County on a regular basis.

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

Note 5. Personal and Real Property Taxes (continued)

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

Fiscal Year	District Valuation of Property	District Tax Levy Per $100 Valuation		
		General	Debt Service	Total
2010-2011	$136,816,955	.220000	.580000	.800000

Note 6. Capital Assets

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

Governmental activities	Balance at 6/30/10	Additions	Balance at 6/30/11
Infrastructure:			
Paving and sewers	$ 9,949,684	$ -	$ 9,949,684
Gas, electric and water distribution system	2,742,700	-	2,742,700
Park improvements	125,553	-	125,553
Land	694,080	-	694,080
Totals at historical cost	13,512,017	-	13,512,017
Less accumulated depreciation for infrastructure	(4,969,933)	(427,264)	(5,397,197)
Capital assets, net	$ 8,542,084	$ (427,264)	$ 8,114,820

The district recorded depreciation expense of $427,264 for the year ended June 30, 2011.

Note 7. Warrants Payable

General Fund warrants are due and payable not later than three years from date of issuance.

Debt Service Fund warrants are due and payable not later than five years from date of issuance.

Note 7. Warrants Payable (continued)

Aggregate maturities during the next three years are as follows:

Year Ending June 30	General Fund	Debt Service Fund
2012	$ -	$ -
2013	-	-
2014	27,397	-
2015	-	-
2016	-	250
Totals	$ 27,397	$ 250

Note 8. General Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2011 is as follows:

Debt Service fund	Balance 6/30/10	(Retired)	Balance 6/30/11	Due within one year
2004 Bond Issue	$ 5,370,000	$ (280,000)	$ 5,090,000	$ 290,000
2009 Bond Issue	2,470,000	(190,000)	2,280,000	195,000
	$ 7,840,000	$ (470,000)	$ 7,370,000	$ 485,000

The District issued general obligation bonds totaling $6,850,000 on April 1, 2004, with a balance of $5,090,000 at June 30, 2011. The remaining bonds are due serially beginning June 1, 2012 through June 1, 2024. The remaining annual maturities range from $290,000 in 2012 to $525,000 in 2024. Interest is payable semi-annually on this issue at 3.75% to 5.05% per annum.

The District issued general obligation bonds totaling $2,650,000 on July 1, 2001, with a balance of $2,280,000 at June 30, 2011. The remaining bonds are due serially beginning May 15, 2012 through May 15, 2021. The remaining annual maturities range from $195,000 in 2012 to $270,000 in 2021. Interest is payable semi-annually on this issue at 2.45% to 4.80% per annum.

Note 8. General Long-Term Debt (continued)

The following is a summary of the District's future annual debt service requirements:

Year Ending June 30	Principal	Interest	Total
2012	$ 485,000	$ 323,272	$ 808,272
2013	505,000	307,620	812,620
2014	520,000	289,973	809,973
2015	545,000	270,497	815,497
2016	565,000	249,055	814,055
2017-2021	3,260,000	854,543	4,114,543
2022-2024	1,490,000	153,268	1,643,268
Totals	$ 7,370,000	$ 2,448,228	$ 9,818,228

Note 9. Financial Statement Presentation – Budget Basis

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

	General	Debt Service
Fund balance, ending (budget basis)	$ 152,324	$ 603,869
Adjustments to generally accepted accounting principles		
Revenue accruals	129,472	341,388
Expenditure accruals	(66,703)	-
Fund balance, ending (GAAP basis)	$ 215,093	$ 945,257

Note 10. Unfavorable Budget Differences

The Debt Service Fund had excess of expenditures over appropriations for the year ended June 30, 2011.

Note 11. 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 prior three years.

Note 12. Subsequent Events

The District has evaluated all subsequent events through December 28, 2011, the date the financial statements were available to be issued.

SANITARY AND IMPROVEMENT DISTRICT NO. 162
OF SARPY COUNTY, NEBRASKA

TAXES RECEIVABLE
June 30, 2011

Fiscal Year	Receivable at June 30 2010	Taxes Assessed	Taxes Adjusted*	Taxes Collected	Receivable at June 30 2011
General Fund:					
Personal and real property taxes					
2008-2009	$ 4,001	$ -	$ (4,024)	$ (23)	$ -
2009-2010	138,748	-	-	132,915	5,833
2010-2011	-	300,997	-	160,076	140,921
	$ 142,749	$ 300,997	$ (4,024)	$ 292,968	$ 146,754
Debt Service Fund:					
Personal and real property taxes					
2008-2009	$ 10,004	$ -	$ (10,061)	$ (57)	$ -
2009-2010	365,788	-	-	350,411	15,377
2010-2011	-	793,538	-	422,019	371,519
	$ 375,792	$ 793,538	$ (10,061)	$ 772,373	$ 386,896

*Taxes adjusted consist of subsequent adjustments in taxes assessed because of changes in certified valuations of personal and real property.

SANITARY AND IMPROVEMENT DISTRICT NO. 162
OF SARPY COUNTY, NEBRASKA

INVESTMENTS
June 30, 2011

Description: Held to Maturity	Maturity Date	Par Value	Cost	Market Value	Accrued Interest
Debt Service Fund:					
U.S. Treasury Bill	September 8, 2011	$ 100,000	$ 99,944	$ 99,978	$ 34
U.S. Treasury Bill	October 13, 2011	325,000	324,934	324,953	19
		$ 425,000	$ 424,878	$ 424,931	$ 53

SANITARY AND IMPROVEMENT DISTRICT NO. 162
OF SARPY COUNTY, NEBRASKA

SPECIAL ASSESSMENTS RECEIVABLE
June 30, 2011

Assessment Date	Total Assessment	Receivable at June 30, 2010	Assessments Collected	Receivable at June 30, 2011	Delinquent Balance June 30, 2011
October 28, 1999	$ 552,863	$ 4,532	$ -	$ 4,532	$ 4,532
July 26, 2000	$ 1,443,001	3,931	-	3,931	3,931
		$ 8,463	$ -	$ 8,463	$ 8,463

SANITARY AND IMPROVEMENT DISTRICT NO. 162
OF SARPY COUNTY, NEBRASKA

BONDS PAYABLE
June 30, 2011

Bond Numbers	Interest Rates	Maturity Dates	Amount
Issue date: April 1, 2004			
Option call date: Bond numbers 353-1370 on or after June 1, 2011			
353-410	3.75%	June 1, 2012	$ 290,000
411-471	3.95%	June 1, 2013	305,000
472-534	4.10%	June 1, 2014	315,000
535-600	4.25%	June 1, 2015	330,000
601-669	4.35%	June 1, 2016	345,000
670-742	4.50%	June 1, 2017	365,000
743-819	4.60%	June 1, 2018	385,000
820-899	4.70%	June 1, 2019	400,000
900-983	5.05%	June 1, 2020	420,000
984-1072	5.05%	June 1, 2021	445,000
1073-1166	5.05%	June 1, 2022	470,000
1167-1265	5.05%	June 1, 2023	495,000
1266-1370	5.05%	June 1, 2024	525,000
			5,090,000
Issue date: May 15, 2009			
Option call date: Bond numbers 195-237 on or after May 15, 2014.			
75-113	2.45%	May 15, 2012	195,000
114-153	2.80%	May 15, 2013	200,000
154-194	3.20%	May 15, 2014	205,000
195-237	3.45%	May 15, 2015	215,000
238-281	3.65%	May 15, 2016	220,000
282-327	3.85%	May 15, 2017	230,000
328-374	4.10%	May 15, 2018	235,000
375-424	4.35%	May 15, 2019	250,000
425-476	4.55%	May 15, 2020	260,000
477-530	4.80%	May 15, 2021	270,000
			2,280,000
			$ 7,370,000

SANITARY AND IMPROVEMENT DISTRICT NO. 162
OF SARPY COUNTY, NEBRASKA

INFORMATION REQUIRED BY SECTION 31-715 AND 31-740
REVISED STATUTES OF NEBRASKA
For the Year Ended June 30, 2011

Gross income from all sources	$ 1,095,215
Amount spent for sewage disposal	Not Applicable
Amount expended on water mains	-
Gross amount of sewage processed	-
Cost per thousand gallons of processing sewage	-
Amount expended for:	
Repairs and maintenance	$ 166,949
New equipment	-
New construction work	-
Real estate purchased	-
Number of employees	Not Applicable
Salaries and fees paid employees	-
Total amount of property taxes levied	$ 1,094,535
Total amount of special assessment taxes levied	-

Note: Sewage disposal services are furnished by the City of Omaha, Nebraska.

SANITARY AND IMPROVEMENT DISTRICT NO. 162
OF SARPY COUNTY, NEBRASKA

DISTRICT OFFICIALS AND RELATED BONDS
For the Year Ended June 30, 2011

Trustees

Name	Office		Bond Amount
Richard L. Hansen	Chairman	Old Republic Surety Company	$ 5,000
Nancy Wackerhagen	Clerk	Old Republic Surety Company	$ 20,000
James Nichols	Trustee		
Wesley Lyons	Trustee		
Jay Graham	Trustee		

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. 162
of Sarpy County, Nebraska

We have audited the financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 162 of Sarpy County, Nebraska, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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 the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management, in the normal course of performing their assigned functions, to prevent, or detect and correct such 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 District'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 certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies. 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.

We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting:

> The District lacks a trustee or management with the qualifications and training to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.

Management response: We have an extremely small board and limited resources for the District. Our audited financial statements and footnotes are outsourced to our auditors because of the cost/benefit standpoint and our auditors have direct knowledge that aids in preparing the financial statements. Our trial balance, prepared by an outside bookkeeper, is used for basis in the preparation of the audited financial statements.

Management has the ability to override internal controls due to a lack of segregation of duties within the district.

Management response: We approve all warrants issued and the fiscal agent reviews the expenses and receipts periodically. Our attorney is present at all the District's meetings and oversees expenditures.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described above.

We noted certain matters that we reported to management of the District in a separate letter dated December 28, 2011.

The District's response to the findings identified in our audit is described above. We did not audit the District'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, the State of Nebraska Auditor of Public Accounts, the County Clerk, and the property owners of the District, and is not intended to be and should not be used by anyone other than these specified parties.

Infinity, CPA Group, LLC

Omaha, Nebraska
December 28, 2011