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Financial Statements

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

JUNE 30, 2012

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INFINITY
CPA GROUP, LLC

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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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, 2012, 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.

Management has not presented management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 3, 2013 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 considered in assessing 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 as a whole. The supplementary information on pages 16 through 20 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
May 3, 2013

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

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS
June 30, 2012

	General Fund	Debt Service Fund	Total
ASSETS			
Cash on deposit, County Treasurer	$ 37,722	$ 457,064	$ 494,786
Taxes receivable	147,385	388,560	535,945
Special assessments receivable	-	8,463	8,463
Interest receivable on special assessments	-	6,926	6,926
Prepaid expenses	3,676	-	3,676
Bond issue costs, net of accumulated amortization $66,996	-	-	-
Capital assets:			
Depreciable infrastructure, net	-	-	-
Total assets	$ 188,783	$ 861,013	$ 1,049,796
LIABILITIES			
Accounts payable	$ 6,655	$ -	$ 6,655
Warrants payable:			
Due after one year	29,436	-	29,436
Interest payable, bonds	-	-	-
Bonds payable:			
Due within one year	-	-	-
Due after one year	-	-	-
Deferred revenue	20,310	68,935	89,245
Total liabilities	56,401	68,935	125,336
FUND BALANCES/NET ASSETS			
Fund balances:			
Reserved for debt service	-	792,078	792,078
Unreserved, reported in:			
General fund	132,382	-	132,382
Total fund balances	132,382	792,078	924,460
Total liabilities and fund balances	$ 188,783	$ 861,013	$ 1,049,796
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
$ -	$ 494,786
-	535,945
-	8,463
-	6,926
-	3,676
278,913	278,913
7,687,557	7,687,557
7,966,470	9,016,266
-	6,655
34,825	64,261
19,555	19,555
540,000	540,000
6,420,000	6,420,000
(6,936)	82,309
7,007,444	7,132,780
(792,078)	-
(132,382)	-
(924,460)	-
959,026	959,026
792,078	792,078
132,382	132,382
$ 1,883,486	$ 1,883,486

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, 2012

	General	Debt Service	Totals
REVENUES			
Personal and real property taxes	$ 291,622	$ 768,821	$ 1,060,443
Interest on taxes	381	1,004	1,385
Interest on investments	-	152	152
Interest on special assessments	-	-	-
Miscellaneous	176,358	20,189	196,547
State motor vehicle tax allocation	859	2,264	3,123
Total revenues	469,220	792,430	1,261,650
EXPENDITURES/EXPENSES			
Current:			
Accounting fees	541	-	541
Amortization of bond issue costs	-	-	-
Audit fees	5,185	-	5,185
Collection fees	5,717	15,072	20,789
Depreciation	-	-	-
Engineering fees	32,004	-	32,004
Fiscal agent fees	-	1,200	1,200
Insurance	3,531	-	3,531
Interest on registered warrants	4,850	-	4,850
Legal fees	35,634	-	35,634
Miscellaneous	1,731	-	1,731
Publishing expense	1,423	-	1,423
Repairs and maintenance	413,209	-	413,209
Utilities	48,106	-	48,106
Capital outlay-bond issue costs	-	227,880	227,880
Debt service:			
Bond principal	-	5,285,000	5,285,000
Bond interest	-	325,782	325,782
Total expenditures/expenses	551,931	5,854,934	6,406,865
Deficit of revenues over expenditures	(82,711)	(5,062,504)	(5,145,215)
OTHER FINANCING SOURCES (USES)			
Bond issue proceeds	-	4,875,000	4,875,000
Issuance of warrants	263,933	34,325	298,258
Retirement of warrants	(263,933)	-	(263,933)
	-	4,909,325	4,909,325
Deficit of revenues and other sources over expenditures and other uses	(82,711)	(153,179)	(235,890)
Change in net assets	-	-	-
Fund balances/net assets-beginning	215,093	945,257	1,160,350
Fund balances/net assets-ending	$ 132,382	$ 792,078	$ 924,460

See Notes to Basic Financial Statements.

Adjustments	Statement of Activities
$ -	$ 1,060,443
-	1,385
-	152
6,936	6,936
-	196,547
-	3,123
6,936	1,268,586
-	541
187,351	187,351
-	5,185
-	20,789
427,264	427,264
-	32,004
-	1,200
-	3,531
	4,850
-	35,634
250	1,981
-	1,423
-	413,209
-	48,106
(227,880)	-
(5,285,000)	-
(10,992)	314,790
(4,909,007)	1,497,858
5,145,215	-
(4,875,000)	-
(298,258)	-
263,933	-
(4,909,325)	-
235,890	-
$ (236,208)	(229,272)
	2,112,758
	$ 1,883,486

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

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
For the Year Ended June 30, 2012

	Budgeted Amounts Original and Final	Actual amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
REVENUES			
Personal and real property taxes	$ 294,590	$ 294,019	$ (571)
Interest on taxes	-	381	381
Miscellaneous	168,000	176,358	8,358
State motor vehicle tax allocation	800	859	59
Total revenues	463,390	471,617	8,227
EXPENDITURES			
Current			
Accounting fees	-	541	(541)
Audit fees	5,185	5,185	-
Chairman and clerk bonds	-	200	(200)
Collection fees	-	5,717	(5,717)
Engineering fees	75,000	47,266	27,734
Insurance	4,000	3,331	669
Interest on registered warrants	-	4,850	(4,850)
Legal fees	25,000	36,617	(11,617)
Miscellaneous	315	110	205
Publishing	1,000	1,423	(423)
Repairs and maintenance	615,000	423,377	191,623
Utilities	50,000	59,644	(9,644)
Total expenditures	775,500	588,261	187,239
Excess (deficit) of revenues over expenditures	(312,110)	(116,644)	195,466
OTHER FINANCING SOURCES (USES)			
Issuance of warrants	190,000	293,372	103,372
Retirement of warrants	(27,500)	(291,330)	(263,830)
	162,500	2,042	(160,458)
Excess (deficit) of revenues and other sources over expenditures and other uses	(149,610)	(114,602)	35,008
Fund balance, beginning	152,324	152,324	-
Fund balance, ending	$ 2,714	$ 37,722	$ 35,008

See Notes to Basic Financial Statements.

Budget to GAAP Reconciliation	Actual amounts (GAAP Basis)
$ (2,397)	$ 291,622
-	381
-	176,358
-	859
(2,397)	469,220
-	541
-	5,185
(200)	-
-	5,717
(15,262)	32,004
200	3,531
-	4,850
(983)	35,634
1,621	1,731
-	1,423
(10,168)	413,209
(11,538)	48,106
(36,330)	551,931
33,933	(82,711)
(293,372)	-
291,330	-
(2,042)	-
$ 31,891	(82,711)
	215,093
	$ 132,382

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

BUDGETARY COMPARISON SCHEDULE FOR THE DEBT SERVICE FUND
For the Year Ended June 30, 2012

	Budgeted Amounts Original and Final	Actual amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
REVENUES			
Personal and real property taxes	$ 776,650	$ 775,142	$ (1,508)
Interest on taxes	-	1,004	1,004
Interest on investments	800	205	(595)
Miscellaneous	-	20,189	20,189
State motor vehicle tax allocation	2,000	2,264	264
Total revenues	779,450	798,804	19,354
EXPENDITURES			
Current			
Collection fees	-	15,072	(15,072)
Fiscal agent fees	500	1,200	(700)
Capital outlay-bond issue costs	-	227,880	(227,880)
Debt service:			
Bond principal	485,000	5,285,000	(4,800,000)
Bond interest	323,273	325,782	(2,509)
Total expenditures	808,773	5,854,934	(5,046,161)
Deficit of revenues over expenditures	(29,323)	(5,056,130)	(5,026,807)
OTHER FINANCING SOURCES			
Bond issue proceeds	-	4,875,000	4,875,000
Issuance of warrants	-	34,325	34,325
	-	4,909,325	4,909,325
Deficit of revenues and other sources over expenditures	(29,323)	(146,805)	(117,482)
Fund balance, beginning	603,869	603,869	(7,395)
Fund balance, ending	$ 574,546	$ 457,064	$ (124,877)

See Notes to Basic Financial Statements.

Budget to GAAP Reconciliation	Actual amounts (GAAP Basis)
$ (6,321)	$ 768,821
-	1,004
(53)	152
-	20,189
-	2,264
(6,374)	792,430
-	15,072
-	1,200
-	227,880
-	5,285,000
-	325,782
-	5,854,934
(6,374)	(5,062,504)
-	4,875,000
-	34,325
-	4,909,325
$ (6,374)	(153,179)
	945,257
	$ 792,078

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

NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

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, 2012.

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, 2012 was $187,351.

Note 2. Concentration of Credit Risk

At June 30, 2012, the balance in cash of $494,786 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, 2012 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		$ 924,460
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	(5,824,460)	
		7,687,557
Other long-term assets are not current financial resources and therefore not reported in the fund financial statements:		
Bond issue costs	345,908	
Accumulated amortization	(66,995)	
		278,913
Liabilities are not due and payable in the current period and therefore not reported in governmental funds statements:		
Bond payable		(6,960,000)
Interest payable – bonds		(19,555)
Warrants payable		(34,825)
Net assets of governmental activities		$ 1,876,550

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	$ (235,890)
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	5,285,000
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	(298,258)
Proceeds from issuance of bonds is recorded as other financing sources on the funds statements, but do not affect the statement of net assets in the government-wide statements	(4,875,000)
Capital outlay is recorded as an expenditure in the fund statement but not in the statement of activities	227,880
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	263,933
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	(187,351)
Decrease in interest payable - bonds	10,992
Miscellaneous - adjustment	(250)
Change in net assets of governmental activities	$ (236,208)

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, 2012. The balance of unpaid interest at June 30, 2012 was $6,926.

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
2011-2012	$136,583,050	.220000	.580000	.800000

Note 6. Capital Assets

A summary of capital assets for the year ended June 30, 2012 is as follows:

Governmental activities	Balance at 6/30/11	Additions	Balance at 6/30/12
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	(5,397,196)	(427,264)	(5,824,460)
Capital assets, net	$ 8,114,821	$ (427,264)	$ 7,687,557

The district recorded depreciation expense of $427,264 for the year ended June 30, 2012.

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
2013	$ -	$ -
2014	10	-
2015	29,426	-
2016	-	-
2017	-	34,825
Totals	$ 29,436	$ 34,825

Note 8. General Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2012 is as follows:

Debt Service fund	Balance 6/30/11	Proceeds	(Retired)	Balance 6/30/12	Due within one year
2004 Bond Issue	$ 5,090,000	-	$ (5,090,000)	$ -	$ -
2009 Bond Issue	2,280,000	-	(195,000)	2,085,000	200,000
2012 Bond Issue	-	4,875,000	-	4,875,000	340,000
	$ 7,370,000	4,875,000	$ (5,285,000)	$ 6,960,000	$ 540,000

The District issued general obligation bonds totaling $6,850,000 on April 1, 2004. This bond was paid off with the refunding bond issue dated June 1, 2012.

The District issued general obligation bonds totaling $2,650,000 on July 1, 2001, with a balance of $2,085,000 at June 30, 2012. The remaining bonds are due serially beginning May 15, 2013 through May 15, 2021. The remaining annual maturities range from $200,000 in 2013 to $270,000 in 2021. Interest is payable semi-annually on this issue at 2.80% to 4.80% per annum.

The District issued general obligation bonds totaling $4,875,000 on June 1, 2012, with a balance of $4,875,000 at June 30, 2012. The remaining bonds are due serially beginning June 1, 2013 through June 1, 2024. The remaining annual maturities range from $340,000 in 2013 to $475,000 in 2024. Interest is payable semi-annually on this issue at 1.20% to 3.25% 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
2013	$ 540,000	$ 193,773	$ 733,773
2014	565,000	184,092	749,092
2015	585,000	172,672	757,672
2016	595,000	159,705	754,705
2017	615,000	145,300	760,300
2018-2022	3,120,000	442,533	3,562,533
2023-2024	940,000	45,290	985,290
Totals	$ 6,960,000	$ 1,343,365	$ 8,303,365

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)	$ 37,722	$ 457,064
Adjustments to generally accepted accounting principles		
Revenue accruals	130,751	335,014
Expenditure accruals	(36,091)	-
Fund balance, ending (GAAP basis)	$ 132,382	$ 792,078

Note 10. Unfavorable Budget Differences

The Debt Service Fund had excess of expenditures over appropriations for the year ended June 30, 2012.

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 May 3, 2013, the date the financial statements were available to be issued.

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

TAXES RECEIVABLE
June 30, 2012

Fiscal Year	Receivable at June 30 2011	Taxes Assessed	Taxes Adjusted*	Taxes Collected	Receivable at June 30 2012
General Fund:					
Personal and real property taxes					
2009-2010	$ 5,833	$ -	$ (5,833)	$ -	$ -
2010-2011	140,921	-	-	134,551	6,370
2011-2012	-	300,483	-	159,468	141,015
	$ 146,754	$ 300,483	$ (5,833)	$ 294,019	$ 147,385
Debt Service Fund:					
Personal and real property taxes					
2009-2010	$ 15,377	$ -	$ (15,377)	$ -	$ -
2010-2011	371,519	-	-	354,726	16,793
2011-2012	-	792,182	1	420,416	371,767
	$ 386,896	$ 792,182	$ (15,376)	$ 775,142	$ 388,560

*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

SPECIAL ASSESSMENTS RECEIVABLE
June 30, 2012

Assessment Date	Total Assessment	Receivable at June 30, 2011	Assessments Collected	Receivable at June 30, 2012	Delinquent Balance June 30, 2012
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, 2012

Bond Numbers	Interest Rates	Maturity Dates	Amount
Issue date: May 15, 2009			
Option call date: Bond numbers 195-237 on or after May 15, 2014.			
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
			2,085,000
Issue date: June 1, 2012			
Option call date: Bond numbers 290-366 on or after June 1, 2017.			
1-68	1.20%	June 1, 2013	340,000
69-140	1.35%	June 1, 2014	360,000
141-214	1.50%	June 1, 2015	370,000
215-289	1.70%	June 1, 2016	375,000
290-366	1.90%	June 1, 2017	385,000
367-445	2.10%	June 1, 2018	395,000
446-526	2.35%	June 1, 2019	405,000
527-610	2.55%	June 1, 2020	420,000
611-697	2.80%	June 1, 2021	435,000
698-787	2.95%	June 1, 2022	450,000
788-880	3.10%	June 1, 2023	465,000
881-975	3.25%	June 1, 2024	475,000
			4,875,000
			$ 6,960,000

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, 2012

Gross income from all sources	$ 1,261,650
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	$ 413,209
New equipment	-
New construction work	-
Real estate purchased	-
Number of employees	Not Applicable
Salaries and fees paid employees	-
Total amount of property taxes levied	$ 1,092,665
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, 2012

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		
John Ritchey	Trustee		
Wes Lyons	Trustee		

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. The trustees have no access to District funds which are handled by the Sarpy County Treasurer.

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 May 3, 2013.

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
May 3, 2013

INFINITY
CPA GROUP, LLC

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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 3, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The board of the District is responsible for establishing and maintaining effective 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. This deficiency is shared by most, if not all, other small governmental bodies whose records we audit.