



**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

**FINANCIAL STATEMENTS AND
ACCOMPANYING INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2010

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

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December 28, 2010

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Sanitary and Improvement District No. 176
of Sarpy County, Nebraska

We have audited the accompanying financial statements of the governmental activities and each fund of Sanitary and Improvement District No. 176 of Sarpy County, Nebraska (the "District"), as of June 30, 2010 and for the year then ended, which collectively comprise the District's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of the District as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2010 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 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.

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 a part of, the basic financial statements.

The Budgetary Comparison Schedules and Note on pages 15 - 17 are not a required part of the basic financial statements, but is supplementary information required by the GAAP. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information included on pages 18 - 19 is presented for purpose of additional analysis and is not a required part of the basic financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit the information and do not express an opinion on it.

Orizon CPAs LLC
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**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>Governmental Activities</u>
ASSETS:	
Cash with County Treasurer	\$ 278,925
Investments with County Treasurer	309,743
Accounts receivable	8,368
Property tax receivable	160,056
Accrued interest on investments	141
Bond issue costs, net of accumulated amortization	118,802
Capital assets, net of accumulated depreciation	<u>2,864,822</u>
TOTAL ASSETS	<u>3,740,857</u>
 LIABILITIES:	
Accounts payable	15,796
Accrued interest on bonds	90,689
Current portion of long-term liabilities	80,000
Bonds payable	<u>3,935,000</u>
TOTAL LIABILITIES	<u>4,121,485</u>
 NET ASSETS:	
Invested in capital assets, net of related debt	(1,122,065)
Restricted for debt service	621,632
Unrestricted	<u>119,805</u>
TOTAL NET ASSETS (DEFICIT)	<u>\$ (380,628)</u>

See the Accompanying Notes to the Basic Financial Statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Governmental Activities</u>
Governmental activities expenses:	
General services	\$ 224,415
Interest on indebtedness	200,285
Net program expenses	<u>424,700</u>
General revenues:	
Property taxes	362,154
Motor vehicle taxes	1,275
Interest income	513
Miscellaneous income	<u>17,297</u>
Total general revenues	<u>381,239</u>
Change in net assets	(43,461)
Net assets (deficit) - beginning of year	<u>(337,167)</u>
Net assets (deficit) - end of year	<u>\$ (380,628)</u>

See the Accompanying Notes to the Basic Financial Statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

JUNE 30, 2010

	General	Debt Service	Total Governmental Funds
ASSETS:			
Cash with County Treasurer	\$ 66,983	\$ 211,942	\$ 278,925
Investments with County Treasurer		309,743	309,743
Accounts receivable	8,368		8,368
Property tax receivable	60,021	100,035	160,056
Accrued interest on investments		141	141
Total assets	\$ 135,372	\$ 621,861	\$ 757,233
 LIABILITIES:			
Accounts payable	\$ 15,567	\$ 229	\$ 15,796
Deferred revenue	1,801	3,001	4,802
Total liabilities	17,368	3,230	20,598
 FUND BALANCE:			
Restricted for:			
Debt service fund		618,631	618,631
Unrestricted	118,004		118,004
Total fund balance	118,004	618,631	736,635
Total liabilities and fund balances	\$ 135,372	\$ 621,861	\$ 757,233

See the Accompanying Notes to the Basic Financial Statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS**

JUNE 30, 2010

Total fund balance - governmental funds	\$ 736,635
Amounts reported for governmental activities in the statement of net assets are different because:	
Infrastructure, property and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,864,822
Bond issue costs were expensed once incurred in the fund financials, but are capitalized and amortized over the life of the bonds on the Statement of Net Assets as deferred charges.	118,802
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(4,015,000)
Accrued interest expense from the balance sheet that requires current financial resources for governmental activities.	(90,689)
Deferred revenues represent funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.	<u>4,802</u>
Total net assets (deficit) - governmental activities	<u>\$ (380,628)</u>

See the Accompanying Notes to the Basic Financial Statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2010

	General	Debt Service	Total Governmental
REVENUES:			
Property taxes	\$ 194,214	\$ 330,988	\$ 525,202
Motor vehicle tax	478	797	1,275
Interest on investments		513	513
Miscellaneous	17,297		17,297
Total revenues	211,989	332,298	544,287
EXPENDITURES:			
Current:			
Administrative costs	908		908
Professional fees	13,168		13,168
Fiscal fees		500	500
Collection fees - County Treasurer	3,738	6,374	10,112
Insurance	3,720		3,720
Mowing	2,580		2,580
Repairs and maintenance	11,138		11,138
Electricity	11,246		11,246
Interest on warrants	6,581		6,581
Bonds principal		75,000	75,000
Interest on bonds		199,151	199,151
Total expenditures	53,079	281,025	334,104
EXCESS OF REVENUES OVER EXPENDITURES	158,910	51,273	210,183
OTHER FINANCING USES:			
Warrants paid	(90,789)		(90,789)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	68,121	51,273	119,394
FUND BALANCE - beginning of year	49,883	567,358	617,241
FUND BALANCE - end of year	\$ 118,004	\$ 618,631	\$ 736,635

See the Accompanying Notes to the Basic Financial Statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE CHANGES IN
NET ASSETS OF GOVERNMENTAL ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances - governmental funds	\$ 119,394
Amounts reported for governmental activities in the statement of activities differ because:	
Governmental funds report capital outlays, net of refunds, as expenditures. However, in the Statement of Activities, the cost of those assets will be allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(159,778)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Additionally, the effect of issuance costs, premiums, discounts and similar items when new debt is issued, whereas, these amounts are deferred and amortized in the statement of activities. This is the amount that bond principal repayments exceeded amortization expense.	63,735
The net change in accrued interest expense that does not require current financial resources.	5,447
The net change in deferred revenues that does not provide current financial resources.	(163,048)
Proceeds from issuance of warrants are reported as an other financing source and payments of warrants are reported as an expenditure in the governmental funds, but these transactions are recorded as changes to noncurrent liabilities on the Statement of Net Assets.	<u>90,789</u>
Change in net assets - governmental activities	\$ <u>(43,461)</u>

See the Accompanying Notes to the Basic Financial Statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sanitary and Improvement District No. 176 of Sarpy County, Nebraska (the "District") is a governmental subdivision authorized under the statutes of the State of Nebraska. It was formed for the purposes of installation and maintenance of streets and utility systems and contracting for street lighting.

The District complies with accounting principles generally accepted in the United States of America ("GAAP"). The District's reporting entity applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements and applicable Financial Accounting Standards Board ("FASB") and Accounting Principles Board ("APB") opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. Governments have the option of following subsequently issued FASB statements subject to this same limitation. The District has elected not to follow the subsequently issued FASB statements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Reporting Entity

The District's financial statements are presented as the primary government and include all departments and activities for which the District is financially accountable. The District has determined that there are no potential component units that meet the criteria for inclusion in the financial statements.

Basis of Presentation

Government-Wide Financial Statements – The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements present the District's financial statements as governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Alternatively, business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District does not operate any business-type activities.

Fund Financial Statements – Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, receipts and disbursements. The District only has governmental funds. The District currently has no fiduciary or proprietary funds. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District, meets specific mathematical criteria set forth by GASB or is identified as a major fund by the District's management. All of the District's funds meet the criteria of a major fund.

The major governmental funds of the reporting entity are described below:

General Fund – This fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all financing resources except those required to be accounted for in other funds.

Debt Service Fund – This fund is used to account for infrastructure related capital asset acquisition and development and the accumulation of resources for the payment of general long-term obligations, interest and related costs.

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded, regardless of the measurement focus applied.

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 earned, and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows. Property tax revenues are recognized in the year in which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are recorded as revenue when levied and collected within 60 days after June 30, 2010. Prior year levies were recorded using these same principles. The portion of the taxes not collected within 60 days after year-end is recorded as deferred revenue.

Investments

The District may by statute invest in U.S. Government obligations, certificates of deposit and other time deposits. All investments are in U.S. Treasury bills and all investment activities are conducted through the District's fiscal agent, the Sarpy County Treasurer.

Investments are stated at cost, which approximates fair value. Additional deposit and investment disclosures are presented in Note 3.

Receivables

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. Property tax receivables are written-off when deemed uncollectible. Recoveries of property tax receivables previously written off are recorded when received. Interest income on property taxes and special assessments is recognized when received.

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets

The District's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The District maintains infrastructure asset records consistent with all other capital assets. The assets are depreciated using the straight-line method over the following estimated useful lives:

Paving and sewers	30 years
Gas, electric and water distribution systems	30 years

Long-term Debt

In the government-wide financial statements, outstanding debt is reported as a liability. The governmental fund financial statements recognize proceeds of debt and premiums as other financing sources of the current period.

Equity Classification

Government-wide Statements:

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by 1) external groups, such as creditors, grantors, contributors or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of restricted net assets.

It is the District's policy to use restricted net assets, first, prior to the use of unrestricted net assets, when a disbursement is made for purposes in which both restricted and unrestricted net assets are available.

Fund Financial Statements:

Governmental fund equity is reported as fund balance within each respective fund.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

2. BUDGET PROCESS AND PROPERTY TAXES

The District is required by state law to adopt annual budgets for the General Fund and Debt Service Fund. Each budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act.

State Statutes of the Nebraska Budget Act provide the prescribed budget practices and procedures that governing bodies are required to follow. The amounts that may be budgeted for certain specific funds are subject to various expenditures and/or tax levy limitations.

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

- a. The Board of Trustees considers a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at a public meeting to obtain taxpayer comments.
- c. Prior to September 20, the budget is legally enacted by a resolution of the Board of Trustees.
- d. An encumbrance system is not used by the District and all appropriations lapse at the end of the fiscal year.
- e. The budget is adopted on a per-fund basis and all adjustments or supplemental appropriations must be approved by the Board of Trustees. No such adjustments or supplemental appropriations were made to the 2009-2010 budget.

The property tax requirement resulting from the budget process is utilized to establish the tax levy in accordance with State statutes, which tax levy attaches as an enforceable lien on property within the District as of December 31. Taxes are due as of that date. One-half of the real estate taxes become delinquent after the following April 1, with the second one-half becoming delinquent after August 1. The District levied taxes for 2009-2010 at the rate of \$0.300000 per \$100 for the Bond Fund and \$0.500000 per \$100 for the General Fund on an estimated property valuation of \$46,609,792.

3. DEPOSITS AND INVESTMENTS

Deposit and investment risks include:

- Custodial Credit Risk – for deposits and investments, custodial credit risk is the risk that in the event of the failure of a bank or other counterparty, the District will not be able to recover the value of its deposits or investments or collateral securities in the possession of a third party.
- Credit Risk – for deposits and investments, credit risk is the risk that a bank or other counterparty defaults on its principal and/or interest payments owed to the District.
- Interest Rate Risk – for deposits and investments, interest rate risk is the risk that the value of deposits and investments will decrease as a result of a rise in interest rates.

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

3. DEPOSITS AND INVESTMENTS, CONTINUED

The District has not adopted specific policies for the above risks, but requires compliance with the provisions of state statutes.

According to State statutes, Sanitary and Improvement Districts are required to maintain their cash with the County Treasurer. At June 30, 2010, the County Treasurer has represented to the District that the District's cash maintained by the County Treasurer is insured or collateralized in the County Treasurer's name.

The District may by State statute invest in U.S. Government obligations, certificates of deposit and other time deposits. The District's investments of \$309,743 consist primarily of U.S. Treasury Bills with an original maturity of less than one year. As of June 30, 2010, all of the District's investments were uninsured and unregistered investments for which the securities were held by the County Treasurer in the District's name.

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset balances for the period ended June 30, 2010 are summarized below:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>June 30, 2010</u>
Paving, sanitary and storm sewer	\$ 2,719,558		\$ 2,719,558
Gas, electric and water distribution	<u>2,073,797</u>		<u>2,073,797</u>
	4,793,355		4,793,355
Less: accumulated depreciation	<u>(1,768,755)</u>	<u>\$ (159,778)</u>	<u>(1,928,533)</u>
Net capital assets	<u>\$ 3,024,600</u>	<u>\$ (159,778)</u>	<u>\$ 2,864,822</u>

5. BOND ISSUE COSTS

The bond issue costs of general obligation bonds payable are being amortized using the interest method over the life of the bonds.

6. LONG-TERM DEBT

The following general obligation bond issue is outstanding at June 30, 2010:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>June 30, 2009</u>	<u>Payments</u>	<u>June 30, 2010</u>
July 15, 2006	4.0 to 5.15%	<u>\$ 4,090,000</u>	<u>\$ (75,000)</u>	<u>\$ 4,015,000</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

6. LONG-TERM DEBT, CONTINUED

Aggregate principal and interest payments applicable to the District's bond issue subsequent to June 30, 2010 are as follows:

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 80,000	\$ 196,070	\$ 276,070
2012	85,000	192,728	277,728
2013	90,000	189,095	279,095
2014	95,000	185,162	280,162
2015	100,000	180,920	280,920
2016-20	1,030,000	798,120	1,828,120
2021-25	1,710,000	442,199	2,152,199
2026-27	<u>825,000</u>	<u>43,131</u>	<u>868,131</u>
TOTAL	<u>\$ 4,015,000</u>	<u>\$ 2,227,425</u>	<u>\$ 6,242,425</u>

7. COMMITMENTS

The District formed an inter-local agreement, dated June 2, 2005, with Sanitary and Improvement District No. 192 to share operating costs of the sanitary sewer lift station. The District's share is 32.359% and District No. 192's share is 67.641%. Total costs paid by the District during the year ended June 30, 2010 were \$2,745.

On May 27, 2010, the District accepted a bid in the amount of \$17,580 for street repairs. As of June 30, 2010, this project has not been completed.

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors or omissions, injuries, or acts of God. These risks are transferred to independent issuance carriers and no self-insurance program is maintained by the District. District management believes adequate coverage exists for potential exposures as of June 30, 2010. There have been no claims that have exceeded this coverage for any of the past three years.

9. EXCESS OF DISBURSEMENTS OVER APPROPRIATIONS IN INDIVIDUAL FUNDS

The General Fund had disbursements in excess of appropriations totaling \$17,435 due to the repayment of outstanding warrants exceeding budgeted amounts for the year ended June 30, 2010. The Debt Service Fund had disbursements in excess of appropriations totaling \$304 due to County Treasurer fees on collections of prior year taxes.

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

BUDGETARY COMPARISON SCHEDULE - CASH BASIS - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
RECEIPTS:			
Property taxes	\$ 139,829	\$ 191,629	\$ 51,800
State motor vehicle tax allocation	360	478	118
Miscellaneous revenue		<u>17,297</u>	<u>17,297</u>
Total receipts	<u>140,189</u>	<u>209,404</u>	<u>69,215</u>
DISBURSEMENTS:			
Current operations:			
Administrative costs	2,000	908	1,092
Professional fees	20,000	34,174	(14,174)
Street cleaning	600		600
Collection fees - County Treasurer	2,742	3,738	(996)
Insurance	4,200	4,229	(29)
Mowing	10,500	2,640	7,860
Repair and maintenance	10,500	2,760	7,740
Electricity	19,500	15,308	4,192
Publication fees	150		150
Miscellaneous	500		500
Interest on warrants	<u>8,000</u>	<u>6,581</u>	<u>1,419</u>
Total disbursements	<u>78,692</u>	<u>70,338</u>	<u>8,354</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	61,497	139,066	77,569
OTHER FINANCING USES:			
Warrants issued prior year paid	<u>(65,000)</u>	<u>(90,789)</u>	<u>(25,789)</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS AND OTHER FINANCING USES	<u>\$ (3,503)</u>	48,277	<u>\$ 51,780</u>
BUDGETARY FUND BALANCE - beginning of year		<u>18,706</u>	
BUDGETARY FUND BALANCE - end of year		<u>\$ 66,983</u>	

See the Accompanying Note to Required Supplementary Information.

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

BUDGETARY COMPARISON SCHEDULE - CASH BASIS - DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2010

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS:			
Property taxes	\$ 233,049	\$ 326,635	\$ 93,586
State motor vehicle tax allocation	990	797	(193)
Interest on investments	6,000	625	(5,375)
Total receipts	240,039	328,057	88,018
DISBURSEMENTS:			
Fiscal fees	500	500	
Legal fees	1,500		1,500
Collection fees - County Treasurer	4,570	6,374	(1,804)
Bond principal	75,000	75,000	
Interest on bonds	199,151	199,151	
Total disbursements	280,721	281,025	(304)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	\$ (40,682)	47,032	\$ 87,714
BUDGETARY FUND BALANCE - beginning of year		474,653	
BUDGETARY FUND BALANCE - end of year		\$ 521,685	

See the Accompanying Note to Required Supplementary Information.

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULES**

FOR THE YEAR ENDED JUNE 30, 2010

1. BUDGETARY ACCOUNTING

The District prepares its budgets on the cash basis of accounting. Accordingly, revenues are recognized when cash is received by the District and expenditures are recognized when cash is disbursed. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this method of accounting, all unexpended appropriations lapse at the end of the budget year.

Amounts presented on the cash basis of accounting differ from those presented in accordance with GAAP due to the treatment of accruals. A reconciliation for the year ended June 30, 2010, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

	General Fund	Debt Service Fund
Excess of revenues over expenditures and other financing uses (budgetary basis)	\$ 48,277	\$ 47,032
Adjustments:		
To adjust revenues for receivables and deferred revenue	10,953	4,241
To adjust expenditures for payables and accrued expenses	<u>8,891</u>	<u> </u>
Excess of revenues over expenditures and other financing uses (GAAP basis)	<u>\$ 68,121</u>	<u>\$ 51,273</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

**INFORMATION REQUIRED BY SECTION 31-740,
REISSUE REVISED STATUTES OF NEBRASKA**

FOR THE YEAR ENDED JUNE 30, 2010

Gross revenue from all sources in prior year	\$ 365,356
Amounts spent for access to facilities and use of the services of the library system of one or more neighboring cities or villages	None
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 maintenance and repairs	\$ 11,138
Amount expended for new equipment	None
Amount expended for new construction work	None
Amount expended for property	None
Number of employees	None
Salaries and fees paid employees	None
Total amount of taxes levied upon the property within the District	\$ 372,878

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

BOARD OF TRUSTEES AND RELATED BONDS

JUNE 30, 2010

TRUSTEES

Daniel Sedlacek, Chairman
Larry Brown, Clerk
Theresa Bima-Reeves, Trustee
Joseph McCaslin, Trustee
Patrick Lutz, Trustee

BONDS

Western Surety \$ 5,000
Western Surety \$ 20,000

ORIZON CPAs LLC
CERTIFIED PUBLIC ACCOUNTANTS
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OMAHA, NEBRASKA 68130



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December 28, 2010

**INDEPENDENT AUDITOR'S 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. 176
of Sarpy County, Nebraska**

We have audited the basic financial statements of Sanitary and Improvement District No. 176 of Sarpy County, Nebraska (the "District") as of and for the year ended June 30, 2010, and have issued our report thereon dated December 28, 2010. Our report disclosed that the financial statements do not include Management's Discussion and Analysis in the required supplementary information. 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 opinion 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 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as 2010-1 that we consider to be a significant deficiency in internal control over financial reporting. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, the General Fund and the Debt Service Fund did exceed its budgeted expenditures.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

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

Orizon CPAs LLC
ORIZON CPAs LLC

**SANITARY AND IMPROVEMENT DISTRICT NO. 176
OF SARPY COUNTY, NEBRASKA**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2010

A. FINANCIAL STATEMENT FINDINGS

2010-1 SIGNIFICANT DEFICIENCY

Financial Statement Preparation

Condition: The District's management does not appear to possess the expertise to prepare its financial statements or detect and correct a potential misstatement in the presentation of the financial statements or notes in accordance with accounting principles generally accepted in the United States of America.

Criteria: The District's management should possess the expertise to prepare, detect and correct a potential misstatement in the presentation of the financial statements or notes in accordance with accounting principles generally accepted in the United States of America.

Effect: Intentional or unintentional errors could be made and not be detected within a timely period by the District's management in the normal course of performing their assigned functions.

Recommendation: A remedy for this situation would be for the District to engage a person with enough accounting experience to assist the District with the preparation of the District's financial statements.

Response: At this time, the Board of Trustees of the District believes that the benefit of eliminating this significant deficiency does not outweigh the cost of engaging a duly qualified person to assist with the preparation of the financial statements.