SANITARY AND IMPROVEMENT DISTRICT NO. 179
OF SARPY COUNTY, NEBRASKA

BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
(WITH INDEPENDENT AUDITORS' REPORT THEREON)

YEAR ENDED JUNE 30, 2011

SANITARY AND IMPROVEMENT DISTRICT NO. 179
OF SARPY COUNTY, NEBRASKA

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Sanitary and Improvement District No. 179
of Sarpy County, Nebraska

We have audited the accompanying financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 179 of Sarpy County, Nebraska (a political subdivision) 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 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 major fund of Sanitary and Improvement District No. 179 of Sarpy County, Nebraska as of June 30, 2011, and the respective changes in financial position thereof 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 20, 2011 on our consideration of Sanitary and Improvement District No. 179 of Sarpy County'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.

INDEPENDENT AUDITORS' REPORT- continued

The Budgetary Comparison Information – General Fund and the Budgetary Comparison Information – Debt Service Fund on pages 17 through 20 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 express no 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 other supplementary information on pages 21 through 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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.

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

HANCOCK & DANA PC

Hancock & Dana PC

Omaha, Nebraska
December 20, 2011

SANITARY AND IMPROVEMENT DISTRICT NO. 179
OF SARPY COUNTY, NEBRASKA
Statement of Net Assets
June 30, 2011

ASSETS		
Cash on deposit - County Treasurer	$	346,158
Investments		164,972
Taxes receivable		139,893
Special assessments receivable		126,532
Accrued interest on special assessments		128,068
Capital assets, net of accumulated depreciation		1,787,920
Bond issue costs, net of accumulated amortization		262,777
Total Assets	**$**	**2,956,320**
LIABILITIES		
Accounts payable		22,396
Accrued interest		26,021
Noncurrent liabilities		
Bonds payable		
Due within one year		140,000
Due in more than one year		2,655,000
Total Liabilities	**$**	**2,843,417**
NET ASSETS		
Invested in capital assets, net of related debt		(744,303)
Restricted for debt service		770,107
Unrestricted		87,099
Total Net Assets	**$**	**112,903**

See accompanying notes to basic financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 179
OF SARPY COUNTY, NEBRASKA
Statement of Activities
For the year ended June 30, 2011

GOVERNMENTAL ACTIVITIES:

EXPENSES - GENERAL GOVERNMENT		
Professional and administrative expenses	$	32,389
Maintenance and street lighting		32,338
Depreciation		107,155
Amortization		22,554
Interest		114,161
		308,597
GENERAL REVENUES		
Property taxes, net of uncollectible taxes		312,285
Interest		14,501
Miscellaneous		841
		327,627
Change in net assets		**19,030**
Net assets - beginning of year		**93,873**
Net assets - end of year	**$**	**112,903**

See accompanying notes to basic financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 179
OF SARPY COUNTY, NEBRASKA
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash on deposit - County Treasurer	$ 75,503	$ 270,655	$ 346,158
Investments	-	164,972	164,972
Taxes receivable	33,492	106,401	139,893
Special assessments receivable	-	126,532	126,532
Total Assets	**$ 108,995**	**$ 668,560**	**$ 777,555**
LIABILITIES			
Accounts payable	$ 21,896	$ 500	$ 22,396
Special assessments deferred revenue	-	126,532	126,532
Total Liabilities	21,896	127,032	148,928
FUND BALANCES			
Restricted for debt service	-	541,528	541,528
Unassigned	87,099	-	87,099
Total Fund Balances	87,099	541,528	628,627
Total Liabilities and Fund Balances	**$ 108,995**	**$ 668,560**	**$ 777,555**

See accompanying notes to basic financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 179
OF SARPY COUNTY, NEBRASKA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2011

Total Fund Balances - Governmental Funds		**$ 628,627**
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds:		
Capital assets	$ 3,200,887	
Accumulated depreciation	(1,412,967)	1,787,920
Other assets are not financial resources and, therefore, not reported in the governmental funds:		
Bond issue costs	406,988	
Accumulated amortization	(144,211)	262,777
Deferred revenue on special assessments in the governmental funds has been recorded as revenue in the government-wide statements.		126,532
Interest is accrued as revenue on unpaid special assessments in the government-wide statements whereas interest on special assessments is recorded as revenue in the governmental funds when collected.		128,068
Long-term liabilities are not due and payable in the current period and, therefore, not reported in the governmental funds:		
Bonds payable	(2,795,000)	
Accrued interest	(26,021)	(2,821,021)
Net Assets of Governmental Activities		**$ 112,903**

See accompanying notes to basic financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 179
OF SARPY COUNTY, NEBRASKA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2011

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Taxes assessed	$ 74,806	$ 237,619	$ 312,425
Interest on taxes	50	185	235
Special assessments	-	27,447	27,447
Interest on special assessments	-	27,436	27,436
Interest on investments	-	333	333
State motor vehicle tax allocation	195	647	842
Total Revenues	75,051	293,667	368,718
EXPENDITURES			
Current:			
Collection fees - County Treasurer	1,361	5,749	7,110
Engineering fees	3,139	-	3,139
Insurance	2,870	-	2,870
Paying agent fees	-	1,000	1,000
Professional fees	18,271	-	18,271
Repairs and maintenance	16,812	-	16,812
Street lights	15,526	-	15,526
Uncollectible taxes	30	110	140
Debt service:			
Bond principal payments	-	125,000	125,000
Bond interest payments	-	105,404	105,404
Total Expenditures	58,009	237,263	295,272
Excess of revenues over expenditures and net change in fund balances	**17,042**	**56,404**	**73,446**
Fund balances - beginning of year	**70,057**	**485,124**	**555,181**
Fund balances - end of year	**$ 87,099**	**$ 541,528**	**$ 628,627**

See accompanying notes to basic financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 179
OF SARPY COUNTY, NEBRASKA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds	**$ 73,446**
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays, net of refunds, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays, net of refunds, in the current year.	(107,155)
Repayment of principal on noncurrent liabilities is reported as an expenditure in the governmental funds. In the statement of net assets, the repayment reduces long-term liabilities.	
Bond principal payments	125,000
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These expenses consist of:	
Amortization of bond issue costs	(22,554)
Change in accrued interest	(8,757)
Collections on special assessments and interest thereon have been reported as revenues in the governmental funds but are reported as decreases in receivables on the statement of net assets. This is the amount of collections on special assessments and the change in accrued interest thereon.	(40,950)
Change in Net Assets of Governmental Activities	**$ 19,030**

See accompanying notes to basic financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 179 OF SARPY COUNTY, NEBRASKA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Sanitary and Improvement District No. 179 of Sarpy County, Nebraska comply with the rules and regulations of the State of Nebraska, and conform in all material respects to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies.

DEFINITION OF DISTRICT – The District is a governmental subdivision created with the filing of the Petition and Articles of Association with the Secretary of State, State of Nebraska. The District was formed for the purpose of installing sewers, water, and public road systems within the District and contracting for water, fire protection, and lighting for roads. The District is located in Sarpy County and is commonly known as Eagle Crest.

REPORTING ENTITY – The Board of Trustees has governance responsibilities over all activities related to public improvements within the jurisdiction of the District. The accompanying financial statements present the District's primary government unit and do not include any component units because the District does not exercise financial accountability over any separate units. Financial accountability is based primarily on operational or financial relationships with the District including budget adoption, taxing authority, funding, and appointment of the respective governing board.

The Sarpy County Treasurer is the ex-officio treasurer of the District. All cash transactions and funds are required to be administered and recorded by the County Treasurer.

BASIS OF PRESENTATION – The basic financial statements of the District include the government-wide and the fund financial statements.

Government-Wide Financial Statements – The government-wide financial statements include the statement of net assets and the statement of activities, which report financial information for all nonfiduciary activities of the District. Individual funds are not displayed and internal activity between or within funds are eliminated. Governmental activities include programs supported primarily by taxes and other intergovernmental revenue. The District has no business type activities that rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The following is a description of the District's two governmental funds:

General Fund - The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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 when liabilities are incurred, regardless of the timing of related cash flows.

In the governmental fund financial statements, the 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 they become both measurable and available. Measurable means that 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. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred except for debt service expenditures and other long-term liabilities, which are recorded only when due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt are reported as another financing source in governmental funds.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue criteria are met, the liability for deferred revenue is removed from the governmental funds balance sheet and revenue is recognized.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

INVESTMENTS – Investments are stated at amortized cost, which approximates market. Premiums or discounts on investments are amortized on the straight-line method from date of purchase to date of maturity.

CAPITAL ASSETS – Within the government-wide financial statements, capital assets, including primarily infrastructure, are recorded at historical cost. The District defines capital assets as assets with an individual cost of more than $500 and an estimated useful life in excess of one year. Capital assets are depreciated using the straight-line method over their estimated useful lives in the government-wide statements.

The estimated useful lives are as follows:

Sanitary and Storm Sewers	25-30 years
Underground Power and Water	25 years
Paving	40 years
Miscellaneous Infrastructure (principally Legal Fees, Financing Fees and Park Improvements)	10-25 years

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. The District has purchased a commercial general liability insurance policy and bonds on its chairman and clerk to minimize the adverse effects of certain types of losses. There have been no significant reductions in insurance coverage and no significant claims or settlements for the current year or the three prior years. The District has retained the risk of loss for property damage to its public improvements.

CREDIT RISK – Receivables for property taxes and special assessments are due from property owners within the boundaries of the District located in Sarpy County, Nebraska.

AMORTIZATION – Bond issue costs are amortized over the term of the bonds (11-20 years) using the straight-line method in the government-wide financial statements. The amount of bond issue costs presented in the government-wide financial statements is net of accumulated amortization of $144,211 at June 30, 2011. Bond issue costs are recorded as expenditures in the governmental funds.

USE OF ESTIMATES – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

SUBSEQUENT EVENTS – The District has evaluated subsequent events through December 20, 2011, the date which the financial statements were available to be issued.

NOTE B – INVESTMENTS

The District is allowed to invest funds as permitted by Nebraska Statutes and allowable investments generally include U.S. government obligations, certificates of deposit and time deposits. During the year ended June 30, 2011, the District invested only in U.S. Treasury Bills. The District does not have a formal investment policy in place.

All investment activities are conducted through the County Treasurer and investments are held in the County's name.

At June 30, 2011, the District's investments in U.S. Treasury Bills had maturities of less than one year and the original purchase costs and amortized costs are as follows:

	Debt Service Fund
Original Purchase Costs	$ 164,948
Amortized Costs	$ 164,972

Investment risks that the District may be subject to consist of:

Interest Rate Risk - Since the District's investments are short-term, this risk is minimized at June 30, 2011.

Custodial Credit Risk - Since investments are held in the County's name, the District is exposed to this risk at June 30, 2011.

NOTE C – SPECIAL ASSESSMENTS

SPECIAL ASSESSMENT LEVY OF NOVEMBER 5, 1997 – Special assessments in the amount of $1,025,946 were levied against certain properties within the District in connection with the construction of improvements. Special assessments are due in ten annual installments through November, 2007 and bear interest at 8% per annum until delinquent and 10% per annum thereafter until paid. The balance due on this levy at June 30, 2011 amounted to $29,313.

SPECIAL ASSESSMENT LEVY OF NOVEMBER 15, 2000 – Special assessments in the amount of $839,620 were levied against certain properties within the District in connection with the construction of improvements. Special assessments are due in ten annual installments through November, 2010 and bear interest at 8% per annum until delinquent and 10% per annum thereafter until paid. The balance due on this levy at June 30, 2011 amounted to $97,219.

SANITARY AND IMPROVEMENT DISTRICT NO. 179 OF SARPY COUNTY, NEBRASKA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 is as follows:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Governmental Activities:				
Depreciable Capital Assets:				
Sanitary and Storm Sewers	$ 1,385,048	$ -	$ -	$ 1,385,048
Underground Power and Water	544,163	-	-	544,163
Paving	481,268	-	-	481,268
Miscellaneous Infrastructure	484,268	-	-	484,268
	2,894,747	-	-	2,894,747
Accumulated Depreciation:				
Sanitary and Storm Sewers	629,683	52,221	-	681,904
Underground Power and Water	284,888	21,766	-	306,654
Paving	162,429	12,031	-	174,460
Miscellaneous Infrastructure	228,812	21,137	-	249,949
	1,305,812	107,155	-	1,412,967
Net Depreciable Capital Assets	1,588,935	(107,155)	-	1,481,780
Non-depreciable Capital Assets				
Capital Facilities Charges	248,064	-	-	248,064
Land and Easement	58,076	-	-	58,076
	306,140	-	-	306,140
Capital Assets, net	$ 1,895,075	$ (107,155)	$ -	$ 1,787,920

NOTE E – WARRANTS PAYABLE

General fund warrants are due 3 years from the date of issuance. Debt service fund warrants are due 5 years from the date of issuance.

Warrants registered with the County bear interest at 7% per annum. Interest accrues on the warrants from the date of registration to the date they are called for payment.

The summary of warrant activity is as follows:

	General Fund	Debt Service Fund	Total
Balance Outstanding, June 30, 2010	$ -	$ -	$ -
Warrants Issued	48,289	17,018	65,307
Warrant Principal Payments	(48,289)	(17,018)	(65,307)
Balance Outstanding, June 30, 2011	$ -	$ -	$ -

NOTE E – WARRANTS PAYABLE - Continued

The District is not currently registering its warrants but is paying them on a current basis as presented to the County Treasurer. Accordingly, any outstanding warrant balance is presented as a current liability in the governmental funds balance sheet and in the statement of net assets.

NOTE F – BONDS PAYABLE

BOND ISSUE OF APRIL 15, 2005 – The $1,275,000 General Obligation Bonds, "Series 2005" Bond Issue is scheduled to mature in annual increments of $15,000 - $265,000 through April 15, 2025. At June 30, 2011, the outstanding balance was $1,190,000. Bonds bear interest payable semi-annually each October 15 and April 15 at a rate of 4.20% graduating to 5.10% depending on maturity date.

Bonds maturing April 15, 2011 to and including April 15, 2025 are subject to redemption in whole or in part anytime on or after April 15, 2010 at par plus accrued interest to the date set for redemption.

BOND ISSUE OF JUNE 1, 2010 – The $1,715,000 General Obligation Refunding Bonds, "Series 2010" Bond Issue is scheduled to mature in annual increments of $125,000 - $175,000 through October 1, 2021. At June 30, 2011, the outstanding balance was $1,605,000. Bonds bear interest payable semi-annually each October 1 and April 1 at a rate of 1.70% graduating to 4.30% depending on maturity date.

Bonds maturing October 1, 2015 to and including October 1, 2021 are subject to redemption in whole or in part anytime on or after April 1, 2015 at par plus accrued interest to the date set for redemption.

The following is a summary of bonds payable transactions of the District:

Balance Outstanding, June 30, 2010	$ 2,920,000
Bond Principal Payments	(125,000)
Balance Outstanding, June 30, 2011	$ 2,795,000

NOTE F – BONDS PAYABLE – Continued

Aggregate maturities of the bonds payable and interest due on this debt, for the next five years and thereafter are as follows:

	PRINCIPAL	INTEREST	TOTAL
June 30, 2012	$ 140,000	$ 112,215	$ 252,215
June 30, 2013	150,000	109,223	259,223
June 30, 2014	150,000	105,535	255,535
June 30, 2015	155,000	101,305	256,305
June 30, 2016	160,000	96,378	256,378
June 30, 2017-2021	885,000	386,391	1,271,391
June 30, 2022-2025	1,155,000	132,027	1,287,027
Total	$ 2,795,000	$ 1,043,074	$ 3,838,074

NOTE G – PROPERTY TAXES

Property taxes are levied in September and attach as an enforceable lien on the assessed property as of December 31. The first half payment becomes delinquent April 1 of the following year and the second half payment becomes delinquent August 1 of the following year. The Sarpy County Treasurer bills and collects all property taxes for the District.

The District has levied taxes for the year ended June 30, 2011 as follows:

GENERAL FUND	DEBT SERVICE FUND	ASSESSED VALUATION	TAXES LEVIED
(Cents per $100 Valuation)			
17.00	54.00	$44,003,591	$ 312,425

NOTE H – FUND BALANCES - GOVERNMENTAL FUNDS

Fund balances of the governmental funds are classified as follows:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

NOTE H – FUND BALANCES - GOVERNMENTAL FUNDS - Continued

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees. The Board of Trustees is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Trustees.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board of Trustees may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unasssigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)

SANITARY AND IMPROVEMENT DISTRICT NO. 179
OF SARPY COUNTY, NEBRASKA
Required Supplementary Information - Unaudited
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the year ended June 30, 2011

	Budget - Original/ Final	(Budgetary Basis) Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes assessed	$ 74,806	$ 67,988	$ (6,818)
Interest on taxes	100	50	(50)
State motor vehicle tax allocation	200	195	(5)
Homestead exemption allocation	-	597	597
Property tax credit	-	2,302	2,302
Total Revenues	75,106	71,132	(3,974)
EXPENDITURES			
Current:			
Collection fees - County Treasurer	1,467	1,361	106
Engineering fees	5,000	3,063	1,937
Insurance	1,000	1,605	(605)
Professional fees	26,000	15,644	10,356
Repairs and maintenance	60,000	18,939	41,061
Street lights	15,000	9,038	5,962
Water	3,000	-	3,000
	111,467	49,650	61,817
Debt service:			
Warrant principal payments	110,000	48,289	61,711
	110,000	48,289	61,711
Total Expenditures	221,467	97,939	123,528
Excess of revenues under expenditures	**(146,361)**	**(26,807)**	**119,554**
OTHER FINANCING SOURCES			
Issuance of warrants	110,000	48,289	(61,711)
Total Other Financing Sources	110,000	48,289	(61,711)
Net change in fund balances	**(36,361)**	**21,482**	**57,843**
Fund balances - beginning of year	**54,021**	**54,021**	**-**
Fund balances - end of year	**$ 17,660**	**$ 75,503**	**$ 57,843**

See accompanying notes to schedules of revenues, expenditures and changes in fund balances - budget and actual.

SANITARY AND IMPROVEMENT DISTRICT NO. 179
OF SARPY COUNTY, NEBRASKA
Required Supplementary Information - Unaudited
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Debt Service Fund
For the year ended June 30, 2011

	Budget - Original/ Final	(Budgetary Basis) Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes assessed	$ 237,619	$ 232,366	$ (5,253)
Interest on taxes	400	185	(215)
Special assessments	10,000	27,447	17,447
Interest on special assessments	5,000	27,436	22,436
Interest on investments	500	343	(157)
State motor vehicle tax allocation	800	647	(153)
Homestead exemption allocation	-	1,947	1,947
Property tax credit	-	7,311	7,311
Total Revenues	254,319	297,682	43,363
EXPENDITURES			
Current:			
Collection fees - County Treasurer	10,660	5,750	4,910
Paying agent fees	1,250	1,583	(333)
	11,910	7,333	4,577
Debt service:			
Bond principal payments	125,000	125,000	-
Warrant principal payments	21,250	17,018	4,232
Bond issue costs	20,000	15,435	4,565
Bond interest payments	105,404	105,404	-
	271,654	262,857	8,797
Total Expenditures	283,564	270,190	13,374
Excess of revenues over (under) expenditures	**(29,245)**	**27,492**	**56,737**
OTHER FINANCING SOURCES			
Issuance of warrants	21,250	17,018	(4,232)
Total Other Financing Sources	21,250	17,018	(4,232)
Net change in fund balances	**(7,995)**	**44,510**	**52,505**
Fund balances - beginning of year	**391,093**	**391,093**	**-**
Fund balances - end of year	**$ 383,098**	**$ 435,603**	**$ 52,505**

See accompanying notes to schedules of revenues, expenditures and changes in fund balances - budget and actual.

SANITARY AND IMPROVEMENT DISTRICT NO. 179
OF SARPY COUNTY, NEBRASKA

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

BUDGETS AND BUDGETARY ACCOUNTING

The District is required to adopt an annual operating budget for all the funds over which the District controls. Budgets are adopted by the District for the general and debt service funds. The budget is adopted using a cash basis of accounting which differs significantly from generally accepted accounting principles (GAAP). Under the cash basis of accounting, revenues and expenditures are recorded when cash is received or paid. Payment is deemed to have been made when warrants are issued. Accordingly, adjustments are necessary to convert the revenues and expenditures as reported on the governmental fund statements to the budgetary basis for comparison with budgetary data in the accompanying schedules of revenues, expenditures and changes in fund balances - budget and actual. Fund balance on the budgetary basis consists of cash on deposit with the County Treasurer and the original purchase cost of investments. Encumbrance accounting is not used by the District.

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

1) In September of each year the District submits a proposed operating budget for all funds to the real estate owners of the District.
2) Notice of place and time of public hearings must be published prior to the public hearings.
3) Public hearings are conducted to obtain taxpayer comment.
4) After publication and hearing, the budget is legally adopted by majority vote of the Board. The District is required to file a copy of the adopted budget with the County Clerk and the Nebraska Auditor of Public Accounts in accordance with the Nebraska Budget Act.
5) The budget is adopted on a per-fund basis and budgetary control is exercised at the fund level.
6) Appropriations lapse at year-end, however, the Board of Trustees may authorize supplemental appropriations during the year. No such appropriations were made during the fiscal year ended June 30, 2011.

SANITARY AND IMPROVEMENT DISTRICT NO. 179
OF SARPY COUNTY, NEBRASKA

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

RECONCILIATION OF BUDGET BASIS TO GAAP

A reconciliation for the year ended June 30, 2011, which discloses the nature and amount of adjustments necessary to convert the budgetary basis to a GAAP basis, is presented below:

	General Fund	Debt Service Fund
Net change in fund balances:		
Balance on a budgetary basis	$ 21,482	$ 44,510
Adjustments:		
Revenue for receivables	3,889	(4,125)
Expenditures for payables	(8,329)	16,019
Balance on a GAAP basis	$ 17,042	$ 56,404

OTHER SUPPLEMENTARY INFORMATION

SANITARY AND IMPROVEMENT DISTRICT NO. 179
OF SARPY COUNTY, NEBRASKA

SCHEDULE OF DEBT SERVICE FUND INVESTMENTS

JUNE 30, 2011

DESCRIPTION	PAR	COST	AMORTIZED COST
U.S. Treasury Bills, due:			
September 8, 2011	$ 50,000	$ 49,972	$ 49,989
October 13, 2011	115,000	114,976	114,983
	$ 165,000	$ 164,948	$ 164,972

SANITARY AND IMPROVEMENT DISTRICT NO. 179
OF SARPY COUNTY, NEBRASKA

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2011

Issue date: April 15, 2005
Optional call date: April 15, 2010

BOND NUMBERS	INTEREST RATES	MATURITY DATES	AMOUNT
18 – 20	4.20%	April 15, 2012	$ 15,000
21 – 24	4.30%	April 15, 2013	20,000
25 – 28	4.40%	April 15, 2014	20,000
29 – 32	4.50%	April 15, 2015	20,000
33 – 36	4.60%	April 15, 2016	20,000
37 – 40	4.65%	April 15, 2017	20,000
41 – 44	4.75%	April 15, 2018	20,000
45 – 49	4.80%	April 15, 2019	25,000
50 – 54	4.90%	April 15, 2020	25,000
55 – 59	5.10%	April 15, 2021	25,000
60 – 104	5.10%	April 15, 2022	225,000
105 – 152	5.10%	April 15, 2023	240,000
153 – 202	5.10%	April 15, 2024	250,000
203 – 255	5.10%	April 15, 2025	265,000
			1,190,000
		From Page 23	1,605,000
			$ 2,795,000

SANITARY AND IMPROVEMENT DISTRICT NO. 179
OF SARPY COUNTY, NEBRASKA

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2011

Issue date: June 1, 2010
Optional call date: April 1, 2015

BOND NUMBERS	INTEREST RATES	MATURITY DATES	AMOUNT
23 – 47	1.70%	October 1, 2011	$ 125,000
48 – 73	2.00%	October 1, 2012	130,000
74 – 99	2.35%	October 1, 2013	130,000
100 – 126	2.70%	October 1, 2014	135,000
127 – 154	3.15%	October 1, 2015	140,000
155 – 182	3.45%	October 1, 2016	140,000
183 – 211	3.75%	October 1, 2017	145,000
212 – 242	4.00%	October 1, 2018	155,000
243 – 274	4.10%	October 1, 2019	160,000
275 – 308	4.20%	October 1, 2020	170,000
309 – 343	4.30%	October 1, 2021	175,000
		To Page 22	$ 1,605,000

SANITARY AND IMPROVEMENT DISTRICT NO. 179
OF SARPY COUNTY, NEBRASKA

INFORMATION REQUIRED BY SECTION 31-740
REISSUED REVISED STATUTES OF NEBRASKA, 2008

JUNE 30, 2011

Gross income from all sources	$ 327,627
Amount spent for access to facilities and use of services of library system of neighboring cities and villages	None
Amount spent for sewage disposal	None
Amount expended on water mains	None
Gross amount of sewage processed	None
Cost per thousand gallons of processing sewage	None
Amount expended for:	
a. Maintenance and repair	$ 16,812
b. New equipment	None
c. New construction work	None
d. Property purchased	None
Number of employees	None
Salaries and fees paid employees	None
Total amount of taxes levied upon property within the District	$ 312,425

SANITARY AND IMPROVEMENT DISTRICT NO. 179
OF SARPY COUNTY, NEBRASKA

TRUSTEES AND RELATED BONDS

JUNE 30, 2011

TRUSTEES		BONDS	
NAME	OFFICE	INSURER	AMOUNT
Michael F. Rogers	Chairman	Western Surety Company	$ 5,000
Joseph P. Rogers	Clerk	Western Surety Company	$ 20,000
Charles Fricke	Trustee	None	
Thomas Thomas	Trustee	None	
Kenneth Ritter	Trustee	None	

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(402) 391-1065 FAX (402) 334-9498

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT *AUDITING STANDARDS*

To the Board of Trustees
Sanitary and Improvement District No. 179
of Sarpy County, Nebraska

We have audited the financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 179 of Sarpy County, Nebraska, as of and for the year ended June 30, 2011, which collectively comprise Sanitary and Improvement District No. 179 of Sarpy County's basic financial statements and have issued our report thereon dated December 20, 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 Sanitary and Improvement District No. 179 of Sarpy County'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 Sanitary and Improvement District No. 179 of Sarpy County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sanitary and Improvement District No. 179 of Sarpy County'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 a certain deficiency in internal control over financial reporting 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.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT *AUDITING STANDARDS - Continued*

Preparation of Financial Statements

The District does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Sanitary and Improvement District No. 179 of Sarpy County's response to this finding is that the aforementioned circumstance is not unusual in a governmental entity of their size and that the costs of correcting this deficiency would exceed the benefits to be derived therefrom. The District's management has also informed us that they are willing to accept the degree of risk associated with this condition.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 179 of Sarpy County'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Sanitary and Improvement District No. 179 of Sarpy County's response to the finding identified in our audit is described above. We did not audit Sanitary and Improvement District No. 179 of Sarpy County'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 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.

HANCOCK & DANA PC

Hancock & Dana PC

Omaha, Nebraska
December 20, 2011