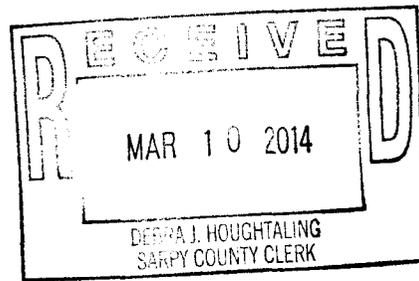


Financial Statements

SANITARY AND IMPROVEMENT
DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA

JUNE 30, 2013



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Sanitary and Improvement District No. 180
Sarpy County, Nebraska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sanitary and Improvement District No. 180 of Sarpy County, Nebraska (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sanitary and Improvement District No. 180 of Sarpy County, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

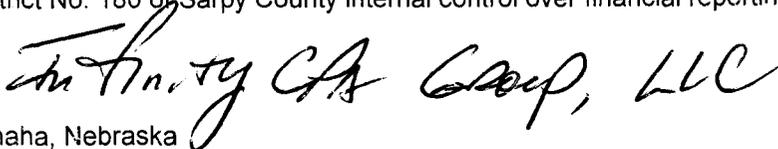
Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 13-14 be presented to supplement the basic financial statements. Such

information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has omitted management's discussion and analysis that 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2014, on our consideration of Sanitary and Improvement District No. 180 of Sarpy County 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sanitary and Improvement District No. 180 of Sarpy County internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Tom Finerty CA Group, LLC". The signature is written in a cursive, flowing style.

Omaha, Nebraska
January 18, 2014

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION (DEFICIT)
June 30, 2013**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	General Fund	Debt Service Fund	Total
Cash on deposit, County Treasurer	\$ 261,085	\$ 1,253,728	\$ 1,514,813
Taxes receivable	143,171	572,683	715,854
Special assessments receivable	-	9,922	9,922
Interest receivable on special assessments	-	10,388	10,388
Capital assets:			
Depreciable infrastructure, net	-	-	-
Land	-	-	-
Total assets	\$ 404,256	\$ 1,846,721	\$ 2,250,977
 LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Accounts payable	\$ 16,913	\$ -	\$ 16,913
Warrants payable:			
Due within one year	579	-	579
Due after one year	26,330	333	26,663
Interest payable, bonds	-	-	-
Bonds payable:			
Due within one year	-	-	-
Due after one year	-	-	-
Deferred revenue	13,212	73,161	86,373
Total liabilities and deferred inflows	57,034	73,494	130,528
 FUND BALANCES/NET POSITION (DEFICIT)			
Fund balances:			
Assigned	-	1,773,227	1,773,227
Unassigned	347,222	-	347,222
Total fund balances	347,222	1,773,227	2,120,449
Total liabilities, deferred inflows of resources and fund balances	\$ 404,256	\$ 1,846,721	\$ 2,250,977
 Net investment in capital assets			
Restricted for debt service			
Unrestricted (deficit)			
Total net position			

See Notes to Financial Statements.

<u>Adjustments</u>	<u>Statement of Net Position (Deficit)</u>
\$ -	\$ 1,514,813
-	715,854
-	9,922
-	10,388
10,974,805	10,974,805
256,969	256,969
<u>11,231,774</u>	<u>13,482,751</u>
-	16,913
-	579
-	26,663
61,212	61,212
570,000	570,000
13,455,000	13,455,000
-	86,373
<u>14,086,212</u>	<u>14,216,740</u>
(1,773,227)	-
<u>(347,222)</u>	-
<u>(2,120,449)</u>	-
(2,854,438)	(2,854,438)
1,773,227	1,773,227
347,222	347,222
<u>\$ (733,989)</u>	<u>\$ (733,989)</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**STATEMENT OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013**

	General	Debt Service	Totals
REVENUES			
Personal and real property taxes	\$ 296,290	\$ 1,185,161	\$ 1,481,451
Interest on taxes	173	691	864
Miscellaneous	3,798	154,368	158,166
State motor vehicle tax allocation	556	2,226	2,782
Total revenues	300,817	1,342,446	1,643,263
EXPENDITURES/EXPENSES			
Current:			
Audit fees	5,185	-	5,185
Bond issue costs	-	-	-
Collection fees	5,774	23,097	28,871
Depreciation	-	-	-
Engineering fees	17,503	-	17,503
Fiscal agent fees	-	2,283	2,283
Insurance and trustee bonds	5,045	-	5,045
Legal fees	17,618	-	17,618
Miscellaneous	130	-	130
Publishing expense	1,908	-	1,908
Repairs and maintenance	62,209	-	62,209
Utilities	65,203	-	65,203
Capital outlay-bond issue costs	-	221,455	221,455
Debt service:			
Bond principal	-	4,310,000	4,310,000
Bond interest	-	646,287	646,287
Total expenditures/expenses	180,575	5,203,122	5,383,697
Excess (deficit) of revenues over expenditures	120,242	(3,860,676)	(3,740,434)
OTHER FINANCING SOURCES			
Bond issue proceeds	-	3,925,000	3,925,000
Excess of revenues and other sources over expenditures	120,242	64,324	184,566
Change in net position (deficit)	-	-	-
Fund balances /net position (deficit)-beginning	226,980	1,708,903	1,935,883
Fund balances /net position (deficit)-ending	\$ 347,222	\$ 1,773,227	\$ 2,120,449

See Notes to Financial Statements.

<u>Adjustments</u>	<u>Statement of Activities</u>
\$ -	\$ 1,481,451
-	864
-	158,166
-	2,782
-	1,643,263
-	5,185
221,455	221,455
-	28,871
605,949	605,949
-	17,503
-	2,283
-	5,045
-	17,618
-	130
-	1,908
-	62,209
-	65,203
(221,455)	-
(4,310,000)	-
(50,885)	595,402
(3,754,936)	1,628,761
3,754,936	-
(3,925,000)	-
(184,566)	-
\$ 14,502	14,502
	(748,491)
	\$ (733,989)

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

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 670 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. 180. 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 has 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 position and the statement of activities. These statements report financial information on all of the non-fiduciary activities of the District.

The statement of net position recognizes all long-term assets and receivables, as well as long-term debt and obligations. The District's net position is reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. Net position is 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.

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

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.

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

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 as 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, 2013.
6. A majority vote by the Board of Trustees may authorize transfer of budgeted amounts from the General Fund to the Debt Service Fund.

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

Note 1. Significant Accounting Policies (continued)

Use of estimates:

The preparation of basic financial statements in conformity with generally accepted accounting principles requires the Board of Trustees to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the basic financial statements and the reported revenues and expenditures 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 year 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

Bond issue costs:

Bond issue costs are recognized as an expense in the period incurred.

Note 2. Concentration of Credit Risk

At June 30, 2013, the balance in cash of \$1,514,813 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.

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

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 position.

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

Total fund balance – governmental funds		\$ 2,120,449
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund financial statements	\$ 18,435,393	
Less accumulated depreciation	<u>(7,203,619)</u>	
		11,231,774
Liabilities are not due and payable in the current period and therefore not reported in governmental funds statements:		
Bonds payable		(14,025,000)
Interest payable – bonds		<u>(61,212)</u>
Net position of governmental activities		\$ <u>(733,989)</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

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 a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The reconciliation is calculated as follows:

Net change in fund balances – governmental funds	\$	184,566
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		(605,949)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements		4,310,000
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		(3,925,000)
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:		
Decrease in interest payable, bonds		50,885
Change in net position of governmental activities	\$	14,502

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

Note 4. Special Assessments

The Board of Trustees has levied a special assessment on the lots in the District. The assessment is summarized as follows:

Levy Date:	7/26/2000	6/27/2002	9/8/2005
Amount Assessed:	\$2,214,824	\$2,777,303	\$944,212
Due Date:	9/13/2000	8/16/2002	10/28/2005
Delinquent Date:	7/26/2001	6/27/2003	9/28/2006
Regular Rate:	8%	8%	8%
Delinquent Rate:	10%	10%	10%

The special assessments are payable in ten annual principal installments, plus interest, beginning on the due date. The 2000 and 2005 special assessments were collected in full. There was \$9,922 of delinquent special assessments from the 2002 levy dates at June 30, 2013.

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 daily 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.

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
2012-2013	\$200,027,700	.150000	.600000	.750000

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

Note 6. Capital Assets

A summary of capital assets for the year ended June 30, 2013 is as follows:

	Balance at 6/30/12	Additions	Balance at 6/30/13
Governmental activities			
Infrastructure:			
Paving and sewers	\$ 13,912,390	\$ -	\$ 13,912,390
Gas, electric and water distribution system	4,266,034	-	4,266,034
Totals at historical cost	18,178,424	-	18,178,424
Less accumulated depreciation for infrastructure	(6,597,670)	(605,949)	(7,203,619)
Capital assets, net	\$ 11,580,754	\$ (605,949)	\$ 10,974,805

The District recorded depreciation expense of \$605,949 for the year ended June 30, 2013.

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.

Warrants are payable in the order in which they are registered. Once registered, they accrue and bear interest at 7% per annum. Interest is payable annually and accrues through the date called.

Aggregate maturities during the next five years are as follows:

Year Ending June 30	General Fund	Debt Service Fund
2014	\$ 579	\$ -
2015	-	-
2016	26,330	-
2017	-	-
2018	-	333
	\$ 26,909	\$ 333

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

Note 8. General Long-Term Debt

General Long-Term Debt consists of Debt Service Fund warrants payable and Bonds payable.

A summary of changes in general long-term debt is as follows:

Debt Service Fund	Balance 6/30/12	Issued	(Retired)	Balance 6/30/13	Due within one year
Warrants payable	\$ 750	\$ 27,796	\$ (28,213)	\$ 333	\$ -
2006 Bond Issue	3,860,000	-	(3,860,000)	-	-
2008 Bond Issue	3,840,000	-	(60,000)	3,780,000	65,000
2009 Bond Issue	2,570,000	-	(225,000)	2,345,000	230,000
2010 Bond Issue	4,140,000	-	(165,000)	3,975,000	175,000
2012 Bond Issue	-	3,925,000	-	3,925,000	100,000
	<u>\$ 14,410,750</u>	<u>\$ 3,952,796</u>	<u>\$ (4,310,000)</u>	<u>\$ 14,025,333</u>	<u>\$ 570,000</u>

The District issued general obligation bonds totaling \$4,225,000 on August 15, 2006. This bond was paid off with the refunding bond issue dated October 15, 2012.

The District issued general obligation bonds totaling \$4,000,000 on November 15, 2008, with a balance of \$3,780,000 at June 30, 2013. The bonds are due serially on November 15, 2013 through November 15, 2028. The annual maturities range from \$65,000 in 2013 to \$1,150,000 in 2028. Interest is payable semi-annually on this issue at 4.50% to 5.15% per annum.

The District issued general obligation bonds totaling \$3,200,000 on June 1, 2009, with a balance of \$2,345,000 at June 30, 2013. The bonds are due serially on June 1, 2014 through June 1, 2022. The annual maturities range from \$230,000 in 2013 to \$305,000 in 2022. Interest is payable semi-annually on this issue at 3.10% to 4.75% per annum.

The District issued general obligation bonds totaling \$4,300,000 on December 15, 2010, with a balance of \$3,975,000 at June 30, 2013. The bonds are due serially on December 15, 2013 through December 15, 2029. The annual maturities range from \$175,000 in 2013 to \$1,250,000 in 2029. Interest is payable semi-annually on this issue at 1.80% to 4.60% per annum.

The District issued general obligation bonds totaling \$3,925,000 on October 15, 2012, with a balance of \$3,925,000 at June 30, 2013. The bonds are due serially on October 15, 2013 through October 15, 2026. The annual maturities range from \$100,000 in 2013 to \$675,000 in 2026. Interest is payable semi-annually on this issue at 1.20% to 3.35% per annum.

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

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	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 590,000	\$ 560,685	\$ 1,150,685
2015	610,000	546,245	1,156,245
2016	635,000	529,789	1,164,789
2017	670,000	511,009	1,181,009
2018	690,000	490,077	1,180,077
2019-2023	3,645,000	2,049,286	5,694,286
2024-2028	5,680,000	1,223,254	6,903,254
2029-2030	1,505,000	119,313	1,624,313
Totals	<u>\$ 14,025,000</u>	<u>\$ 6,029,658</u>	<u>\$ 20,054,658</u>

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:

	<u>General</u>	<u>Debt Service</u>
Fund balance, ending (budget basis)	\$ 261,085	\$ 1,253,728
<u>Adjustments to generally accepted accounting principles</u>		
Revenue accruals	129,959	519,832
Expenditure accruals	<u>(43,822)</u>	<u>(333)</u>
Fund balance, ending (GAAP basis)	<u>\$ 347,222</u>	<u>\$ 1,708,903</u>

Note 10. Statement of Net Position (Deficit)

The District had a deficit in its Statement of Net Position of (\$733,989) at June 30, 2013.

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

Note 11. Unfavorable Budget Differences

The Debt Service Fund had excess of expenditures over appropriations for the year ended June 30, 2013.

Note 12. 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. There have been no claims against the District within the last three years.

Note 13. Subsequent Events

The District issued general obligation bonds totaling \$3,895,000 on January 15, 2014. The bonds are due serially on December 15, 2014 through December 15, 2028. The annual maturities range from \$65,000 in 2014 to \$1,205,000 in 2028. Interest is payable semi-annually on this issue at 1.00% to 4.45% per annum.

The District has evaluated all subsequent events through January 18, 2014, the date the financial statements were available to be issued.

Note 14. Change in Accounting Principle

The District adopted Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* at July 1, 2012. The adoption of this Statement did not have a material effect on the District's financial statements.

The District adopted Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities* at July 1, 2012. The adoption of this Statement did have a material effect on the District's financial statements.

Note 15. Prior Period Adjustment

The District adopted Government Accounting Standards Board Statement No. 65 at July 1, 2012. This Statement states that "costs related to the issuance of debt will no longer be recorded as a deferred charge and amortized over the life of the debt; they should instead be recognized as an expense in the period incurred." The prior period adjustment decreased the net position (deficit) by \$800,405.

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		Variance with
	<u>Original and Final</u>	<u>Actual amounts (Budgetary Basis)</u>	Final Budget Favorable (Unfavorable)
REVENUES			
Personal and real property taxes	\$ 294,158	\$ 296,891	\$ 2,733
Interest on taxes	-	173	173
Miscellaneous	-	3,798	3,798
State motor vehicle tax allocation	850	556	(294)
Total revenues	<u>295,008</u>	<u>301,418</u>	<u>6,410</u>
EXPENDITURES			
Current			
Audit fees	5,185	5,185	-
Collection fees	-	5,774	(5,774)
Election costs	250	-	250
Engineering fees	40,000	15,723	24,277
Insurance and trustee bonds	5,000	5,045	(45)
Legal fees	20,000	14,403	5,597
Miscellaneous	500	-	500
Publishing	1,500	-	1,500
Repairs and maintenance	32,500	62,209	(29,709)
Utilities	75,000	65,307	9,693
Total expenditures	<u>179,935</u>	<u>173,646</u>	<u>6,289</u>
Excess (deficit) of revenues over expenditures	<u>115,073</u>	<u>127,772</u>	<u>12,699</u>
OTHER FINANCING SOURCES (USES)			
Issuance of warrants	-	167,872	167,872
Retirement of warrants	(76,725)	(217,687)	(140,962)
	<u>(76,725)</u>	<u>(49,815)</u>	<u>26,910</u>
Excess of revenues and other sources over expenditures and other uses	38,348	77,957	39,609
Fund balance, beginning	<u>183,128</u>	<u>183,128</u>	-
Fund balance, ending	<u>\$ 221,476</u>	<u>\$ 261,085</u>	<u>\$ 39,609</u>

See Notes to Financial Statements.

<u>Budget to GAAP Reconciliation</u>	<u>Actual amounts (GAAP Basis)</u>
\$ (601)	\$ 296,290
-	173
-	3,798
-	556
<u>(601)</u>	<u>300,817</u>
-	5,185
-	5,774
-	-
1,780	17,503
-	5,045
3,215	17,618
130	130
1,908	1,908
-	62,209
(104)	65,203
<u>6,929</u>	<u>180,575</u>
<u>(7,530)</u>	<u>120,242</u>
(167,872)	-
217,687	-
<u>49,815</u>	<u>-</u>
\$ <u>42,285</u>	120,242
	<u>226,980</u>
	\$ <u>347,222</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE FOR THE DEBT SERVICE FUND
For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		Variance with
	<u>Original and Final</u>	<u>Actual amounts (Budgetary Basis)</u>	Final Budget Favorable (Unfavorable)
REVENUES			
Personal and real property taxes	\$ 1,176,634	\$ 1,187,568	\$ 10,934
Interest on taxes	-	691	691
Miscellaneous	-	154,368	154,368
State motor vehicle tax allocation	3,000	2,226	(774)
Total revenues	<u>1,179,634</u>	<u>1,344,853</u>	<u>165,219</u>
EXPENDITURES			
Current			
Collection fees	-	23,097	(23,097)
Fiscal agent fees	1,500	2,283	(783)
Capital outlay-bond issue costs	45,000	221,455	(176,455)
Debt service:			
Bond principal	4,310,000	4,310,000	-
Bond interest	648,747	646,287	2,460
Total expenditures	<u>5,005,247</u>	<u>5,203,122</u>	<u>(197,875)</u>
Excess (deficit) of revenues over expenditures	<u>(3,825,613)</u>	<u>(3,858,269)</u>	<u>(32,656)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	3,925,000	3,925,000	-
Issuance of warrants	-	27,796	27,796
Retirement of warrants	-	(28,213)	(28,213)
	<u>3,925,000</u>	<u>3,924,583</u>	<u>(417)</u>
Excess (deficit) of revenues and other sources over expenditures and other uses	99,387	66,314	(33,073)
Fund balance, beginning	1,187,414	1,187,414	-
Fund balance, ending	<u>\$ 1,286,801</u>	<u>\$ 1,253,728</u>	<u>\$ (33,073)</u>

See Notes to Financial Statements.

Budget to GAAP <u>Reconciliation</u>	Actual amounts <u>(GAAP Basis)</u>
\$ (2,407)	\$ 1,185,161
-	691
-	154,368
-	2,226
<u>(2,407)</u>	<u>1,342,446</u>
-	23,097
-	2,283
-	221,455
-	4,310,000
-	646,287
<u>-</u>	<u>5,203,122</u>
<u>(2,407)</u>	<u>(3,860,676)</u>
-	3,925,000
(27,796)	-
28,213	-
<u>417</u>	<u>3,925,000</u>
\$ <u>(1,990)</u>	64,324
	1,708,903
	<u>\$ 1,773,227</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**TAXES RECEIVABLE
June 30, 2013**

	<u>Fiscal Year</u>	<u>Receivable at June 30 2012</u>	<u>Taxes Assessed</u>	<u>Taxes Adjusted*</u>	<u>Taxes Collected</u>	<u>Receivable at June 30 2013</u>
General Fund:						
Personal and real property taxes						
	2009-2010	\$ 5,383	\$ -	\$ (5,383)	\$ -	\$ -
	2010-2011	3,434	-	-	-	3,434
	2011-2012	136,588	-	(1)	132,565	4,022
	2012-2013	-	300,042	(1)	164,326	135,715
		<u>\$ 145,405</u>	<u>\$ 300,042</u>	<u>\$ (5,385)</u>	<u>\$ 296,891</u>	<u>\$ 143,171</u>
Debt Service Fund:						
Personal and real property taxes						
	2009-2010	\$ 10,766	\$ -	\$ (10,766)	\$ -	\$ -
	2010-2011	13,734	-	1	-	13,735
	2011-2012	546,350	-	-	530,261	16,089
	2012-2013	-	1,200,166	-	657,307	542,859
		<u>\$ 570,850</u>	<u>\$ 1,200,166</u>	<u>\$ (10,765)</u>	<u>\$ 1,187,568</u>	<u>\$ 572,683</u>

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

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**SPECIAL ASSESSMENTS RECEIVABLE AND ACCRUED INTEREST RECEIVABLE
June 30, 2013**

<u>Assessment Date</u>	<u>Total Assessment</u>	<u>Receivable at June 30, 2012</u>	<u>Assessments Collected</u>	<u>Receivable at June 30, 2013</u>	<u>Accrued Interest June 30, 2013</u>	<u>Delinquent Installments</u>
June 27, 2002	\$ 2,777,303	\$ 9,922	\$ -	\$ 9,922	\$ 10,388	\$ 9,922
		<u>\$ 9,922</u>	<u>\$ -</u>	<u>\$ 9,922</u>	<u>\$ 10,388</u>	<u>\$ 9,922</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**BONDS PAYABLE
June 30, 2013**

<u>Bond Numbers</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Amount</u>
Issue date: November 15, 2008			
Option call date: Bond numbers 45-800 on or after November 15, 2013			
45-57	4.00%	November 15, 2013	\$ 65,000
58-69	4.25%	November 15, 2014	60,000
70-83	4.50%	November 15, 2015	70,000
84-98	4.65%	November 15, 2016	75,000
99-112	4.80%	November 15, 2017	70,000
113-128	4.90%	November 15, 2018	80,000
129-143	5.00%	November 15, 2019	75,000
144-159	5.15%	November 15, 2020	80,000
160-174	5.30%	November 15, 2021	75,000
175-191	5.40%	November 15, 2022	85,000
192-200	5.50%	November 15, 2023	45,000
201-207	5.75%	November 15, 2024	35,000
208-278	5.75%	November 15, 2025	355,000
279-352	5.75%	November 15, 2026	370,000
353-570	5.75%	November 15, 2027	1,090,000
571-800	5.75%	November 15, 2028	1,150,000
			<u>3,780,000</u>
Issue date: June 1, 2009			
Option call date: Bond numbers 172-640 on or after June 1, 2014			
172-217	3.10%	June 1, 2014	230,000
218-264	3.35%	June 1, 2015	235,000
265-312	3.55%	June 1, 2016	240,000
313-362	3.75%	June 1, 2017	250,000
363-413	4.00%	June 1, 2018	255,000
414-466	4.25%	June 1, 2019	265,000
467-521	4.45%	June 1, 2020	275,000
522-579	4.60%	June 1, 2021	290,000
580-640	4.75%	June 1, 2022	305,000
			<u>2,345,000</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

BONDS PAYABLE (continued)
June 30, 2013

<u>Bond Numbers</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Amount</u>
Issue date: December 15, 2010			
Option call date: Bond numbers 137-860 on or after December 15, 2015			
66-100	1.80%	December 15, 2013	175,000
101-136	2.05%	December 15, 2014	180,000
137-175	2.40%	December 15, 2015	195,000
176-216	2.70%	December 15, 2016	205,000
217-258	3.00%	December 15, 2017	210,000
259-302	3.25%	December 15, 2018	220,000
303-348	3.50%	December 15, 2019	230,000
349-396	3.70%	December 15, 2020	240,000
397-446	3.90%	December 15, 2021	250,000
447-498	4.05%	December 15, 2022	260,000
499-553	4.10%	December 15, 2023	275,000
554-610	4.20%	December 15, 2024	285,000
611-860	4.60%	December 15, 2029	1,250,000
			<u>3,975,000</u>
Issue date: October 15, 2012			
Option call date: Bond numbers 137-860 on or after October 15, 2018			
1-20	1.20%	October 15, 2013	100,000
21-42	1.30%	October 15, 2014	110,000
43-65	1.45%	October 15, 2015	115,000
66-90	1.60%	October 15, 2016	125,000
91-117	1.80%	October 15, 2017	135,000
118-144	2.05%	October 15, 2018	135,000
145-173	2.35%	October 15, 2019	145,000
174-206	2.60%	October 15, 2020	165,000
207-241	2.80%	October 15, 2021	175,000
242-278	2.95%	October 15, 2022	185,000
279-397	3.05%	October 15, 2023	595,000
398-522	3.15%	October 15, 2024	625,000
523-650	3.25%	October 15, 2025	640,000
651-785	3.35%	October 15, 2026	675,000
			<u>3,925,000</u>
			<u>\$ 14,025,000</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

INFORMATION REQUIRED BY SECTION 31-715 AND 31-740
REVISED STATUTES OF NEBRASKA
For the Year Ended June 30, 2013

Gross income from all sources	\$ 1,643,263
Amount spent for sewage disposal	Not Applicable
Amount expended on water mains	-
Gross amount of sewage processed	-
Cost per thousand gallons of processing sewage	Not Applicable
Amount expended for:	
Repairs and maintenance	\$ 62,209
New equipment	-
New construction work, net	-
Real estate purchased	-
Number of employees	-
Salaries and fees paid employees	Not Applicable
Total amount of taxes levied	\$ 1,500,208
Total amount of special assessments levied	-

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

**SANITARY AND IMPROVEMENT DISTRICT NO. 180
OF SARPY COUNTY, NEBRASKA**

**DISTRICT OFFICIALS AND RELATED SURETY BONDS
For the Year Ended June 30, 2013**

<u>Trustees</u>		<u>Bonds</u>
<u>Name</u>	<u>Office</u>	<u>Amount</u>
Susan Decker	Chairperson	\$ 5,000
Sherry J. Fletcher	Clerk	\$ 20,000
Lori Pickette	Trustee	
Christopher Perrone	Trustee	
Robert Thomas	Trustee	

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

To the Board of Trustees
Sanitary and Improvement District No. 180
of Sarpy County, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sanitary and Improvement District No. 180 of Sarpy County, Nebraska, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management, 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, material weakness or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described below, that we consider to be significant deficiencies.

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

Management response: We have an extremely small board and limited resources for the District. Our audited financial statements and footnotes are outsourced to our auditors

because of the cost/benefit standpoint and our auditors have direct knowledge that aids in preparing the financial statements. Our trial balance, prepared by an outside bookkeeper, is used for basis in the preparation of the audited financial statements. The Board of Trustees realizes the importance of the financial statements and has heightened their awareness of all transactions being reported.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described above.

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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Omaha, Nebraska
January 18, 2014