

Financial Statements

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

JUNE 30, 2015

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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, 2015, 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, 2015, 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 14-15 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 information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information on pages 16-20 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information on pages 16-20 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015, 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.


Omaha, Nebraska
December 11, 2015

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

**GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION (DEFICIT)
June 30, 2015**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	General Fund	Debt Service Fund	Total
Cash on deposit, County Treasurer	\$ 390,890	\$ 1,379,684	\$ 1,770,574
Taxes receivable	155,706	575,472	731,178
Capital assets:			
Depreciable infrastructure, net	-	-	-
Land	-	-	-
Total assets	\$ 546,596	\$ 1,955,156	\$ 2,501,752
 LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Accounts payable	\$ 28,354	\$ -	\$ 28,354
Warrants payable:			
Due within one year	579	-	579
Due after one year	76	333	409
Interest payable, bonds	-	-	-
Bonds payable:			
Due within one year	-	-	-
Due after one year	-	-	-
Deferred revenue	23,350	87,366	110,716
Total liabilities and deferred inflows	52,359	87,699	140,058
 FUND BALANCES/NET POSITION (DEFICIT)			
Fund balances:			
Assigned	-	1,867,457	1,867,457
Unassigned	494,237	-	494,237
Total fund balances	494,237	1,867,457	2,361,694
Total liabilities, deferred inflows of resources and fund balances	\$ 546,596	\$ 1,955,156	\$ 2,501,752
 Net investment in capital assets			
Restricted for debt service			
Unrestricted			
Total net position (deficit)			

See Notes to Financial Statements.

<u>Adjustments</u>	<u>Statement of Net Position (Deficit)</u>
\$ -	\$ 1,770,574
-	731,178
9,762,907	9,762,907
256,969	256,969
<u>10,019,876</u>	<u>12,521,628</u>
-	28,354
-	579
-	409
34,761	34,761
385,000	385,000
12,780,000	12,780,000
-	110,716
<u>13,199,761</u>	<u>13,339,819</u>
(1,867,457)	-
(494,237)	-
<u>(2,361,694)</u>	<u>-</u>
(3,179,885)	(3,179,885)
1,867,457	1,867,457
494,237	494,237
<u>\$ (818,191)</u>	<u>\$ (818,191)</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, 2015

	General	Debt Service	Totals
REVENUES			
Personal and real property taxes	\$ 305,053	\$ 1,124,882	\$ 1,429,935
Interest on taxes	348	1,283	1,631
Miscellaneous	4,312	15,901	20,213
State motor vehicle tax allocation	685	2,527	3,212
Total revenues	310,398	1,144,593	1,454,991
EXPENDITURES/EXPENSES			
Current:			
Audit fees	5,517	-	5,517
Bond issue costs	-	-	-
Collection fees	4,622	17,041	21,663
Depreciation	-	-	-
Engineering fees	34,175	-	34,175
Fiscal agent fees	3,775	-	3,775
Insurance and trustee bonds	4,453	-	4,453
Legal fees	10,009	-	10,009
Miscellaneous	250	-	250
Publishing expense	3,722	-	3,722
Repairs and maintenance	122,046	-	122,046
Utilities	61,705	-	61,705
Capital outlay-bond issue costs	-	92,653	92,653
Debt service:			
Bond principal	-	2,470,000	2,470,000
Bond interest	-	466,781	466,781
Total expenditures/expenses	250,274	3,046,475	3,296,749
Excess (deficit) of revenues over expenditures	60,124	(1,901,882)	(1,841,758)
OTHER FINANCING SOURCES			
Bond issue proceeds	-	2,000,000	2,000,000
Excess (deficit) of revenues and other sources over expenditures	60,124	98,118	158,242
Change in net position (deficit)	-	-	-
Fund balances /net position (deficit)-beginning	434,113	1,769,339	2,203,452
Fund balances /net position (deficit)-ending	\$ 494,237	\$ 1,867,457	\$ 2,361,694

See Notes to Financial Statements.

<u>Adjustments</u>	<u>Statement of Activities</u>
\$ -	\$ 1,429,935
-	1,631
-	20,213
-	3,212
<u>-</u>	<u>1,454,991</u>
-	5,517
92,653	92,653
-	21,663
605,949	605,949
-	34,175
-	3,775
-	4,453
-	10,009
-	250
-	3,722
-	122,046
-	61,705
(92,653)	-
(2,470,000)	-
(7,753)	459,028
<u>(1,871,804)</u>	<u>1,424,945</u>
1,871,804	-
(2,000,000)	-
(158,242)	-
\$ <u>30,046</u>	30,046
	(848,237)
	<u>\$ (818,191)</u>

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

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

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—Net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets include restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets. Restricted 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. Unrestricted net position includes all other assets that do not meet the definition of "restricted" or "net investment in capital assets".

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

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

Note 1. Significant Accounting Policies (continued)

Government-wide financial statements (continued):

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.

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.

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.

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 of the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Trustees.

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

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

Note 1. Significant Accounting Policies (continued)

Fund financial statements (continued):

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.

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.

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.

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

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

Note 1. Significant Accounting Policies (continued)

Budgets and budgetary accounting (continued):

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, 2015.
6. A majority vote by the Board of Trustees may authorize transfer of budgeted amounts from the General Fund to the Debt Service Fund.

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.

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

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

Note 2. Concentration of Credit Risk

At June 30, 2015, the balance in cash of \$1,770,574 is equal to the carrying amount of the District's deposits. The deposits of the District are classified as Category 3, deposits that are uncollateralized or uninsured. This includes any deposit balance that is collateralized with securities held by the County but not in the district's name.

Note 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	\$	2,361,694
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>(8,415,517)</u>	10,019,876
Liabilities are not due and payable in the current period and therefore not reported in governmental funds statements:		
Bonds payable	(13,165,000)	
Interest payable – bonds	<u>(34,761)</u>	
Net position of governmental activities	\$	<u>(818,191)</u>

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

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

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	\$	158,242
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		2,470,000
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		(2,000,000)
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		7,753
Change in net position of governmental activities	\$	30,046

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

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

Note 4. 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
2014-2015	\$198,705,017	.160000	.590000	.750000

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

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

Note 5. Capital Assets

A summary of capital assets for the year ended June 30, 2015 is as follows:

	Balance at 6/30/14	Additions	Balance at 6/30/15
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	(7,809,568)	(605,949)	(8,415,517)
Capital assets, net	\$ 10,368,856	\$ (605,949)	\$ 9,762,907

The District recorded depreciation expense of \$605,949 for the year ended June 30, 2015.

Note 6. 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
2016	\$ 579	\$ -
2017	76	-
2018	-	333
2019	-	-
2020	-	-
	\$ 655	\$ 333

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

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

Note 7. 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 6/30/14	Issued	(Retired)	Balance 6/30/15	Due within one year
Warrants payable	\$ 333	\$ -	\$ -	\$ 333	\$ -
2009 Bond Issue	2,115,000	-	(2,115,000)	-	-
2010 Bond Issue	3,800,000	-	(180,000)	3,620,000	195,000
2012 Bond Issue	3,825,000	-	(110,000)	3,715,000	115,000
2014 Bond Issue	3,895,000	-	(65,000)	3,830,000	75,000
2015 Bond Issue	-	2,000,000	-	2,000,000	-
	<u>\$ 13,635,333</u>	<u>\$ 2,000,000</u>	<u>\$ (2,470,000)</u>	<u>\$ 13,165,333</u>	<u>\$ 385,000</u>

The District issued general obligation bonds totaling \$3,200,000 on June 1, 2009. This bond was paid off with the refunding bond issue dated February 15, 2015.

The District issued general obligation bonds totaling \$4,300,000 on December 15, 2010, with a balance of \$3,620,000 at June 30, 2015. The bonds are due serially on December 15, 2015 through December 15, 2029. The annual maturities range from \$195,000 in 2015 to \$1,250,000 in 2029. Interest is payable semi-annually on this issue at 2.40% to 4.60% per annum.

The District issued general obligation bonds totaling \$3,925,000 on October 15, 2012, with a balance of \$3,715,000 at June 30, 2015. The bonds are due serially on October 15, 2015 through October 15, 2026. The annual maturities range from \$115,000 in 2015 to \$675,000 in 2026. Interest is payable semi-annually on this issue at 1.45% to 3.35% per annum.

The District issued general obligation bonds totaling \$3,895,000 on January 15, 2014, with a balance of \$3,830,000 at June 30, 2015. The bonds are due serially on December 15, 2015 through December 15, 2028. The annual maturities range from \$75,000 in 2015 to \$1,205,000 in 2026. Interest is payable semi-annually on this issue at 1.25% to 4.45% per annum.

The District issued general obligation bonds totaling \$2,000,000 on February 15, 2015, with a balance of \$2,000,000 at June 30, 2015. The bonds are due serially on February 15, 2020 through February 15, 2032. The maturities range from \$5,000 in 2020 to \$690,000 in 2032. Interest is payable semi-annually on this issue at 2.35% to 3.65% per annum.

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

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

Note 7. General Long-Term Debt (continued)

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

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 385,000	\$ 469,578	\$ 854,578
2017	410,000	461,608	871,608
2018	420,000	452,277	872,277
2019	440,000	441,423	881,423
2020	455,000	428,925	883,925
2021-2025	3,390,000	1,869,194	5,259,194
2026-2030	6,310,000	1,002,826	7,312,826
2031-2032	1,355,000	74,310	1,429,310
Totals	<u>\$ 13,165,000</u>	<u>\$ 5,200,141</u>	<u>\$ 18,365,141</u>

Note 8. 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)	\$ 390,890	\$ 1,379,684
<u>Adjustments to generally accepted accounting principles</u>		
Revenue accruals	132,356	488,106
Expenditure accruals	<u>(29,009)</u>	<u>(333)</u>
Fund balance, ending (GAAP basis)	<u>\$ 494,237</u>	<u>\$ 1,867,457</u>

Note 9. Statement of Net Position (Deficit)

The District had a deficit in its Statement of Net Position of (\$818,191) at June 30, 2015.

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

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

Note 10. 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 11. Subsequent Events

The District has evaluated all subsequent events through December 11, 2015, the date the financial statements were available to be issued.

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

**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
For the Year Ended June 30, 2015**

	<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	\$ 311,695	\$ 312,195	\$ 500
Interest on taxes	-	348	348
Miscellaneous	-	4,313	4,313
State motor vehicle tax allocation	1,000	685	(315)
Total revenues	<u>312,695</u>	<u>317,541</u>	<u>4,846</u>
EXPENDITURES			
Current			
Audit fees	5,385	5,385	-
Collection fees	-	4,622	(4,622)
Election costs	500	-	500
Engineering fees	40,000	30,621	9,379
Fiscal agent fees	-	3,775	(3,775)
Insurance and trustee bonds	3,000	3,200	(200)
Legal fees	20,000	18,019	1,981
Miscellaneous	500	382	118
Publishing	500	369	131
Repairs and maintenance	268,000	114,490	153,510
Utilities	75,000	61,831	13,169
Total expenditures	<u>412,885</u>	<u>242,694</u>	<u>170,191</u>
Excess (deficit) of revenues over expenditures	<u>(100,190)</u>	<u>74,847</u>	<u>175,037</u>
OTHER FINANCING SOURCES (USES)			
Retirement of warrants	(35,000)	(37,670)	(2,670)
	<u>(35,000)</u>	<u>(37,670)</u>	<u>(2,670)</u>
Excess (deficit) of revenues and other sources over expenditures and other uses	(135,190)	37,177	172,367
Fund balance, beginning	<u>353,713</u>	<u>353,713</u>	-
Fund balance, ending	<u>\$ 218,523</u>	<u>\$ 390,890</u>	<u>\$ 172,367</u>

Budget to GAAP Reconciliation	Actual amounts (GAAP Basis)
\$ (7,142)	\$ 305,053
-	348
(1)	4,312
-	685
<u>(7,143)</u>	<u>310,398</u>
132	5,517
-	4,622
-	-
3,554	34,175
-	3,775
1,253	4,453
(8,010)	10,009
(132)	250
3,353	3,722
7,556	122,046
(126)	61,705
<u>7,580</u>	<u>250,274</u>
<u>(14,723)</u>	<u>60,124</u>
37,670	-
<u>37,670</u>	<u>-</u>
\$ <u>22,947</u>	60,124
	<u>434,113</u>
	\$ <u>494,237</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, 2015**

	<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	\$ 1,149,373	\$ 1,151,177	\$ 1,804
Interest on taxes	-	1,283	1,283
Miscellaneous	-	15,901	15,901
State motor vehicle tax allocation	4,500	2,526	(1,974)
Total revenues	<u>1,153,873</u>	<u>1,170,887</u>	<u>17,014</u>
EXPENDITURES			
Current			
Collection fees	-	17,042	(17,042)
Fiscal agent fees	1,250	-	1,250
Capital outlay-bond issue costs	-	92,653	(92,653)
Debt service:			
Bond principal	590,000	2,470,000	(1,880,000)
Bond interest	491,758	466,781	24,977
Total expenditures	<u>1,083,008</u>	<u>3,046,476</u>	<u>(1,963,468)</u>
Excess (deficit) of revenues over expenditures	<u>70,865</u>	<u>(1,875,589)</u>	<u>(1,946,454)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	2,000,000	2,000,000
Retirement of warrants	(500)	-	500
	<u>(500)</u>	<u>2,000,000</u>	<u>2,000,500</u>
Excess of revenues and other sources over expenditures and other uses	70,365	124,411	54,046
Fund balance, beginning	<u>1,255,273</u>	<u>1,255,273</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,325,638</u>	<u>\$ 1,379,684</u>	<u>\$ 54,046</u>

<u>Budget to GAAP Reconciliation</u>	<u>Actual amounts (GAAP Basis)</u>
\$ (26,295)	\$ 1,124,882
-	1,283
-	15,901
1	2,527
<u>(26,294)</u>	<u>1,144,593</u>
(1)	17,041
-	-
-	92,653
-	2,470,000
-	466,781
<u>(1)</u>	<u>3,046,475</u>
<u>(26,293)</u>	<u>(1,901,882)</u>
-	2,000,000
-	-
<u>-</u>	<u>2,000,000</u>
\$ <u>(26,293)</u>	98,118
	<u>1,769,339</u>
	\$ <u>1,867,457</u>

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

**TAXES RECEIVABLE
June 30, 2015**

	<u>Fiscal Year</u>	<u>Receivable at June 30 2014</u>	<u>Taxes Assessed</u>	<u>Taxes Adjusted*</u>	<u>Taxes Collected</u>	<u>Receivable at June 30 2015</u>
General Fund:						
Personal and real property taxes						
	2011-2012	\$ 4,022	\$ -	\$ (4,022)	\$ -	\$ -
	2012-2013	4,035	-	-	(142)	4,177
	2013-2014	145,938	-	-	136,991	8,947
	2014-2015	-	317,928	-	175,346	142,582
		<u>\$ 153,995</u>	<u>\$ 317,928</u>	<u>\$ (4,022)</u>	<u>\$ 312,195</u>	<u>\$ 155,706</u>

Debt Service Fund:

Personal and real property taxes						
	2011-2012	\$ 16,089	\$ -	\$ (16,089)	\$ -	\$ -
	2012-2013	16,141	-	-	(570)	16,711
	2013-2014	538,148	-	-	505,158	32,990
	2014-2015	-	1,172,360	-	646,589	525,771
		<u>\$ 570,378</u>	<u>\$ 1,172,360</u>	<u>\$ (16,089)</u>	<u>\$ 1,151,177</u>	<u>\$ 575,472</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**

**BONDS PAYABLE
June 30, 2015**

<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			
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, 2025	1,250,000
			<u>3,620,000</u>
Issue date: October 15, 2012			
Option call date: Bond numbers 118-785 on or after October 15, 2018			
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>3,715,000</u>

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

BONDS PAYABLE (continued)
June 30, 2015

<u>Bond Numbers</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Amount</u>
Issue date: January 15, 2014			
Option call date: Bond numbers 60-779 on or after December 15, 2018			
14-28	1.25%	December 15, 2015	75,000
29-44	1.40%	December 15, 2016	80,000
45-59	1.70%	December 15, 2017	75,000
60-76	2.10%	December 15, 2018	85,000
77-91	2.45%	December 15, 2019	75,000
92-108	2.90%	December 15, 2020	85,000
109-124	3.25%	December 15, 2021	80,000
125-142	3.45%	December 15, 2022	90,000
143-151	3.70%	December 15, 2023	45,000
152-158	3.90%	December 15, 2024	35,000
159-232	4.00%	December 15, 2025	370,000
233-309	4.15%	December 15, 2026	385,000
310-538	4.30%	December 15, 2027	1,145,000
539-779	4.45%	December 15, 2028	1,205,000
			<u>3,830,000</u>
Issue date: February 15, 2015			
Option call date: Bond numbers 2-400 on or after February 15, 2030			
1	2.35%	February 15, 2020	5,000
2-129	3.50%	February 15, 2030	640,000
130-262	3.60%	February 15, 2031	665,000
263-400	3.65%	February 15, 2032	690,000
			<u>2,000,000</u>
			<u>\$ 13,165,000</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, 2015**

Gross income from all sources	\$ 1,454,991
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	\$ 122,046
New equipment	-
New construction work, net	-
Real estate purchased	-
Number of employees	-
Salaries and fees paid employees	Not Applicable
Total amount of taxes levied	\$ 1,490,288
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, 2015

<u>Trustees</u>		<u>Bonds</u>
<u>Name</u>	<u>Office</u>	<u>Amount</u>
Sherry J. Fletcher	Chairperson	\$ 5,000
Robert Thomas	Clerk	\$ 20,000
David Beberwyk	Trustee	
John Eggertsen	Trustee	
Jane Embry	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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 11, 2015.

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, but not for the purpose of expressing an 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.

Infinity CPA Group, LLC

Omaha, Nebraska
December 11, 2015