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**Sanitary and Improvement District No. 189  
Of Sarpy County, Nebraska**

**Financial Statements and  
Independent Auditors' Report**

**June 30, 2015**

# Sanitary and Improvement District No. 189 of Sarpy County, Nebraska

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# DOLLECK & FREDERES P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Sanitary and Improvement District No. 189 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. 189 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 index.

### 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 of 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 and each major fund of Sanitary and Improvement District No. 189 of Sarpy County, Nebraska, as of June 30, 2015, and the respective changes in financial position thereof 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 12 through 13 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Management 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 required 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.

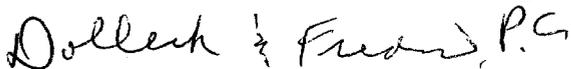
### **Other Information**

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, as listed in the index, is presented for purposes of additional analysis and is not a required part of the basis financial statements.

The other supplementary information, as listed in the index, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as listed in the index, is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 2015, on our consideration of Sanitary and Improvement District No. 189 of Sarpy County, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide and 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* in considering Sanitary and Improvements District No. 189 of Sarpy County, Nebraska internal control over financial reporting and compliance.



Dolleck & Frederes, P.C.  
Omaha, Nebraska  
December 7, 2015

# Sanitary and Improvement District No. 189 of Sarpy County, Nebraska

## Governmental Funds Balance Sheet/Statement of Net Position

June 30, 2015

	General Fund	Debt Service Fund	Total	Reconciliation Note (5)	Statement of Net Position
<b>ASSETS</b>					
Cash on Deposit					
County Treasurer	\$ 65,430	\$ 19,166	\$ 84,596	\$ -	\$ 84,596
Investments	\$ 49,980	694,825	744,805	-	744,805
Receivables					
Property Taxes (Note 2)	16,139	145,247	161,386	-	161,386
Accrued Interest Receivable					
Investments	12	72	84	-	84
Capital Assets, Net of Accumulated Depreciation (Note 3)	-	-	-	2,230,384	2,230,384
<b>TOTAL ASSETS</b>	<b>\$ 131,561</b>	<b>\$ 859,310</b>	<b>\$ 990,871</b>	<b>\$ 2,230,384</b>	<b>\$ 3,221,255</b>
<b>LIABILITIES</b>					
Accounts Payable	8,917	1,400	10,317	-	10,317
Unregistered Warrants Payable	-	-	-	-	-
Accrued interest on Bonds (Note 4)	-	25,235	25,235	-	25,235
Bonds Payable (Note 4)					
Due Within One Year	-	-	-	210,000	210,000
Due After One Year	-	-	-	3,685,000	3,685,000
<b>Total Liabilities</b>	<b>\$ 8,917</b>	<b>\$ 26,635</b>	<b>\$ 35,552</b>	<b>\$ 3,895,000</b>	<b>\$ 3,930,552</b>
<b>COMMITMENTS (Note 6)</b>					
<b>FUND BALANCE (DEFICIT)/NET POSITION</b>					
Unassigned, Reported in					
General Fund	122,644	-	122,644	(122,644)	-
Restricted, Debt Service Fund	-	832,675	832,675	(832,675)	-
<b>Total Fund Balance (Deficit)</b>	<b>\$ 122,644</b>	<b>\$ 832,675</b>	<b>\$ 955,319</b>	<b>\$ (955,319)</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>					
	<b>\$ 131,561</b>	<b>\$ 859,310</b>	<b>\$ 990,871</b>		
<b>NET POSITION (DEFICIT)</b>					
Net Investment in Capital Assets				(1,664,616)	(1,664,616)
Restricted for Debt Service				832,675	832,675
Unrestricted				122,644	122,644
<b>TOTAL NET POSITION (DEFICIT)</b>				<b>\$ (709,297)</b>	<b>\$ (709,297)</b>

See Notes to Basic Financial Statements

# Sanitary and Improvement District No. 189 of Sarpy County, Nebraska

## Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Statement of Activities

For the Year Ended June 30, 2015

	General Fund	Debt Service Fund	Total	Reconciliation Note (5)	Statement of Activities
<b>REVENUES/RECEIPTS</b>					
Property Taxes (Note 2)	\$ 40,635	\$ 365,650	\$ 406,285		\$ 406,285
Interest on					
Property Taxes (Note 2)	30	277	307	-	307
Investments	19	236	255	-	255
State Motor Vehicle Tax Allocation	88	820	908	-	908
<b>Total Revenue/Receipts</b>	<b>\$ 40,772</b>	<b>\$ 366,983</b>	<b>\$ 407,755</b>	<b>-</b>	<b>\$ 407,755</b>
<b>EXPENDITURES/EXPENSES</b>					
Current:					
Collection Fees-County Treasurer	652	6,226	6,878	-	6,878
Bond Issuance Costs	-	-	-	-	-
Bond Maintenance Costs		2,800	2,800	-	2,800
Clerk Fees	1,292	-	1,292	-	1,292
Depreciation (Note 3)	-	-	-	113,286	113,286
Engineering	5,133	-	5,133	-	5,133
Insurance	431	-	431	-	431
Maintenance	5,599	-	5,599	-	5,599
Professional Fees	13,271	-	13,271	-	13,271
Utilities	6,252	-	6,252	-	6,252
Bonds Payable (Note 4)					
Principal	-	195,000	195,000	(195,000)	-
Interest	-	138,007	138,007	-	138,007
Net Capital Outlay	-	-	-	-	-
<b>Total Expenditures/Expenses</b>	<b>\$ 32,630</b>	<b>\$ 342,033</b>	<b>\$ 374,663</b>	<b>\$ (81,714)</b>	<b>\$ 292,949</b>
Excess (Deficiency) of Revenues/Receipts					
Over Expenditures/Expenses	\$ 8,142	\$ 24,950	\$ 33,092	\$ 81,714	\$ 114,806
<b>OTHER FINANCING SOURCES (USES)</b>					
Warrants Issued	-	-	-	-	-
Warrants Retired	-	-	-	-	-
Issuance of Bonds	-	-	-	-	-
Bond Refunding/Payments	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues/Receipts and Transfers in Over (Under) Expenditures/ Expenses and Transfers Out					
	\$ 8,142	\$ 24,950	\$ 33,092	\$ 33,092	-
<b>Change in Net Position</b>				<b>\$ 114,806</b>	<b>\$ 114,806</b>
<b>Fund Balance (Deficit)/Net POSITION</b>					
Beginning of Year	114,502	807,725	922,227	-	\$ (824,103)
<b>Fund Balance(Deficit)/Net Position, End of Year</b>	<b>\$ 122,644</b>	<b>\$ 832,675</b>	<b>\$ 955,319</b>	<b>-</b>	<b>\$ (709,297)</b>

See Notes to Basic Financial Statements

# Sanitary and Improvement District No. 189 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2015

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### **1. Summary of Significant Accounting Policies**

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The accounting policies of Sanitary and Improvement District No. 189 of Sarpy County, Nebraska conform to generally accepted accounting principles accepted in the United States of America as applicable to governmental units. The following is a summary of the District's significant policies.

#### ***Reporting Entity***

Sanitary and Improvement District No. 189 of Sarpy County, Nebraska (the District), is a governmental subdivision authorized under the statutes of the State of Nebraska. The District operates under an elected Board of Trustees which governs all activities related to streets, utility systems, and other public improvements within the jurisdiction of the District. The accompanying basic financial statements present the District's primary government unit and no component units because the District does not have any component units.

#### **Basic Financial Statements**

The District Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental Activities. These statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, the accompanying Statement of Net Position presents all of the assets and deferred inflows over liabilities and deferred outflows. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Governmental activities include programs supported primarily by taxes, special assessments and other intergovernmental revenues. The District has no fiduciary activities or business type activities that rely, to a significant extent, on fees and charges for support.

The basic financial statements provide reports on the financial condition and results of operations for the District. The District reports the two major governmental funds' financial condition and results of operations in separate columns.

#### ***Use of Estimates***

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's Trustees to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### ***Fund Accounting***

The District used funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only used governmental funds. The following governmental funds are used by the District.

#### **Governmental Funds**

Governmental funds are those through which most general governmental functions of the District are financed. These funds are accounted for using the current financial resource measurement focus. Under this measurement focus, only current assets and liabilities are included on the balance sheets, and the operating statements present sources and used of available financial resources during a given period. The following major governmental funds are used by the District:

# Sanitary and Improvement District No. 189 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2015

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### 1. Summary of Significant Accounting Policies (Continued)

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- **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, long-term debt principal, interest and related costs anticipated to be settled during the next fiscal year.

### **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 in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within ninety days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property tax revenues are recognized when susceptible to accrual. Revenues on special assessments and miscellaneous revenues are recognized as the amounts are collected. Investment earnings are recorded as earned since they are measurable and available.

### **Budgets and Budgetary Accounting**

The District is required to adopt an annual operating budget for all the funds over which the District controls. The budget is adopted using a 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, respectively. Payment is deemed to have been made when warrants are issued. 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) The Board of Trustees may authorize supplemental appropriations during the year. (No such appropriations were made during the fiscal year ended June 30, 2015.)

# Sanitary and Improvement District No. 189 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2015

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### 1. Summary of Significant Accounting Policies (Continued)

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#### **Investments**

The District is allowed to invest funds as permitted by Nebraska Statute 77-2341, R.R.S., 1990, and allowable investments generally include U.S. government obligations, certificates of deposit, and time deposits. The District's investments during the year ended June 30, 2015, consisted of U.S. Treasury bills.

All investment activities are conducted through the County Treasurer. Treasury bills are bought and held in safekeeping by the County Treasurer in the District's name.

Investments are stated at fair value.

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The District has no policy on credit risk.

The District places no limit on the amount the District may invest in any one issuer.

#### **Property Taxes**

Property tax revenues are recognized when a legal and enforceable claim is assessed against the property. Delinquent taxes are considered fully collectible; therefore, no allowance for uncollectible taxes is provided.

#### **Capital Assets**

Capital assets are stated at cost in accordance with construction contracts and other costs applicable thereto. Interest accrued on warrants issued for the construction of improvements is capitalized during the period of construction. Capital assets are classified as construction in progress until construction is complete or special assessments are levied. No depreciation expense is reported for capital assets classified as construction in progress. The costs of improvements disposed and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal. Depreciation is computed using the straight-line method over the following useful lives:

Sanitary and Sewer Systems	40 Years
Underground Power, Water, and Gas Systems	30 Years
Intercept Sewers and Interlocal Agreements	40 Years
Electrical Systems	30 Years

#### **Costs of Utilities**

These costs include the cost of systems for which the District does not obtain title such as electrical systems (OPPD), water distribution systems (MUD) and/or gas distribution systems (MUD). These costs are expensed as incurred.

#### **Bond Issue Costs**

Bond issuance costs are expensed as incurred.

#### **Credit Risk**

The District's credit risk relates to receivables for property taxes and special assessments which are due from property owners within the boundaries of the District and cash on deposit with the Sarpy County Treasurer.

# Sanitary and Improvement District No. 189 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2015

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### 1. Summary of Significant Accounting Policies (Continued)

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#### ***Fund Equity/Net Position***

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and outstanding balance of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted net position - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This category represents net position of the District not restricted for any project or other purpose.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either external imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the District through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned - Amounts the District intends to use for specific purposes.

Unassigned - All Amounts not included in other classifications.

#### ***Subsequent Events***

Subsequent events are events or transactions that occur after the Governmental Funds Balance Sheet/Statement of Net Assets date but before the financial statements are available to be issued and may require potential recognition or disclosure in the financial statements. Management has considered such events or transactions through December 7, 2015 noting no items requiring disclosure.

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### 2. Property Taxes

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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.

# Sanitary and Improvement District No. 189 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2015

### 2. Property Taxes (Continued)

The District has levied real and personal property taxes as follows:

Fiscal Year	District Valuation of Property	District Tax Levy Per \$100 Valuation		
		General	Debt Service	Debt Total
2014-2015	\$ 81,389,890	.050000	.450000	.500000

### 3. Capital Assets

Capital assets at June 30, 2015, consist of the following:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Depreciable Capital Assets				
Sanitary and storm sewer	\$ 2,043,639	\$ -	\$ -	\$ 2,043,639
Electrical System	366,639	-	-	366,639
Intercept Sewers and Interlocal agreements	450,769	-	-	450,769
Underground power, water and gas system	<u>1,161,147</u>	-	-	<u>1,161,147</u>
	4,022,194	-	-	4,022,194
Less accumulated depreciation	<u>(1,678,524)</u>	<u>(113,286)</u>	-	<u>(1,791,810)</u>
	<u>\$ 2,343,670</u>	<u>\$ (113,286)</u>	<u>\$ -</u>	<u>\$ 2,230,384</u>

The District recorded depreciation expense of \$ 113,286 for the year ended June 30, 2015.

### 4. General Long-Term Debt

Transactions for long-term debt for the year ended June 30, 2015 are summarized as follows:

Issue	Balance July 1, 2015	Proceeds	Payments	Balance June 30, 2015
Bond Issue, 2009	1,640,000	-	140,000	1,500,000
Bond Issue, 2012	<u>2,450,000</u>	-	<u>55,000</u>	<u>2,395,000</u>
	<u>\$ 4,090,000</u>	<u>\$ -</u>	<u>\$ 195,000</u>	<u>\$ 3,895,000</u>

# Sanitary and Improvement District No. 189 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2015

### 4. General Long-Term Debt (Continued)

Long-term debt was comprised of the following:

	<u>June 30, 2015</u>
General obligation bond issued on October 15, 2009 bonds outstanding due serially through October 15, 2023, annual maturities range from \$100,000 in 2011 to \$230,000 in 2023, interest payable semi-annually at 2.00% to 4.40% per annum.	1,500,000
General obligation bond issued on November 1, 2012, bonds Outstanding due serially through November 1, 2027, annual Maturities range from \$ 50,000 in 2013 to \$ 425,000 in 2027, Interest payable semi-annually at 1.2% to 3.7% per annum.	<u>2,395,000</u>
	<u>\$3,895,000</u>

Aggregate maturities during the next five years are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	210,000	133,593	343,593
2017	225,000	127,330	352,330
2018	240,000	120,168	360,168
2019	255,000	112,041	367,041
2020	270,000	102,870	372,870
Thereafter	<u>2,695,000</u>	<u>412,887</u>	<u>3,107,887</u>
	<u>\$ 3,895,000</u>	<u>\$ 1,008,889</u>	<u>\$ 4,903,889</u>

### 5. Reconciliation of Net Assts and Changes in Net Position

#### Net Position

Total fund balance per balance sheet \$ 955,319

Amounts reported for governmental activities in the statement of net Position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 2,230,384

Some liabilities, including warrants payable and bonds payable are not due and payable in the current period and therefore are not reported in the funds. (3,895,000)

Net Position (deficit) of governmental activities \$ (709,297)

# Sanitary and Improvement District No. 189 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2015

### Change in Net Position

Net change in fund balance	\$ 33,092
Depreciation does not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(113,286)
Repayment of bond principals is an expenditure in the governmental Funds, but repayment reduces long-term liabilities in the Statement of Net Position.	<u>195,000</u>
Change in Net Position (deficit) of governmental activities	<u>\$ 114,806</u>

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### 6. Commitments

The District has entered into various contracts and agreements related to the construction of streets, utility systems and other public improvements as well as general maintenance and other operating expenses related to the District. These contracts and agreements will be completed in the future. All expenditures are initially funded by the issuance of warrants. Warrants mature as follows; General Fund warrants mature within 3 years of issuance and Debt Service Fund warrants mature in 5 years. Maturities of warrants payable are primarily funded by the issuance of bonds payable and cash flow generated from special assessments, sewer connection fees and annual property tax levies. Special assessments and sewer connection fees are levied on a per lot basis. The generation of property taxes is dependent upon the growth of the valuation base as lots are developed. In addition, the District's ability to issue bonds is dependent upon an acceptable level of valuation for the District. The District's ability to fund its obligations in the future is contingent upon the success of future lot sales and the development within the District.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Revenue, Expenditures and Changes in Fund Balance-  
Budget and Actual (Budgetary Basis) – General Fund**

**Schedule of Revenue, Expenditures and Changes in Fund Balance-  
Budget and Actual (Budgetary Basis) – Debt Service Fund**

**Notes to Required Supplementary Information**

**SUPPLEMENTAL INFORMATION**

**Information Required by Section 31-740  
Reissue Revised Statute of Nebraska, 1998**

**District Trustees and Related Bonds**

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**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***

SANITARY AND IMPROVEMENT DISTRICT NO. 189 of Sarpy County, Nebraska  
 Schedule 1

Schedule of Revenue, Expenditures and Changes in Fund Balance-  
 Budget and Actual (Budgetary Basis) - General Fund

For the Year Ended June 30, 2015

	Actual on GAAP Basis	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance- Favorable (Unfavorable)
<b>REVENUES/RECEIPTS</b>					
Property Taxes	\$ 40,635	\$ 1,721	\$ 42,356	\$ 40,695	\$ 1,661
Interest on					
Property Taxes	30	-	30	-	30
Investments	19	(12)	7	-	7
State Motor Vehicle Tax Allocation	88	-	88	172	(84)
<b>Total Revenues/Receipts</b>	<b>40,772</b>	<b>1,709</b>	<b>42,481</b>	<b>40,867</b>	<b>1,614</b>
<b>EXPENDITURES/DISBURSEMENTS</b>					
Collection Fees-County Treasurer	652	-	652	814	162
Clerk Fees	1,292	(184)	1,108	1,200	92
Engineering	5,133	(1,192)	3,941	6,000	2,059
Insurance	431	-	431	400	(31)
Maintenance	5,599	(837)	4,762	95,000	90,238
Professional Fees	13,271	(1,274)	11,997	15,000	3,003
Utilities	6,252	(1,141)	5,111	7,000	1,889
<b>Total Expenditures/Disbursements</b>	<b>32,630</b>	<b>(4,628)</b>	<b>28,002</b>	<b>125,414</b>	<b>97,412</b>
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	8,142	6,337	14,479	(84,547)	99,026
<b>OTHER FINANCING SOURCES (USES)</b>					
Warrants Issued	-	27,349	27,349	-	(27,349)
Warrants Retired	-	(27,349)	(27,349)	-	27,349
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUE/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/DISBURSEMENTS AND OTHER USES</b>					
	8,142	6,337	14,479	<u>\$ (84,547)</u>	<u>\$ 99,026</u>
Fund Balance (Deficit), Beginning of Year	114,502	(13,571)	100,931		
<b>Fund balance (Deficit), End of Year</b>	<b>\$ 122,644</b>	<b>\$ (7,234)</b>	<b>\$ 115,410</b>		

See Independent Auditors' Report.

SANITARY AND IMPROVEMENT DISTRICT NO. 189 of Sarpy County, Nebraska

Schedule 2

Schedule of Revenue, Expenditures and Changes in Fund Balance-  
Budget and Actual (Budgetary Basis) - Debt Service Fund

For the Year Ended June 30, 2015

	Actual on GAAP Basis	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance- Favorable (Unfavorable)
<b>REVENUES/RECEIPTS</b>					
Property Taxes	\$ 365,650	\$ 33,316	\$ 398,966	\$ 366,254	\$ 32,711
Interest on					
Property Taxes	277	-	277	-	277
Investments	236	(22)	214	-	214
State Motor Vehicle Tax Allocation	820	-	820	1,568	(748)
<b>Total Revenues/Receipts</b>	<b>366,983</b>	<b>33,294</b>	<b>400,277</b>	<b>367,822</b>	<b>32,454</b>
<b>EXPENDITURES/DISBURSEMENTS</b>					
Collection Fees-County Treasurer	6,226	-	6,226	7,325	1,099
Bond Issuance Costs	-	-	-	-	-
Bond Maintenance Cost	2,800	(1,400)	1,400	2,800	1,400
Engineering	-	-	-	-	-
Professional Fees	-	-	-	1,200	1,200
Bonds Payable					
Principal Payments	195,000	-	195,000	195,000	-
Interest	138,007	1,023	139,030	139,030	-
Net Capital Outlay	-	-	-	43,082	43,082
<b>Total Expenditures/Disbursements</b>	<b>342,033</b>	<b>(377)</b>	<b>341,656</b>	<b>388,437</b>	<b>46,781</b>
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	24,950	33,671	58,621	(20,615)	79,235
<b>OTHER FINANCING SOURCES (USES)</b>					
Warrants Issued					
Warrants Retired					
Issuance of Bonds	-	-	-	-	-
Bond Refunding/Payments	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,235</b>
<b>EXCESS (DEFICIENCY) OF REVENUE/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/DISBURSEMENTS AND OTHER USES</b>	<b>24,950</b>	<b>33,671</b>	<b>58,621</b>	<b>\$ (20,615)</b>	<b>\$ 79,235</b>
Fund Balance (Deficit), Beginning of Year	807,725	(152,355)	655,370		
<b>Fund balance (Deficit), End of Year</b>	<b>\$ 832,675</b>	<b>\$ (118,684)</b>	<b>\$ 713,991</b>		

See Independent Auditors' Report.

# Sanitary and Improvement District No. 189 of Sarpy County, Nebraska

## Notes to Required Supplementary Information Budgetary Comparison Schedules

June 30, 2015

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### 1. Budgets and Budgetary Accounting

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The District is required to adopt an annual operating budget for all the funds over which the District controls. The budget is adopted using a cash basis of accounting which differs significantly from accounting principles generally accepted in the United States of America. 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.

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) The Board of Trustees may authorize supplemental appropriations during the year.

**Sanitary and Improvement District No. 189 of Sarpy County, Nebraska**  
Schedule 3

Information Required by Section 31-740  
Reissue Revised Statute of Nebraska, 2008

June 30, 2015

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Total Receipts from all sources	\$ 407,755
Amount spent for sewage disposal	None
Amount expended on water system	None
Gross amount of sewage processed	None
Cost per thousand gallons of processing sewage	None
Amount expended for:	
Repairs and maintenance	\$ 5,599
New equipment	None
New construction work	None
Real estate purchased	None
Number of employees	1
Salaries and fees paid employees	\$ 1,200
Total amount of taxes levied	\$ 406,949
Total special assessment levied	None

# Sanitary and Improvement District No. 189 of Sarpy County, Nebraska

## Schedule 4

### District Trustees and Related Bonds

June 30, 2015

<u>TRUSTEES</u>		<u>BONDS</u>	
<u>NAME</u>	<u>OFFICE</u>	<u>INSURER</u>	<u>AMOUNT</u>
Rudolph R. Mudra	Chairman	Constructors Bonding Co.	\$ 5,000
Carolyn T. Mudra	Clerk	Constructors Bonding Co.	\$ 20,000
William J. Whitmore	Trustee		
Edward L. Storm	Trustee		
Bruce Meyers	Trustee		

# DOLLECK & FREDERES P.C.

CERTIFIED PUBLIC ACCOUNTANTS

VERNON E. DOLLECK  
LOWELL L. FREDERES  
CERTIFIED PUBLIC ACCOUNTANTS

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## **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**

Board of Trustees  
Sanitary and Improvement District No. 189 of Sarpy County, Nebraska

We have audited the accompanying financial statements of the government activities and each major fund of Sanitary and Improvement District No. 189 of Sarpy County, Nebraska as of and for the year ended June 30, 2015, which collectively comprise Sanitary and Improvement District 189 of Sarpy County Nebraska's basic financial statements and have issued our report thereon dated December 7, 2015. 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. 189 of Sarpy County, Nebraska'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. 189 of Sarpy County, Nebraska's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sanitary and Improvement District No. 189 of Sarpy County, Nebraska'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. 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 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 summarized below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

Findings and Responses

*Significant Deficiency Identified:*

*Criteria*

Internal controls should be in place that provide reasonable assurance of the District's ability to report financial information reliably in accordance with accounting principles generally accepted in the United States of America.

*Condition*

The District's management does not have the ability to prepare its financial statements and related footnotes in conformity with accounting principles generally accepted in the United States of America.

*Cause*

The District has a limited number of administrative personnel available to prepare the financial Statements and related footnotes in accordance with accounting principles generally accepted in the United States of America.

*Effect*

The District cannot on its own, comply with regulatory requirements to prepare annual financial Statements in accordance with accounting principles generally accepted in the United States of America.

*Recommendation*

We recommend the District have a heightened awareness of the required oversight and monitoring of the transactions being reported.

*Response*

Management has determined it would not be cost-beneficial to establish a system of internal controls that would allow the District to prepare its own financial statements. Accordingly, the District engaged the audit firm to assist in the preparation of the statements in accordance with accounting principles generally accepted in the United States of America. The board of Trustees will oversee and monitor the transactions being reported.

We did not audit and, accordingly, we express no opinion on the District's responses to the findings identified above.

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



Dolleck & Frederes, P.C.  
Omaha, Nebraska  
December 7, 2015