

**Sanitary and Improvement District No. 199  
of Sarpy County, Nebraska**

**Basic Financial Statements and  
Independent Auditors' Report**

**June 30, 2012**

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# Sanitary and Improvement District No. 199 of Sarpy County, Nebraska

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## Index

	<u>Page</u>
Independent Auditors' Report	1-2
Basic Financial Statements	
Governmental Funds Balance Sheet/Statement of Net Assets	3
Governmental Fund Revenues, Expenditures and Changes In Fund Balances/Statement of Activities	4
Notes to Basic Financial Statements	5-12

### **REQUIRED SUPPLEMENTARY INFORMATION**

	<u>Schedule</u>	
Schedule of Revenue, Expenditures and Changes in Fund Balance- Budget and Actual (Budgetary Basis) – General Fund	1	13
Schedule of Revenue, Expenditures and Changes in Fund Balance- Budget and Actual (Budgetary Basis) – Debt Service Fund	2	14

### **SUPPLEMENTAL INFORMATION**

Information Required by Section 31-740, Reissue Revised Statute of Nebraska, 1998	3	15
District Trustees and Related Bonds	4	16
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 <i>Government Auditing Standards</i>		17-18

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Sanitary and Improvement District No. 199 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. 199 of Sarpy County, Nebraska, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the index. These financial statements are the responsibility of the District's Trustees. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Trustees, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sanitary and Improvement District No. 199 of Sarpy County, Nebraska, as of June 30, 2012, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information on pages 13 through 14 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The District's management has elected to omit management's discussion and analysis from the basic financial statements. The management's discussion and analysis information is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Information Required by Section 31-740, Reissue Revised Statute of Nebraska, 1998 on page 15 and District Trustees and Related Bonds on page 16 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information on pages 15 and 16 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2012, on our consideration of Sanitary and Improvement District No. 199 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 an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Lutz & Company, P.C.*

December 15, 2012

# Sanitary and Improvement District No. 199 of Sarpy County, Nebraska

## Governmental Funds Balance Sheet/Statement of Net Assets

June 30, 2012

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Reconciliation (Note 6)</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>					
Cash on Deposit					
County Treasurer	\$ 50,244	\$ 65,014	\$ 115,258	\$ -	\$ 115,258
Investments	44,979	69,973	114,952	-	114,952
Receivables					
Property Taxes (Note 2)	11,563	31,835	43,398	-	43,398
Accrued Interest Receivable					
Investments	1	11	12	-	12
Bond Issue Costs, Net of Accumulated Amortization of \$76,915	-	-	-	165,848	165,848
Capital Assets, Net of Accumulated Depreciation (Note 3)	-	-	-	1,271,112	1,271,112
<b>TOTAL ASSETS</b>	<b>\$ 106,787</b>	<b>\$ 166,833</b>	<b>\$ 273,620</b>	<b>\$ 1,436,960</b>	<b>\$ 1,710,580</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 12,040	\$ 1,400	\$ 13,440	\$ -	\$ 13,440
Registered Warrants Payable (Note 4)	-	126,741	126,741	228,609	355,350
Accrued Interest on Registered Warrants (Note 4)	-	3,425	3,425	-	3,425
Bonds (Note 5)	-	16,280	16,280	-	16,280
Bonds Payable (Note 5)					
Due Within One Year	-	-	-	90,000	90,000
Due After One Year	-	-	-	2,065,000	2,065,000
Deferred Revenue	-	-	-	43,398	43,398
Total Liabilities	12,040	147,846	159,886	2,427,007	2,586,893
<b>COMMITMENTS AND CONTINGENCIES (Note 7)</b>					
<b>FUND BALANCE (DEFICIT)/NET ASSETS</b>					
Unassigned, Reported in					
General Fund	94,747	-	94,747	(94,747)	
Restricted, Debt Service Fund	-	18,987	18,987	(18,987)	
Total Fund Balance (Deficit)	94,747	18,987	113,734	(113,734)	
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 106,787</b>	<b>\$ 166,833</b>	<b>\$ 273,620</b>		
<b>NET ASSETS (DEFICIT)</b>					
Invested in Capital Assets, Net of Related Debt				(990,047)	(990,047)
Unassigned				94,747	94,747
Restricted for Debt Service				18,987	18,987
<b>TOTAL NET ASSETS (DEFICIT)</b>				<b>\$ (876,313)</b>	<b>\$ (876,313)</b>

See Notes to Basic Financial Statements.

# Sanitary and Improvement District No. 199 of Sarpy County, Nebraska

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

Year Ended June 30, 2012

	General Fund	Debt Service Fund	Total	Reconciliation (Note 6)	Statement of Activities
<b>REVENUES/RECEIPTS</b>					
Property Taxes (Note 2)	\$ 27,568	\$ 77,190	\$ 104,758	\$ 4,140	\$ 108,898
Interest on					
Property Taxes (Note 2)	196	548	744	-	744
Investments	3	75	78	-	78
State Motor Vehicle Tax Allocation	79	223	302	-	302
<b>Total Revenue/Receipts</b>	<b>27,846</b>	<b>78,036</b>	<b>105,882</b>	<b>4,140</b>	<b>110,022</b>
<b>EXPENDITURES/EXPENSES</b>					
Current:					
Collection Fees- County Treasurer	562	1,574	2,136	-	2,136
Amortization of Bond Issue Costs	-	-	-	12,138	12,138
Bond Maintenance Costs	-	1,400	1,400	-	1,400
Clerk Fees	1,200	-	1,200	-	1,200
Depreciation (Note 3)	-	-	-	45,647	45,647
Engineering	1,450	-	1,450	-	1,450
Fiscal Agent Fees	-	353	353	-	353
Insurance	680	-	680	-	680
Interest on					
Registered Warrants (Note 4)	-	23,493	23,493	-	23,493
Maintenance	412	-	412	-	412
Professional Fees	17,284	-	17,284	-	17,284
Utilities	5,075	-	5,075	-	5,075
Bonds Payable (Note 5)					
Principal	-	80,000	80,000	(80,000)	-
Interest	-	107,730	107,730	-	107,730
<b>Total Expenditures/Expenses</b>	<b>26,663</b>	<b>214,550</b>	<b>241,213</b>	<b>(22,215)</b>	<b>218,998</b>
Excess (Deficiency) of Revenues/Receipts					
Over Expenditures/Expenses	1,183	(136,514)	(135,331)	26,355	(108,976)
<b>OTHER FINANCING SOURCES (USES)</b>					
Warrants Issued (Note 4)	-	27,923	27,923	(27,923)	-
Change in Payables	-	(73,988)	(73,988)	73,988	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(46,065)</b>	<b>(46,065)</b>	<b>46,065</b>	<b>-</b>
Excess (Deficiency) of Revenues/Receipts and Transfers in Over (Under) Expenditures/Expenses and Transfers Out					
	1,183	(182,579)	(181,396)	181,396	-
Change in Net Assets					
				(108,976)	(108,976)
Fund Balance (Deficit)/Net Assets, Beginning of Year					
	93,564	201,566	295,130	-	(767,337)
<b>Fund Balance (Deficit)/Net Assets, End of Year</b>					
	<b>\$ 94,747</b>	<b>\$ 18,987</b>	<b>\$ 113,734</b>	<b>\$ -</b>	<b>\$ (876,313)</b>

See Notes to Basic Financial Statements.

# Sanitary and Improvement District No. 199 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2012

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### 1. Summary of Significant Accounting Policies

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The accounting policies of Sanitary and Improvement District No. 199 of Sarpy County, Nebraska conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the District's significant policies.

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

Sanitary and Improvement District No. 199 of Sarpy County, Nebraska (the District), was formed on September 21, 2001, and 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.

The District has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB Statement No. 34), GASB Statement 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement 34, and GASB Statement No. 38, *Certain Financial Statement Disclosures* which changes note disclosure requirements for governmental entities.

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which provides additional guidance on fund balance classifications and clarifies existing guidance on governmental fund type definitions. GASB No. 54 requires the District to identify amounts that are considered nonspendable and provides for additional classification of spendable amounts as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide fund financial statements to the extent they do not conflict or contradict guidance of the GASB.

#### ***Basic Financial Statements***

The District Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental Activities. These statements are presented on an *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all of the Districts assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. 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 business type activities that rely, to a significant extent, on fees and charges for support.

# Sanitary and Improvement District No. 199 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2012

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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 resources measurement focus. Under this measurement focus, only current assets and liabilities are included on the balance sheets, and the operating statements present sources and uses of available financial resources during a given period. The following major governmental funds are used by the District:

#### **- 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.

### ***Basis of Accounting***

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 thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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# Sanitary and Improvement District No. 199 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2012

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### ***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, 2012.)

### ***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, 2012, 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.

### ***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.

# Sanitary and Improvement District No. 199 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2012

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### **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. Depreciation began in October 2003. 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:

	<u>Years</u>
Storm and Sanitary Sewer Systems	50
Street Improvements	20

### **Deferred Revenue**

The District reports unearned deferred revenue in the governmental fund balance sheet. Deferred and unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In general, monies received within thirty-one days after year-end are considered to have been for prior year services.

### **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 issue costs are amortized, using the straight-line method, over the life of the bond issue.

### **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. The District's investments are exposed to various risks, such as interest rate, market and credit risk.

### **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 15, 2012 noting no items requiring disclosure.

# Sanitary and Improvement District No. 199 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2012

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### 2. Property Taxes

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

For 2011-2012, the District levied taxes at the rate of \$0.95 (\$.25 in the general fund and \$.70 in the debt service fund) per \$100 based on a property valuation of \$11,027,119.

### 3. Capital Assets

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Capital assets at June 30, 2012, consist of the following:

	<b>Costs at June 30, 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Costs at June 30, 2012</b>
Storm Sewer Systems	\$ 426,919	\$ -	\$ -	\$ 426,919
Sanitary Sewer Systems	1,001,618	-	-	1,001,618
Street Improvements	213,461	-	-	213,461
	<u>\$ 1,641,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,641,998</u>
Less Accumulated Depreciation				<u>370,886</u>
Capital Assets, Net of Accumulated Depreciation				<u>\$ 1,271,112</u>

### 4. Warrants Payable

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Warrants registered with Sarpy County accrue interest from the date of registration to the date they are called for payment.

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

The following is a summary of warrant transactions during the year ended June 30, 2012:

	<b>General Fund</b>	<b>Debt Service Fund</b>
Balance, June 30, 2011	\$ -	\$ 327,427
Warrants Issued	25,298	27,923
Warrants Retired	(25,298)	-
Balance, June 30, 2012	<u>\$ -</u>	<u>\$ 355,350</u>

# Sanitary and Improvement District No. 199 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2012

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Aggregate maturities of warrants outstanding are as follows:

Year Ending <u>June 30:</u>	-----General Fund-----		----Debt Service Fund----	
	Amount of Warrants	Interest Rate	Amount of Warrants	Interest Rate
2013	\$ -		\$ -	
2014	-		-	
2015	-		-	
2016	-		327,427	7%
2017	-		27,923	7%
	<u>\$ -</u>		<u>\$ 355,350</u>	

There were no unregistered warrants at June 30, 2012.

### 5. Long-Term Debt

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The District's long-term debt consists of general obligation bonds which are reflected in the debt service fund.

General obligation bonds totaling \$800,000 issued on September 1, 2004, with a balance of \$620,000 at June 30, 2012, are due serially beginning September 1, 2006 through September 1, 2024. Interest is payable semi-annually on this issue at 4.35% to 5.40% per annum.

General obligation bonds totaling \$1,700,000 issued on December 1, 2006, with a balance of \$1,535,000 at June 30, 2012, are due serially beginning December 1, 2007 through December 1, 2021. Interest is payable semi-annually on this issue at 4.40% to 5.00% per annum.

The following is a summary of bonds payable transactions of the District for the year ending June 30, 2012:

Bonds Outstanding, June 30, 2011	\$ 2,235,000
Bonds Retired	(80,000)
Bonds Outstanding, June 30, 2012	<u>\$ 2,155,000</u>

# Sanitary and Improvement District No. 199 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2012

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Aggregate maturities of long-term debt and interest due on long-term debt are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 90,000	\$ 104,683	\$ 194,683
2014	100,000	100,479	200,479
2015	110,000	95,744	205,744
2016	130,000	90,236	220,236
2017	40,000	86,248	126,248
2018-2022	1,500,000	364,759	1,864,759
2023-2026	185,000	15,180	200,180
	<u>\$ 2,155,000</u>	<u>\$ 857,328</u>	<u>\$ 3,012,328</u>

### 6. Reconciliation of Net Assets and Changes in Net Assets

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**Net Assets**

Total fund balance per balance sheet \$ 113,734

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets and bond issue costs used in governmental activities are not financial resources and therefore are not reported in the funds. 1,436,960

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. (2,383,609)

Property tax revenue not yet earned at year end is reported as deferred revenue. (43,398)

Net deficit of governmental activities \$ (876,313)

# Sanitary and Improvement District No. 199 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2012

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### Changes in Net Assets

Net change in fund balance	\$ (135,331)
Current year property tax levy earned at year end.	4,140
Certain expenditures do not require the use of current financial resources and therefore are not reported as expenditures of in governmental funds.	(57,785)
Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets.	80,000
Change in net deficit of governmental activities	<u>\$ (108,976)</u>

### 7. Commitments and Contingencies

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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.

Current economic conditions give rise to the concern that the growth in valuation will be limited in the next few years. The maturity of Long-Term Debt (see Note 5) indicate the need for a bond issue during the year ending June 30, 2013. The ability to meet cash flow requirements in 2013 will be dictated by future valuation growth.

**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**

**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. 199 of Sarpy County, Nebraska

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

Schedule 1

Year Ended June 30, 2012

	Actual on GAAP Basis	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance- Favorable (Unfavorable)
<b>REVENUES/RECEIPTS</b>					
Property Taxes	\$ 27,568	\$ 1,089	\$ 28,657	\$ 26,741	\$ 1,916
Interest on		-			
Property Taxes	196	-	196	200	(4)
Investments	3	2	5	200	(195)
State Motor Vehicle Tax Allocation	79	-	79	-	79
<b>Total Revenues/Receipts</b>	<b>27,846</b>	<b>1,091</b>	<b>28,937</b>	<b>27,141</b>	<b>1,796</b>
<b>EXPENDITURES/DISBURSEMENTS</b>					
Collection Fees- County Treasurer	562	-	562	-	(562)
Clerk Fees	1,200	-	1,200	1,200	-
Engineering	1,450	(2)	1,448	1,000	(448)
Insurance	680	-	680	500	(180)
Maintenance	412	13	425	1,000	575
Professional Fees	17,284	(354)	16,930	15,000	(1,930)
Utilities	5,075	(461)	4,614	6,000	1,386
<b>Total Expenditures/Disbursements</b>	<b>26,663</b>	<b>(804)</b>	<b>25,859</b>	<b>24,700</b>	<b>(1,159)</b>
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	1,183	1,895	3,078	2,441	637
<b>OTHER FINANCING SOURCES (USES)</b>					
Warrants Issued	-	25,298	25,298	-	25,298
Warrants Retired	-	(25,298)	(25,298)	-	(25,298)
Transfer to Bond Fund	-	-	-	(55,000)	55,000
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(55,000)</b>	<b>55,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/DISBURSEMENTS AND OTHER USES</b>					
	1,183	1,895	3,078	<b>\$ (52,559)</b>	<b>\$ 55,637</b>
Fund Balance (Deficit), Beginning of Year	93,564	(1,419)	92,145		
<b>Fund Balance (Deficit), End of Year</b>	<b>\$ 94,747</b>	<b>\$ 476</b>	<b>\$ 95,223</b>		

See Independent Auditors' Report.

# Sanitary and Improvement District No. 199 of Sarpy County, Nebraska

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

Schedule 2

Year Ended June 30, 2012

	<u>Actual on GAAP Basis</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>REVENUES/RECEIPTS</b>					
Property Taxes	\$ 77,190	\$ 3,050	\$ 80,240	\$ 74,874	\$ 5,366
Interest on					
Property Taxes	548	-	548	300	248
Investments	75	42	117	2,000	(1,883)
State Motor Vehicle Tax Allocation	223	-	223	-	223
<b>Total Revenues/Receipts</b>	<b>78,036</b>	<b>3,092</b>	<b>81,128</b>	<b>77,174</b>	<b>3,954</b>
<b>EXPENDITURES/DISBURSEMENTS</b>					
Collection Fees- County Treasurer	1,574	-	1,574	-	(1,574)
Bond Maintenance Costs	1,400	-	1,400	1,400	-
Fiscal Agent Fees	353	-	353	-	(353)
Interest on Registered Warrants	23,493	(573)	22,920	22,000	(920)
Professional Fees	-	3,250	3,250	-	(3,250)
Bonds Payable					
Principal Payments	80,000	-	80,000	80,000	-
Interest	107,730	639	108,369	108,369	-
<b>Total Expenditures/Disbursements</b>	<b>214,550</b>	<b>3,316</b>	<b>217,866</b>	<b>211,769</b>	<b>(6,097)</b>
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	(136,514)	(224)	(136,738)	(134,595)	(2,143)
<b>OTHER FINANCING SOURCES (USES)</b>					
Warrants Issued	27,923	-	27,923	24,400	3,523
Change in Payables	(73,988)	73,988	-	-	-
Transfer from General Fund	-	-	-	55,000	(55,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(46,065)</b>	<b>73,988</b>	<b>27,923</b>	<b>79,400</b>	<b>(51,477)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/DISBURSEMENTS AND OTHER USES</b>					
	(182,579)	73,764	(108,815)	<b>\$ (55,195)</b>	<b>\$ (53,620)</b>
Fund Balance (Deficit), Beginning of Year	201,566	42,236	243,802		
<b>Fund Balance (Deficit), End of Year</b>	<b>\$ 18,987</b>	<b>\$ 116,000</b>	<b>\$ 134,987</b>		

See Independent Auditors' Report.

# Sanitary and Improvement District No. 199 of Sarpy County, Nebraska

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

Schedule 3

June 30, 2012

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Total Receipts From All Sources	\$	110,065
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		
Maintenance and Repair	\$	412
New Equipment		None
New Construction Work		None
Property Purchased		None
Number of Employees		None
Total Amount of Taxes Levied Upon the Property Within the District	\$	104,758

# Sanitary and Improvement District No. 199 of Sarpy County, Nebraska

District Trustees and Related Bonds

Schedule 4

June 30, 2012

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<u>Trustees</u>		<u>Bonds</u>	
<u>Name</u>	<u>Office</u>	<u>Insurer</u>	<u>Amount</u>
Gerald L. Torczon	Chairman	Western Surety Company	\$ 5,000
Doris J. Nicholson	Clerk	Western Surety Company	\$ 20,000
John R. Torczon	Trustee		
Joadele Ressler	Trustee		
Jerome Pieper	Trustee		

## **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. 199 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. 199 of Sarpy County, Nebraska, as of and for the year ended June 30, 2012, which collectively comprise Sanitary and Improvement District No. 199 of Sarpy County, Nebraska's basic financial statements and have issued our report thereon dated December 15, 2012. 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. 199 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. 199 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. 199 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 Sanitary and Improvement District No. 199 of Sarpy County, Nebraska'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 certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* summarized below.

Findings and Responses

*Significant Deficiency Identified:*

*Condition*

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

*Criteria*

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

*Effect*

The District cannot on its own, comply with regulatory requirements to prepare annual financial statements in accordance with generally accepted accounting principles.

*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 generally accepted accounting principles.

*Instances of Noncompliance Identified:*

*Condition*

The District exceeded budgeted expenditures/disbursements by approximately \$7,300.

*Criteria*

Internal controls should be in place that monitor the District's activities for consistency with budgeted amounts.

*Effect*

The District did not amend the budget to account for the exceeded expenditures/disbursements.

*Response*

The District's activities were not consistent with budgeted amounts due to unanticipated circumstances. The Board of Trustees will monitor the District's activities in order to effectively budget in the future.

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.

*Lutz & Company, P.C.*

December 15, 2012

