FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

SANITARY AND IMPROVEMENT DISTRICT NO. 202
SARPY COUNTY, NEBRASKA

YEAR ENDED JUNE 30, 2014

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION	4
STATEMENT OF ACTIVITIES	5
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET	6
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	7
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	8
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	9
NOTES TO FINANCIAL STATEMENTS	10
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL	20
SUPPLEMENTARY INFORMATION	
INFORMATION REQUIRED BY SECTION 31-740, REISSUED REVISED STATUTES OF NEBRASKA, 2008	21
SUMMARY OF TAXES RECEIVABLE	21
TRUSTEES AND RELATED BONDS	21
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	22 - 24

JONES & LOWE PC
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Sanitary and Improvement District No. 202
of Sarpy County, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund, of Sanitary and Improvement District No. 202 of Sarpy County, Nebraska (a political subdivision) as of and for the year ended June 30, 2014, 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.

Auditors' 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.

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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. 202 of Sarpy County, Nebraska as of June 30, 2014, 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.

Emphasis of Matter

As described in Note J to the basic financial statements, in fiscal 2014, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities.* Our opinions are not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require budgetary comparison on page 20 to be presented to supplement the basic financial statements. Such information, although not 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.

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 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sanitary and Improvement District No. 202 of Sarpy County, Nebraska's basic financial statements. The supplementary information on page 21 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information 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 information 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 our report dated December 18, 2014, on our consideration of the Sanitary and Improvement District No. 202 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 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. 202 of Sarpy County, Nebraska's internal control over financial reporting and compliance.

Jones & Lowe, P.C.

Omaha, Nebraska
December 18, 2014

Sanitary and Improvement District No. 202
Sarpy County, Nebraska

GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2014

	Primary Government Governmental Activities
ASSETS:	
Cash on deposit - County Treasurer	$ 427,352
Taxes receivable (note F)	301,521
Investments (note C)	779,772
Accrued interest on investments (note C)	171
Capital assets (note D):	
Infrastructure	9,717,435
Accumulated depreciation	(3,392,659)
Total assets	7,833,592
LIABILITIES:	
Accounts payable	23,809
Accrued interest	91,024
Noncurrent liabilities (note E):	
Due within one year	290,000
Due in more than one year	7,405,000
Total liabilities	7,809,833
COMMITMENTS AND CONTINGENCIES (note G)	-
NET POSITION:	
Invested in capital assets, net of related debt	(1,370,224)
Restricted for debt service	1,257,395
Unrestricted	136,588
Total net position	$ 23,759

The accompanying notes are an integral part of these statements.

Sanitary and Improvement District No. 202
Sarpy County, Nebraska

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

GOVERNMENTAL ACTIVITIES:	
EXPENSES - GENERAL GOVERNMENT	
Professional and administrative expenses	$ 89,053
Maintenance and engineering	102,450
Depreciation	312,048
Interest	300,873
	804,424
GENERAL REVENUES	
Property taxes	613,944
Interest	856
State motor vehicle tax allocation	2,516
Property tax credit allocation	14,977
Homestead exemption	1,405
Interest on special assessments	6,963
Interest on investments	171
Miscellaneous	600
	641,432
Change in net position	(162,992)
Net position at beginning of year, as previously reported	606,514
Adjustment for implementation of GASB 65 (note J)	(419,763)
Net position - beginning of year, as restated	186,751
Net position at end of year	$ 23,759

The accompanying notes are an integral part of these statements.

Sanitary and Improvement District No. 202
Sarpy County, Nebraska

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2014

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash on deposit - County Treasurer	$ 96,200	$ 331,152	$ 427,352
Taxes receivable (note F)	67,005	234,516	301,521
Investments (note C)	-	779,772	779,772
Accrued interest on investment (note C)	-	171	171
Due from other fund	-	2,808	2,808
Total assets	$163,205	$1,348,419	$1,511,624
LIABILITIES			
Accounts payable	$ 23,809	$ -	$ 23,809
Due to other fund	2,808	-	2,808
Total liabilities	26,617	-	26,617
FUND BALANCES			
Reserved for debt service	-	1,348,419	1,348,419
Unassigned	136,588	-	136,588
Total fund balances	136,588	1,348,419	1,485,007
Total liabilities of resources and fund balances	$163,205	$1,348,419	$1,511,624

The accompanying notes are an integral part of these statements.

Sanitary and Improvement District No. 202
Sarpy County, Nebraska

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2014

Total Fund Balances - Governmental Funds		$ 1,485,007
Amounts reported for governmental activities in the Statement of Net position are different because:		
– Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds:		
Capital assets	$ 9,717,435	
Accumulated depreciation	(3,392,659)	6,324,776
– Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Due within one year	$ (290,000)	
Due in more than one year	(7,405,000)	(7,695,000)
– Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in governmental funds balance sheet.		(91,024)
Net Position of Governmental Activities		$ 23,759

The accompanying notes are an integral part of these statements.

Sanitary and Improvement District No. 202
Sarpy County, Nebraska

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

Year Ended June 30, 2014

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES:			
Taxes assessed (note F)	$136,432	$ 477,512	$ 613,944
State motor vehicle tax allocation	559	1,957	2,516
Property tax credit allocation	3,328	11,649	14,977
Interest on taxes	190	666	856
Homestead exemption	312	1,093	1,405
Special assessments	-	289,659	289,659
Interest on special assessments	-	196,776	196,776
Interest on investments	-	171	171
Miscellaneous	600	-	600
Total revenues	141,421	979,483	1,120,904
EXPENDITURES:			
Legal and accounting fees	23,562	-	23,562
Trustee bonds and insurance	6,051	-	6,051
Collection fees - County Treasurer	2,690	19,143	21,833
Financial advisor fees	-	9,000	9,000
Maintenance and engineering	102,450	-	102,450
Electricity	25,535	-	25,535
Trustee fees	1,200	-	1,200
Fiscal agent fees	-	1,750	1,750
Payroll taxes	122	-	122
Debt Service:			
Interest charges	-	302,340	302,340
Payment of long-term debt	-	310,000	310,000
Total expenditures	161,610	642,233	803,843
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(20,189)	337,250	317,061
FUND BALANCE, BEGINNING OF YEAR	156,777	1,011,169	1,167,946
FUND BALANCE, END OF YEAR	$136,588	$1,348,419	$1,485,007

The accompanying notes are an integral part of these statements.

Sanitary and Improvement District No. 202
Sarpy County, Nebraska

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

Net Change in Fund Balance - Total Governmental Funds	$ 317,061
Amounts reported for governmental activities in the statement of activities are different because:	
– Governmental funds report capital outlays, net of refunds, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays, net of refunds, in the current year.	(312,048)
– Repayment of principal on noncurrent liabilities is reported as an expenditure in the governmental funds. In the statement of net position, the repayment reduces noncurrent liabilities. This is the amount of repayments in the current year.	
Bond principal payments	310,000
– Collections on special assessments and interest thereon have been reported as revenues in the governmental funds but are reported as decreases in receivables on the statement of net position. This is the amount of collections on special assessments and the change in accrued interest thereon.	(479,472)
– Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These expenses consist of:	
Change in accrued interest	1,467
Change in Net Position of Governmental Activities	$(162,992)

The accompanying notes are an integral part of these statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Sanitary and Improvement District No. 202 of Sarpy County, Nebraska comply with the rules and regulations of the State of Nebraska, and conform in all material respects to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies.

Definition of District

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

Reporting Entity

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

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

Basis of Presentation

The basic financial statements of the District include the government-wide and the fund financial statements.

Government-Wide Financial Statements

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Presentation - Continued

Government-Wide Financial Statements - Continued

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

Fund Financial Statements

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

General Fund

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

Debt Service Fund

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

Measurement Focus and Basis of Accounting

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

In the government-wide statements the activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus and Basis of Accounting - Continued

In the governmental fund financial statements, the funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Measurable means that the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred except for debt service expenditures and other long-term liabilities, which are recorded only when due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt are reported as an other financing source in governmental funds.

Deferred Outflows and Inflows of Resources

In addition to assets, the financial statements may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The District did not have any deferred outflows of resources at June 30, 2014.

In addition to liabilities, the financial statements may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The District’s receivables for special assessments and interest receivable thereon are measurable, but are not available to finance current period operations and, therefore, are reported as deferred inflows of resources in the governmental fund statements and will be recognized as an inflow of resources (revenue) when they become available.

Investments

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

Capital Assets

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets - Continued

The estimated useful lives are as follows:

Sanitary sewer	25 years
Paving and storm sewer	40 years
Water system	25 years
Power system	25 years
Park improvements	20 years

Risk Management

The District is exposed to various risks of loss, including those related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has purchased a commercial general liability insurance policy and bonds on its chairman and clerk to minimize the adverse effects of certain types of losses. There have been no significant reductions in insurance coverage and no significant claims or settlements for the current year or the three prior years. The District has retained the risk of loss for property damage to its public improvements.

Credit Risk

Receivables for property taxes are due from property owners within the boundaries of the District located in Sarpy County, Nebraska.

Use of Estimates

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

Budget 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. 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:

(a) In September of each year the District submits a proposed operating budget for all funds to the real estate owners of the District.
(b) Notice of place and time of public hearings must be published prior to the public hearings.
(c) Public hearings are conducted to obtain taxpayer comment.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Budget and Budgetary Accounting - Continued

(d) 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.

(e) The budget is adopted on a per-fund basis and budgetary control is exercised at the fund level.

(f) The Board of Trustees may authorize supplemental appropriations during the year. No such appropriations were made during the fiscal year ended June 30, 2014.

(g) The accompanying combined statements of revenues, expenditures, and changes in fund balances - Budget and Actual - General and Debt Service Fund presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of resultant basis, timing, perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year ended June 30, 2014 is presented as follows:

	General Fund	Debt Service Fund
Excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources (budgetary basis)	$(30,406)	$325,988
Adjustments:		
To adjust revenues for receivables	2,134	7,637
To adjust expenditures for payables and accruals	8,083	3,625
To adjust for variance in recognition of items for other financing sources (uses)	-	-
Excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources (GAAP basis)	$(20,189)	$337,250

NOTE B - SPECIAL ASSESSMENTS RECEIVABLE

Special assessments were levied in the amount of $2,413,828 on December 27, 2004 against certain properties with the District in connection with the construction of improvements. Special assessments are due in ten annual installments and bear interest at 7% per annum until delinquent and 9% per annum thereafter until paid. These special assessments were fully paid during the year ended June 30, 2014.

NOTE C - INVESTMENTS

The District is allowed to invest funds as permitted by Nebraska Statute 77-2341, R.R.S., 2003, and generally include U.S. government obligations, certificates of deposit, and time deposits. During the year ended June 30, 2014, the District invested in U.S. Treasury Bills.

Investments consist of the following at June 30, 2014:

	Face Value	Cost	Accrued Interest
U.S. Treasury bill, held by U.S. Bank, matures August 14, 2014	$780,000	$779,772	$171

All investments activities are conducted through the District's fiscal agent, the County Treasurer. Treasury bills are bought and held in safekeeping through the County Treasurer in the District's name. These securities are classified as Level 1 in the fair value hierarchy as indicated in 820-10.

The market value of the above investments is $779,976 as of June 30, 2014.

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

Interest Rate Risk - Since the District's investments are short-term, this risk is minimized at June 30, 2014.

Custodial Credit Risk - Since investments are held in the County's name, the District is exposed to this risk at June 30, 2014.

NOTE D - CAPITAL ASSETS

At June 30, 2014, capital assets consist of the following:

	July 1, 2013	Additions	June 30, 2014
Infrastructure:			
Sanitary sewer	$ 2,003,647	$ -	$ 2,003,647
Paving and storm sewer	4,936,041	-	4,936,041
Water system	2,096,753	-	2,096,753
Power system	481,906	-	481,906
Park improvements	199,088	-	199,088
	9,717,435	-	9,717,435
Accumulated depreciation	(3,080,611)	(312,048)	(3,392,659)
	$ 6,636,824	$(312,048)	$ 6,324,776

Depreciation expense totaled $312,048 for the year ended June 30, 2014. Park land not being depreciated totals $91,997.

NOTE E - GENERAL OBLIGATION BONDS PAYABLE

Bonds totaling $2,580,000 were issued April 15, 2011 and are due serially beginning April 15, 2013. Interest is payable semi-annually on October 15 and April 15 at rates ranging from 1.30% to 5.55%.

Bonds totaling $3,890,000 were issued January 15, 2012 and are due serially beginning January 15, 2013. The proceeds of this issue were used to retire the remaining 2004 and 2006 bonds. Interest is payable semi-annually on July 15 and January 15 at rates ranging from 1.25% to 4.45%.

Bonds totaling $1,820,000 were issued November 1, 2012 and are due serially beginning November 1, 2013. Interest is payable semi-annually on May 1 and November 1 at rates ranging from 1.30% to 3.95%.

Balance July 1, 2013	$8,005,000
Bond issue	-
Bond payments	(310,000)
Balance, June 30, 2014	$7,695,000

Aggregate maturities of bonds payable and interest is as follows for the years ending June 30:

November 1, 2012 Issue	Principal	Interest	Total
2015	$ 75,000	$ 56,290	$ 131,290
2016	95,000	55,053	150,053
2017	60,000	53,830	113,830
2018	60,000	52,750	112,750
2019	65,000	51,465	116,465
2020 - 2024	255,000	236,378	491,378
2025 – 2029	165,000	197,217	362,217
2030 – 2033	960,000	95,110	1,055,110
	1,735,000	798,093	2,533,093
January 15, 2012 Issue			
2015	140,000	125,107	265,107
2016	180,000	122,728	302,728
2017	180,000	119,217	299,217
2018	180,000	115,077	295,077
2019	210,000	110,578	320,578
2020 – 2024	1,140,000	452,230	1,592,230
2025 – 2029	1,385,000	211,767	1,596,767
2030	180,000	8,010	188,010
	3,595,000	1,264,714	4,859,714

NOTE E - GENERAL OBLIGATION BONDS PAYABLE – CONTINUED

April 15, 2011 Issue

2015	75,000	116,228	191,228
2016	75,000	114,277	189,277
2017	80,000	112,065	192,065
2018	85,000	109,505	194,505
2019	85,000	106,530	191,530
2020 – 2024	485,000	475,803	960,803
2025 – 2029	625,000	343,700	968,700
2030 – 2031	855,000	86,857	941,857
	2,365,000	1,464,965	3,829,965
	$7,695,000	$3,527,772	$11,222,772

Bonds maturing on or after November 1, 2018, January 15, 2018 and April 15, 2017 are subject to redemption in whole or in part, at any time on or after January 15, 2017, April 15, 2016, and November 1, 2017, and respectively, at par and accrued interest, to the date set for redemption, with no redemption premium.

NOTE F - TAX LEVY

The District levied taxes for 2013-2014 at the rate of $.90 per $100 on an estimated 100% property valuation of $70,447,795.

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

NOTE G - COMMITMENTS

The District has entered into an agreement with Omaha Public Power District (OPPD) under which OPPD is to furnish street lighting to the District. The cost to the District for this service for fiscal 2015 is estimated to be approximately $30,000.

NOTE H - NET POSITION AND FUND BALANCES

Net Position in the government-wide financial statements is classified into three components:

Net Investment in capital assets - capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction or improvements of those assets.

Restricted net position - represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments imposed by law through state statute.

NOTE H - NET POSITION AND FUND BALANCES - CONTINUED

Unrestricted net position - all other assets that do not meet the definition of “restricted” or “net investment in capital assets”.

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

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

Unassigned - all other spendable amounts.

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

NOTE I - SUBSEQUENT EVENTS

Management evaluate transactions and events occurring subsequent to June 30, 2014 and through December 18, 2014 (the date the financial statements were available to be issued) to determine whether any events should be recognized or disclosed in these statements. There were no material transactions or events in the subsequent period requiring disclosure or recognition in the statements.

NOTE J - IMPLEMENTATION OF GASB 65

In fiscal 2014, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities.* The adoption of this statement by the District resulted in (1) the write-off of bond issue costs of $419,763 at June 30, 2013 on the government-wide statement of net position with a corresponding decrease in net position and (2) the reclassification of deferred revenue on special assessments and interest receivable thereon on the governmental funds balance sheet from a liability to deferred inflows of resources, with no change in the fund balances as previously reported.

REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD & A)

SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL AND DEBT SERVICE FUND

Sanitary and Improvement District No. 202
Sarpy County, Nebraska

SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL AND DEBT SERVICE FUND

For The Year Ended June 30, 2014

	GENERAL FUND (NON GAAP)		
	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes collected	$140,896	$134,298	$(6,598)
State motor vehicle tax allocation	250	559	309
Property tax credit allocation	-	3,328	3,328
Interest on taxes	-	190	190
Homestead exemption	-	312	312
Special assessments and interest	-	-	-
Miscellaneous	-	600	600
Total revenues	141,146	139,287	(1,859)
EXPENDITURES:			
Interest on bonds	-	-	-
Legal and accounting fees	24,000	23,153	847
Trustee fees	1,500	1,600	(100)
Fiscal agent fees	-	-	-
Maintenance and engineering	120,000	108,715	11,285
Electricity	30,000	27,362	2,638
Trustee bonds and insurance	7,000	6,051	949
Collection fees - County Treasurer	2,763	2,690	73
Financial services fee	-	-	-
Payroll tax expense	-	122	(122)
Total expenditures	185,263	169,693	15,570
Excess (deficiency) of revenues over expenditures	(44,117)	(30,406)	13,711
OTHER FINANCING SOURCES (USES):			
Payment of improvements	-	-	-
Payment of bond	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	$(44,117)	(30,406)	$13,711
FUND BALANCE, BEGINNING OF YEAR		126,606	
FUND BALANCE, END OF YEAR		$ 96,200	

DEBT SERVICE FUND
(NON GAAP)

Original And Final Budget	Actual	Variance Favorable (Unfavorable)
$ 493,135	$ 470,046	$(23,089)
900	1,957	1,057
-	11,649	11,649
-	666	666
-	1,093	1,093
100,000	486,435	386,435
-	-	-
594,035	971,846	377,811
302,341	302,340	1
-	-	-
-	-	-
3,500	1,750	1,750
-	-	-
-	-	-
-	-	-
11,669	19,143	(7,474)
-	12,625	(12,625)
-	-	-
317,510	335,858	(18,348)
276,525	635,988	359,463
(100,000)	-	100,000
(310,000)	(310,000)	-
$(133,475)	325,988	$459,463
	784,936	
	$1,110,924	

SUPPLEMENTARY INFORMATION

Sanitary and Improvement District No. 202
Sarpy County, Nebraska

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

Year ended June 30, 2014

Gross revenues from all sources	$1,120,904
Gross revenues from all sources from previous year	$1,236,137
Amount spent for sewage disposal	None
Amount expended on water mains	None
Gross amount of sewage processed	None
Cost per thousand gallons of processing sewage	None
Amount expended for:	
Maintenance and repairs	$ 81,072
New equipment	None
New construction work (incl. water mains)	None
Property purchased	None
Number of employees	One
Salaries and fees paid employees	$ 1,200
Total amount of taxes levied upon the property within the District	$ 613,944

SUMMARY OF TAXES RECEIVABLE

Receivable at June 30, 2013	Tax Levied	Collected	Receivable at June 30, 2014
$291,921	$613,944	$604,344	$301,521

TRUSTEE AND RELATED BONDS

Trustees		Bonds	
Name	Office	Insurer	Amount
Chad LaMontagne	Chairman	Universal Surety	$5,000
Jana Faller	Clerk	Universal Surety	$20,000
Jared Morris	Trustee	-	None
Tim Karstens	Trustee	-	None
David K. Sullivan	Trustee	-	None

JONES & LOWE PC
Certified Public Accountants and Consultants

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

To the Board of Trustees
Sanitary and Improvement District No. 202
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 and each major fund of Sanitary and Improvement District No. 202 of Sarpy County, Nebraska as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Sanitary and Improvement District No. 202 of Sarpy County's basic financial statements and have issued our report thereon dated December 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sanitary and Improvement District No. 202 of Sarpy County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sanitary and Improvement District No. 202 of Sarpy County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sanitary and Improvement District No. 202 of Sarpy County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Preparation of Financial Statements

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

Sanitary and Improvement District No. 202 of Sarpy County's response to this finding is that the aforementioned circumstances is not unusual in a governmental entity of their size and that the costs of correcting this deficiency would exceed the benefits to be derived therefrom. The District's management has also informed us that they are willing to accept the degree of risk associated with this condition.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 202 of Sarpy County’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described below.

Finding #1

- Debt service fund expenditures exceeded budget by $18,348, without amending the budget.

Response

- Collection of special assessments exceeded the budgeted amounts resulting in higher county collection fees than anticipated. Additionally, the financial service fees were not included in the budget when prepared.

Sanitary and Improvement District No. 202 of Sarpy County's response to the finding identified in our audit is described above. We did not audit Sanitary and Improvement District No. 202 of Sarpy County's response and accordingly, we express no opinion on it.

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

Jones & Lane, P.C.

Omaha, Nebraska
December 18, 2014