

**Sanitary and Improvement District No. 209
of Sarpy County, Nebraska**

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

June 30, 2013



Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

Index

	<u>Page</u>
Independent Auditors' Report	1-2
Basic Financial Statements	
Governmental Funds Balance Sheet/Statement of Net Position	3
Governmental Fund Revenues, Expenditures and Changes In Fund Balances/Statement of Activities	4
Notes to Basic Financial Statements	5-13

REQUIRED SUPPLEMENTARY INFORMATION

	<u>Schedule</u>	
Schedule of Revenue, Expenditures and Changes in Fund Balance- Budget and Actual (Budgetary Basis) – General Fund	1	14
Schedule of Revenue, Expenditures and Changes in Fund Balance- Budget and Actual (Budgetary Basis) – Debt Service Fund	2	15

SUPPLEMENTAL INFORMATION

Information Required by Section 31-740, Reissue Revised Statute of Nebraska, 1998	3	16
District Trustee and Related Bonds	4	17
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>		18-19

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 209 of Sarpy County, Nebraska, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 auditors' 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 auditors consider 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. 209 of Sarpy County, Nebraska, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 14 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.

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 16 and District Trustees and Related Bonds on page 17 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information on pages 16 and 17 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2013, on our consideration of Sanitary and Improvement District No. 209 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* in considering the District's internal control over financial reporting and compliance.

Lutz & Company, P.C.

November 15, 2013

Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

Governmental Funds Balance Sheet/Statement of Net Position

June 30, 2013

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Reconciliation Note (6)</u>	<u>Statement of Net Position</u>
ASSETS					
Cash on Deposit					
County Treasurer	\$ 3,786	\$ 74,249	\$ 78,035	\$ -	\$ 78,035
Receivables					
Property Taxes (Note 2)	19,564	25,443	45,007	-	45,007
Capital Assets, Net of Accumulated Depreciation (Note 3)	-	-	-	757,034	757,034
TOTAL ASSETS	\$ 23,350	\$ 99,692	\$ 123,042	\$ 757,034	\$ 880,076
LIABILITIES					
Registered Warrants Payable (Note 4)	\$ 46,157	\$ -	\$ 46,157	\$ -	\$ 46,157
Accrued Interest on					
Registered Warrants (Note 4)	5,407	-	5,407	-	5,407
Bonds (Note 5)	-	1,270	1,270	-	1,270
Bonds Payable (Note 5)					
Due Within One Year	-	-	-	30,000	30,000
Due After One Year	-	-	-	675,000	675,000
Total Liabilities	51,564	1,270	52,834	705,000	757,834
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue	-	-	-	45,007	45,007
FUND BALANCE (DEFICIT)/NET POSITION					
Unassigned, Reported in					
General Fund	(28,214)	-	(28,214)	28,214	
Restricted, Debt Service Fund	-	98,422	98,422	(98,422)	
Total Fund Balance (Deficit)	(28,214)	98,422	70,208	(70,208)	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
	\$ 23,350	\$ 99,692	\$ 123,042		
NET POSITION					
Invested in Capital Assets, Net of Related Debt				52,034	52,034
Unrestricted				(47,778)	(47,778)
Restricted for Debt Service				72,979	72,979
TOTAL NET POSITION				\$ 77,235	\$ 77,235

See Notes to Basic Financial Statements.

Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

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

Year Ended June 30, 2013

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Reconciliation Note (6)</u>	<u>Statement of Activities</u>
REVENUES/RECEIPTS					
Property Taxes (Note 2)	\$ 41,361	\$ 53,772	\$ 95,133	\$ 495	\$ 95,628
Interest on					
Investments	-	37	37	-	37
Property Taxes	1	1	2	-	2
State Motor Vehicle Tax Allocation	78	101	179	-	179
Total Revenue/Receipts	41,440	53,911	95,351	495	95,846
EXPENDITURES/EXPENSES					
Current:					
Collection Fees- County Treasurer	810	1,054	1,864	-	1,864
Bond Issue Costs	-	-	-	47,587	47,587
Bond Maintenance Costs	500	-	500	-	500
Depreciation (Note 3)	-	-	-	35,466	35,466
Engineering	120	-	120	-	120
Fiscal Agent Fees	720	-	720	-	720
Insurance	654	-	654	-	654
Interest on					
Registered Warrants (Note 4)	4,004	-	4,004	-	4,004
Maintenance	628	-	628	-	628
Professional Fees	3,796	-	3,796	-	3,796
Publication	85	-	85	-	85
Utilities	4,000	-	4,000	-	4,000
Bonds Payable (Note 5)					
Principal	-	30,000	30,000	(30,000)	-
Interest	-	31,609	31,609	-	31,609
Total Expenditures/Expenses	15,317	62,663	77,980	53,053	131,033
Excess (Deficiency) of Revenues/Receipts Over Expenditures/Expenses	26,123	(8,752)	17,371	(52,558)	(35,187)
Excess (Deficiency) of Revenues and Transfers in Over (Under) Expenditures/ Expenses and Transfers Out	26,123	(8,752)	17,371	(17,371)	-
Change in Net Position				(35,187)	(35,187)
Fund Balance (Deficit)/Net Position, Beginning of Year	(54,337)	107,174	52,837	-	112,422
Fund Balance (Deficit)/Net Position, End of Year	\$ (28,214)	\$ 98,422	\$ 70,208	\$ -	\$ 77,235

See Notes to Basic Financial Statements.

Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

Notes to Basic Financial Statements

June 30, 2013

1. Summary of Significant Accounting Policies

The accounting policies of Sanitary and Improvement District No. 209 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. 209 of Sarpy County, Nebraska (the District), was formed on July 16, 1999, 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 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.

On July 1, 2012, the District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* which introduced and defined deferred outflows of resources as a consumption of net assets and deferred inflows of resources as an acquisition of net assets, by the government that are applicable to a future period. On July 1, 2012, the District also implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* which establishes accounting and financial reporting standards that reclassify or recognize certain items that were previously reported as assets and liabilities as deferred outflows or inflows or current outflows or inflows of resources.

Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

Notes to Basic Financial Statements

June 30, 2013

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.

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.

Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

Notes to Basic Financial Statements

June 30, 2013

- 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.

Net Position/Fund Balances

The governmental funds report up to five categories of fund balances as described below:

- Nonspendable Fund Balance

Nonspendable fund balances consist of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The District had no nonspendable fund balance as of June 30, 2013.

- Restricted Fund Balance

Restricted fund balances consists of amounts that are constrained by creditors, grantors, contributors or laws and regulations of other governments, or limitations that are imposed by law through constitutional provisions or enabling legislation.

- Committed Fund Balance

Committed fund balances consist of amounts that are only to be used for specific purposes pursuant to constraints imposed by the highest level of decision making, which is the Board of Trustees. These amounts cannot be used for any other purpose unless the government removes the restrictions through resolution. The District had no committed fund balance as of June 30, 2013.

Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

Notes to Basic Financial Statements

June 30, 2013

- **Assigned Fund Balance**

Assigned fund balances consist of amounts that are constrained by the government intended to be used for a specific purpose but are neither restricted nor committed. The authority for making the assignment is not required to be the government's highest decision making authority and the nature of the actions necessary to remove or modify the assignment is not as prescriptive as it is with regards to committed fund balances. The District had no assigned fund balance as of June 30, 2013.

- **Unassigned Fund Balance**

Unassigned fund balances consist of the residual classification for the general fund.

The net position of the District is classified as follows:

- **Invested in Capital Assets, Net of Related Debt**

This category consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets as well as deferred outflows or inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

- **Restricted**

This category consists of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors, contributors or laws and regulations external to the District. The District's restricted net position presents amounts restricted for the repayment of principal and interest on long-term debt and related costs.

- **Unrestricted**

This category consists of remaining net assets that do not meet the definitions of net position invested in capital assets, net of related debt or restricted net position as described above.

The District first applies restricted resources when an expense/expenditure is incurred for a purpose for which both restricted and unrestricted resources are 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.

Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

Notes to Basic Financial Statements

June 30, 2013

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, 2013.)

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 had no investments at June 30, 2013.

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.

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 estimated useful lives:

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

Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

Notes to Basic Financial Statements

June 30, 2013

Deferred Revenue

The District reports unearned deferred revenue in the Governmental Fund Balance Sheet/Statement of Net Position. 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 (City of Papillion) and/or gas distribution systems (Black Hills Energy). These costs are expensed as incurred.

Bond Issue Costs

The District has adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Accordingly, effective July 1, 2012, all bond issue costs are recognized as an expense in the period incurred. The unamortized portion of previously capitalized bond issue costs totaling \$47,587 is included in bond issue cost expense for the year ended June 30, 2013.

Credit Risk

The District's credit risk relates to receivables for property taxes 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 Position 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 November 15, 2013 noting no items requiring disclosure.

2. Property Taxes

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 2012-2013 the District levied taxes at the rate of \$0.92 (\$0.40 in the general fund and \$0.52 in the debt service fund) per \$100 based on a property valuation of \$10,340,498.

Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

Notes to Basic Financial Statements

June 30, 2013

3. Capital Assets

Capital assets at June 30, 2013, consist of the following:

	<u>Costs at</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Costs at</u> <u>June 30, 2013</u>
Storm Sewer Systems	\$ 357,038	\$ -	\$ -	\$ 357,038
Sanitary Sewer Systems	313,593	-	-	313,593
Street Improvements	441,059	-	-	441,059
	<u>\$ 1,111,690</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,111,690</u>
Less Accumulated Depreciation				<u>354,656</u>
Capital Assets, Net of Accumulated Depreciation				<u>\$ 757,034</u>

4. Warrants Payable

Warrants registered with Sarpy County bear interest at 7% per annum. Interest accrues on the warrants 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, 2013:

	<u>General</u> <u>Fund</u>	<u>Debt</u> <u>Service Fund</u>
Balance, June 30, 2012	\$ 69,326	\$ -
Warrants Issued	11,130	-
Warrants Retired	(34,299)	-
Balance, June 30, 2013	<u>\$ 46,157</u>	<u>\$ -</u>

Aggregate maturities of warrants outstanding are as follows:

<u>Year Ending</u> <u>June 30:</u>	<u>-----General Fund-----</u>		<u>----Debt Service Fund----</u>	
	<u>Amount</u> <u>of Warrants</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u> <u>of Warrants</u>	<u>Interest</u> <u>Rate</u>
2014	\$ 20,839	7%	\$ -	
2015	14,188	7%	-	
2016	11,130	7%	-	
	<u>\$ 46,157</u>		<u>\$ -</u>	

There were no unregistered warrants at June 30, 2013.

Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

Notes to Basic Financial Statements

June 30, 2013

5. Long-Term Debt

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

General obligation bonds totaling \$790,000 issued on June 15, 2010, with a balance of \$705,000 at June 30, 2013, and due serially beginning June 15, 2011 through June 15, 2030. Interest is payable semi-annually on this issue at 2.50% to 5.05% per annum.

The following is a summary of bonds payable transactions of the District for the year ending June 30, 2013:

Bonds Outstanding, June 30, 2012	\$ 735,000
Bonds Retired	(30,000)
Bonds Outstanding, June 30, 2013	<u>\$ 705,000</u>

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>
2014	\$ 30,000	\$ 30,990	\$ 60,990
2015	30,000	30,240	60,240
2016	30,000	29,370	59,370
2017	30,000	28,380	58,380
2018	35,000	27,300	62,300
2019-2023	190,000	114,640	304,640
2024-2028	245,000	66,900	311,900
2029-2030	115,000	8,838	123,838
	<u>\$ 705,000</u>	<u>\$ 336,658</u>	<u>\$ 1,041,658</u>

Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

Notes to Basic Financial Statements

June 30, 2013

6. Reconciliation of Net Position and Change in Net Position

Net Position

Total fund balance per balance sheet \$ 70,208

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 are not reported in the funds. 757,034

Bonds payable are not due and payable in the current period and therefore are not reported in the funds. (705,000)

Property tax revenue not yet earned at year end is reported as deferred revenue. (45,007)

Net position of governmental activities \$ 77,235

Changes in Net Position

Net change in fund balance \$ 17,371

Current year property tax levy not yet earned at year end. 495

Certain expenditures do not require the use of current financial resources and therefore are not reported as expenditures in the funds. (83,053)

Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. 30,000

Change in net position of governmental activities \$ (35,187)

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

**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. 209 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, 2013

	Actual on GAAP Basis	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance- Favorable (Unfavorable)
REVENUES/RECEIPTS					
Property Taxes	\$ 41,361	\$ 216	\$ 41,577	\$ 40,121	\$ 1,456
Interest on					
Taxes	1	-	1	-	1
State Motor Vehicle Tax Allocation	78	-	78	-	78
Total Revenues/Receipts	41,440	216	41,656	40,121	1,535
EXPENDITURES/DISBURSEMENTS					
Collection Fees- County Treasurer	810	-	810	-	(810)
Bond Maintenance Costs	500	(500)	-	-	-
Engineering	120	-	120	-	(120)
Fiscal Agent Fees	720	1,000	1,720	800	(920)
Insurance	654	-	654	800	146
Interest on Registered Warrants	4,004	3,439	7,443	5,000	(2,443)
Maintenance	628	-	628	500	(128)
Professional Fees	3,796	127	3,923	4,750	827
Publication	85	-	85	-	(85)
Utilities	4,000	-	4,000	10,000	6,000
Total Expenditures/Disbursements	15,317	4,066	19,383	21,850	2,467
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	26,123	(3,850)	22,273	18,271	4,002
OTHER FINANCING SOURCES (USES)					
Warrants Issued	-	11,130	11,130	16,850	(5,720)
Warrants Retired	-	(34,299)	(34,299)	(30,000)	(4,299)
Total Other Financing Sources (Uses)	-	(23,169)	(23,169)	(13,150)	(10,019)
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/DISBURSEMENTS AND OTHER USES					
	26,123	(27,019)	(896)	\$ 5,121	\$ (6,017)
Fund Balance (Deficit), Beginning of Year	(54,337)	59,019	4,682		
Fund Balance (Deficit), End of Year	\$ (28,214)	\$ 32,000	\$ 3,786		

See Independent Auditors' Report.

Sanitary and Improvement District No. 209 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, 2013

	Actual on GAAP Basis	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance- Favorable (Unfavorable)
REVENUES/RECEIPTS					
Property Taxes	\$ 53,772	\$ 278	\$ 54,050	\$ 52,158	\$ 1,892
Interest on					
Investments	37	6	43	100	(57)
Taxes	1	-	1	-	1
State Motor Vehicle Tax Allocation	101	-	101	-	101
Total Revenues/Receipts	53,911	284	54,195	52,258	1,937
EXPENDITURES/DISBURSEMENTS					
Collection Fees- County Treasurer	1,054	-	1,054	-	(1,054)
Bond Maintenance Costs	-	-	-	1,000	1,000
Bonds Payable					
Principal Payments	30,000	-	30,000	30,000	-
Interest	31,609	26	31,635	31,635	-
Total Expenditures/Disbursements	62,663	26	62,689	62,635	(54)
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	(8,752)	258	(8,494)	(10,377)	1,883
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/DISBURSEMENTS AND OTHER USES	(8,752)	258	(8,494)	\$ (10,377)	\$ 1,883
Fund Balance (Deficit), Beginning of Year	107,174	(24,431)	82,743		
Fund Balance (Deficit), End of Year	\$ 98,422	\$ (24,173)	\$ 74,249		

See Independent Auditors' Report.

Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

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

Schedule 3

June 30, 2013

Total Receipts From All Sources	\$	95,851
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	\$	628
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	\$	95,133

Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

District Trustees and Related Bonds

Schedule 4

June 30, 2013

<u>-----Trustees-----</u>		<u>-----Bonds-----</u>	
<u>Name</u>	<u>Office</u>	<u>Insurer</u>	<u>Amount</u>
Gerald Quick	Chairman	Western Surety Company	\$ 5,000
Richard Hickman	Clerk	Western Surety Company	\$ 20,000
Thomas Berg	Trustee		
Gregory Classen	Trustee		
Harlan Metschke	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. 209 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. 209 of Sarpy County, Nebraska, as of and for the year ended June 30, 2013, which collectively comprise Sanitary and Improvement District No. 209 of Sarpy County, Nebraska's basic financial statements and have issued our report thereon dated November 15, 2013. 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. 209 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. 209 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. 209 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. 209 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 no instances of noncompliance or other matters that are required to be reported under *Government 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.

Lutz & Company, P.C.

November 15, 2013

Lutz