



**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

**Basic Financial Statements
and Supplementary Information
June 30, 2013**

Together with Independent Auditor's Report

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

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Independent Auditor's Report

To the Board of Trustees of
Sanitary Improvement District No. 216
of Sarpy County, Nebraska:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparisons for the general and debt service funds of Sanitary Improvement District No. 216 of Sarpy County, Nebraska (the District) 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 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 the financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 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 the District as of June 30, 2013, and the respective changes in financial position and, where applicable, budgetary comparisons thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The District's 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 opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such 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 supplementary 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 5, 2013 on our consideration of the District'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

Seim Johnson, LLP

Omaha, Nebraska,
December 5, 2013

Sanitary Improvement District No. 216
of Sarpy County Nebraska

Governmental Funds Balance Sheets / Statement of Net Position
June 30, 2013

	General	Debt Service	Total	Adjustments (Note 1)	Statement of Net Assets
ASSETS					
Cash and cash equivalents	\$ 130,843	428,720	559,563	--	559,563
Receivables:					
Property taxes	75,697	224,453	300,150	--	300,150
Special assessments	--	35,124	35,124	--	35,124
Interest on special assessments	--	26,065	26,065	--	26,065
Capital assets, net of accumulated depreciation	--	--	--	5,124,151	5,124,151
Bond issue costs, net of accumulated amortization	--	--	--	318,785	318,785
Total assets	\$ 206,540	714,362	920,902	5,442,936	6,363,838
LIABILITIES					
Accounts payable	2,972	--	2,972	--	2,972
Accrued interest payable	--	--	--	45,880	45,880
Deferred revenue	--	61,189	61,189	(61,189)	--
Long-term debt:					
Portion due within one year	--	--	--	230,000	230,000
Portion due after one year	--	--	--	5,254,420	5,254,420
Total liabilities	2,972	61,189	64,161	5,469,111	5,533,272
FUND BALANCES/NET POSITION					
Restricted fund balance - debt service	--	653,173	653,173	(653,173)	--
Unassigned fund balance	203,568	--	203,568	(203,568)	--
Total fund balance	203,568	653,173	856,741	(856,741)	--
Total liabilities and fund balances	\$ 206,540	714,362	920,902		
Net investment in capital assets					
Restricted for debt service				(360,269)	(360,269)
Unrestricted				668,482	668,482
Total net position				522,353	522,353
			\$	830,566	830,566

See Notes to Basic Financial Statements

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

**Statements of Governmental Fund Revenues, Expenditures
and Changes in Fund Balances / Statement of Activities
For the Year Ended June 30, 2013**

	General	Debt Service	Total	Adjustments (Note 1)	Statement of Activities
REVENUES:					
Personal property and real estate taxes	\$ 236,610	465,823	702,433	(31,346)	671,087
Special assessments	--	79,785	79,785	(79,785)	--
Interest on special assessments	--	49,624	49,624	(45,009)	4,615
Miscellaneous	6,196	9,294	15,490	--	15,490
Total revenues	<u>242,806</u>	<u>604,526</u>	<u>847,332</u>	<u>(156,140)</u>	<u>691,192</u>
EXPENDITURES/EXPENSES:					
Amortization of bond issue costs	--	--	--	156,460	156,460
Bond issue costs	--	122,920	122,920	(122,920)	--
Collection fees	5,497	10,834	16,331	--	16,331
Depreciation	--	--	--	257,742	257,742
Electricity	28,794	--	28,794	--	28,794
Fiscal agent fees	--	2,908	2,908	--	2,908
Insurance	2,400	--	2,400	--	2,400
Interest on bonds	--	272,230	272,230	(22,991)	249,239
Mowing	51,161	--	51,161	--	51,161
Professional fees	55,684	--	55,684	--	55,684
Publication fees	318	--	318	--	318
Repairs and maintenance	35,136	--	35,136	--	35,136
Street cleaning	1,180	--	1,180	--	1,180
Street signs	739	--	739	--	739
Total expenditures/expenses	<u>180,909</u>	<u>408,892</u>	<u>589,801</u>	<u>268,291</u>	<u>858,092</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	<u>61,897</u>	<u>195,634</u>	<u>257,531</u>	<u>(424,431)</u>	<u>(166,900)</u>
OTHER FINANCING SOURCES (USES):					
Issuance of warrants	250,197	14,328	264,525	(264,525)	--
Issuance of bonds	--	2,230,000	2,230,000	(2,230,000)	--
Retirement of warrants	(249,612)	(13,078)	(262,690)	262,690	--
Retirement of bond principal	--	(2,695,000)	(2,695,000)	2,695,000	--
Total other financing sources (uses), net	<u>585</u>	<u>(463,750)</u>	<u>(463,165)</u>	<u>463,165</u>	<u>--</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>62,482</u>	<u>(268,116)</u>	<u>(205,634)</u>	<u>205,634</u>	
CHANGE IN NET POSITION				<u>(166,900)</u>	<u>(166,900)</u>
FUND BALANCES/NET POSITION					
Beginning of year	<u>141,086</u>	<u>921,289</u>	<u>1,062,375</u>	<u>--</u>	<u>997,466</u>
End of year	<u>\$ 203,568</u>	<u>653,173</u>	<u>856,741</u>	<u>--</u>	<u>830,566</u>

See Notes to Basic Financial Statements

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

**Statement of Receipts and Disbursements –
Budget and Actual – General Fund – Budgetary Basis
For the Year Ended June 30, 2013**

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
RECEIPTS:			
Personal property and real estate taxes	\$ 282,622	282,821	199
Miscellaneous receipts	--	6,196	6,196
Total receipts	<u>282,622</u>	<u>289,017</u>	<u>6,395</u>
DISBURSEMENTS:			
Collection fees	5,542	5,497	45
Electricity	35,000	38,241	(3,241)
Insurance	3,000	2,400	600
Miscellaneous	4,000	--	4,000
Mowing	--	49,736	(49,736)
Professional fees	55,000	56,392	(1,392)
Publication fees	500	318	182
Repairs and maintenance	180,000	101,181	78,819
Street cleaning	1,000	1,180	(180)
Street signs	1,250	749	501
Total disbursements	<u>285,292</u>	<u>255,694</u>	<u>29,598</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(2,670)</u>	<u>33,323</u>	<u>35,993</u>
OTHER FINANCING SOURCES (USES):			
Issuance of warrants	279,750	250,197	(29,553)
Retirement of warrants	(287,335)	(249,612)	37,723
Total other financing sources (uses), net	<u>(7,585)</u>	<u>585</u>	<u>8,170</u>
EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES	<u>\$ (10,255)</u>	<u>33,908</u>	<u>44,162</u>
ADJUSTMENTS:			
To adjust receipts for accruals		(46,211)	
To adjust disbursements for accruals		74,785	
Total adjustments		<u>28,574</u>	
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES		<u>\$ 62,482</u>	

See Notes to Basic Financial Statements

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

**Statement of Receipts and Disbursements –
Budget and Actual – Debt Service Fund – Budgetary Basis
For the Year Ended June 30, 2013**

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
RECEIPTS:			
Personal and real estate taxes	\$ 423,934	424,232	298
Special assessments	35,000	79,785	44,785
Interest on special assessments	21,350	49,624	28,274
Miscellaneous receipts	--	55,701	55,701
Total receipts	<u>480,284</u>	<u>609,342</u>	<u>129,058</u>
DISBURSEMENTS:			
Bond issue costs	--	11,420	(11,420)
Collection fees	9,417	10,834	(1,417)
Construction costs	2,000	--	2,000
Fiscal agent fees	2,000	2,908	(908)
Interest on bonds	282,323	272,230	10,093
Total disbursements	<u>295,740</u>	<u>297,392</u>	<u>(1,652)</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	<u>184,544</u>	<u>311,950</u>	<u>127,406</u>
OTHER FINANCING SOURCES (USES):			
Issuance of warrants	4,000	14,328	10,328
Issuance of bonds	--	2,118,500	2,118,500
Retirement of warrants	(4,000)	(13,078)	(9,078)
Retirement of bond principal	(230,000)	(2,695,000)	(2,465,000)
Total other financing uses, net	<u>(230,000)</u>	<u>(575,250)</u>	<u>(345,250)</u>
EXCESS OF DISBURSEMENTS AND OTHER FINANCING USES OVER RECEIPTS AND OTHER FINANCING SOURCES	<u>\$ (45,456)</u>	<u>(263,300)</u>	<u>(217,844)</u>
ADJUSTMENTS:			
To adjust receipts for accruals		<u>(4,816)</u>	
EXCESS OF DISBURSEMENTS AND OTHER FINANCING USES OVER RECEIPTS AND OTHER FINANCING SOURCES		<u>\$ (268,116)</u>	

See Notes to Basic Financial Statements

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

**Notes to Basic Financial Statements
June 30, 2013**

(1) Summary of Significant Accounting Policies

The following is a summary of significant accounting policies employed in the preparation of these financial statements:

A. Reporting Entity

Sanitary Improvement District No. 216 of Sarpy County, Nebraska (the District) was formed on December 1, 2000 to construct and maintain improvements in Millard Park South. The Subdivision consists of 507 lots and is located in Sarpy County, Nebraska.

The Board of Trustees of the District has financial accountability and control over all the activities related to Sanitary Improvement District No. 216. The Board of Trustees is elected by the property owners of the District and has decision-making authority, the authority to levy taxes, the power to designate management, and the ability to significantly influence operations. The Board also has primary financial accountability for fiscal matters of the District.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds for which the District is financially accountable. The District has also considered all other potential organizations for which the nature and significance of their relationships with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Government Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and 1) the ability of the District to impose its will on that organization, or 2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the District. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities, which report financial information for all activities of the District.

The government-wide Statement of Net Position recognizes all long-term assets and receivables as well as long-term debt obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reflects the expenses of the District's governmental activities, offset by general revenues to determine the change in net position for the year.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures. The measurement focus is upon determination of changes in fund balance, rather than upon net income determination.

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

**Notes to Basic Financial Statements
June 30, 2013**

The following comprise the District's governmental funds:

General Fund - The General Fund is the general operating fund of the District. All general tax revenue and other revenue that are not allocated by law or contractual agreement to some other fund are accounted for in this fund.

Debt Service Fund - The Debt Service Fund is used to account for the funding and payment of interest and principal of general obligation debt of the District.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

E. Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

Formal budgetary integration is employed as a management control device during the year for the General and Debt Service Funds. These budgets are adopted on the cash basis of accounting. Revenues are recognized when cash is received and expenses are recognized when cash is disbursed.

The District approves total budget appropriations. Supplemental funds may be appropriated for emergency purposes after a public hearing and approval by the District. The level of budgetary responsibility is by total appropriations.

Unused appropriations for all of the above annual budgeted funds lapse at the end of the District's fiscal year.

The budget amounts shown in the basic financial statements are the final authorized amounts. No additional appropriations were made during the year ended June 30, 2013.

F. Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments that are available to meet working capital requirements and other current obligations.

Cash of the individual funds of the District were held by the treasurer of Sarpy County, Nebraska (the County), the fiscal agent, in a pooled fund. Such pooled fund deposits were covered by federal depository insurance or with sufficient assets pledged to the County by the financial institution at June 30, 2013. Amounts collateralized were not readily available.

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

**Notes to Basic Financial Statements
June 30, 2013**

G. Receivables

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. Revenue on special assessments and the related accrued interest is recognized as the amounts are collected in the governmental fund financial statements. Uncollected special assessments and accrued interest outstanding are recorded as receivable and deferred revenue on the governmental fund balance sheet as of June 30, 2013. Revenue on special assessments is recognized when levied and interest on outstanding special assessments is recognized when earned in the government-wide financial statements. Property tax and special assessment receivables are written off when deemed uncollectible. Recoveries of property tax and special assessment receivables previously written off are recorded when received. Interest income on property taxes and special assessments is recognized when received in the governmental fund financial statements.

H. Property Taxes

The District has approved tax levies as follows during the year ended June 30, 2013:

	<u>Dollars per \$100 of Valuation</u>
General Fund	\$ 0.3000
Valuation	<u>94,207,491</u>
Total tax levy	<u>\$ 282,622</u>
Debt Service Fund	\$ 0.4500
Valuation	<u>94,207,491</u>
Total tax levy	<u>\$ 423,934</u>
Levy Date	December 31
Due Date	December 31
Delinquent Dates	April 1 and August 1
Interest Rate	14%

I. Capital Assets

Capital assets, primarily infrastructure, are reported in the government-wide financial statements. Such assets are recorded at historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Depreciation is calculated using the straight-line depreciation method with a half-year taken the first year and the last year over the following estimated useful lives:

Paving and sewers	30 Years
Gas, electric and water distribution systems	30 Years

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

**Notes to Basic Financial Statements
June 30, 2013**

J. *Bond Issue Costs*

The bond issue costs on general obligation bonds payable are being amortized using the effective interest method over the life of the bonds. Amortization expense included in the accompanying statement of activities was \$156,460 for the year ended June 30, 2013.

K. *Net Position/Fund Balance*

Fund balance of the District's governmental funds are classified in the financial statements as follows:

- *Nonspendable Fund Balance* consists of amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be kept intact. The District had no nonspendable fund balance as of June 30, 2013.
- *Restricted Fund Balance* consists of amounts that are restricted for specific purposes. These restrictions are either 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) imposed through constitutional provisions or enabling legislation.
- *Committed Fund Balance* consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal actions of the government's highest level of decision making authority. These amounts cannot be used for any other purpose unless the government removes or changes the specific use by taking the same type of action it used to commit those amounts. The Board of Trustees is the District's highest level of authority. All actions concerning approving, eliminating, or modifying of minimal fund balances will be accomplished through resolution. The District had no committed fund balance as of June 30, 2013.
- *Assigned Fund Balance* consists of amounts that are constrained by the government intended to be used for specific purposes, but are neither restricted nor committed. The authority for making an assignment is not required to be the government's highest decision making authority. Furthermore, the nature of the actions necessary to remove or modify an assignment is not as prescriptive as it is with regards to committed fund balances. The Board of Trustees of the District will have the overall responsibilities for monitoring these balances. The District had no assigned fund balance as of June 30, 2013.
- *Unassigned Fund Balance* is the residual classification for the general fund. The general fund is the only fund to report a positive unassigned fund balance.

Net position of the District is classified in the government-wide statement of net position and is defined as follows:

- *Net investment in capital assets* 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.
- *Restricted expendable* are noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, contributors or laws or regulations external to the District.
- *Restricted nonexpendable* equals the principal portion of permanent endowments. The District had no restricted nonexpendable net position as of June 30, 2013.
- *Unrestricted* is the remaining net position that does not meet the definition of net investment in capital assets or restricted.

The District first applies restricted resources when an expenditure/expense incurred for purposes for which both restricted and unrestricted resources are available.

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

**Notes to Basic Financial Statements
June 30, 2013**

L. Estimates

The presentation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the Board of 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 during the reporting period. Actual results could differ from those estimates.

M. Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position as of June 30, 2013

Total fund balances - governmental funds	\$ 856,741
Amounts reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,124,151
Deferred revenue on property taxes and special assessments in the governmental funds has been recorded as revenue in the government-wide financial statements.	35,124
Interest is accrued as revenue on unpaid special assessments in the government-wide statements whereas interest on special assessments is recorded as revenue in the governmental funds when collected.	26,065
Accrued interest expense is not due or payable in the current period and, accordingly, is not reported in the governmental funds.	(45,880)
Bond issue costs are reported in governmental activities but are not reported in the funds as they do not provide economic resources.	318,785
Long-term debt is not due and payable in the current period and therefore, is not reported in the funds.	<u>(5,484,420)</u>
Total net position - governmental activities	<u>\$ 830,566</u>

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

**Notes to Basic Financial Statements
June 30, 2013**

N. Reconciliation of the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities for the Year Ended June 30, 2013

Net change in fund balances - governmental funds	\$ (205,634)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(257,742)
Accrued interest expense that does not require current financial resources.	22,991
Collections on special assessments and interest thereon have been reported as revenues in the governmental funds but are reported as decreases in receivables in the statement of net position. This is the amount of collections on special assessments and the change in accrued interest thereon.	(124,794)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(31,346)
Bond issuance costs are capitalized and amortized on the government-wide statements whereas bond issuance costs are recorded as expenditures on the governmental funds when paid.	(33,540)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net change in long-term debt for the year was:	<u>463,165</u>
Change in net position - governmental activities	<u>\$ (166,900)</u>

O. Change in Accounting Principle

During 2013, the District has adopted the provisions of GASB Statement No. 63. GASB Statement No. 63 required additional changes such as referring to "Net Assets" as "Net Position" on the statement of net position.

P. Subsequent events

The District considered events occurring through December 5, 2013 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

**Notes to Basic Financial Statements
June 30, 2013**

(2) Capital Assets

The following is a summary of capital assets:

	<u>Balance 6/30/2012</u>	<u>Additions</u>	<u>Balance 6/30/2013</u>
Land	\$ 26,172	--	26,172
Paving and sewers	5,783,240	--	5,783,240
Gas, electric and water distribution systems	<u>1,948,919</u>	<u>--</u>	<u>1,948,919</u>
	7,758,331	--	7,758,331
Less: Accumulated depreciation	<u>(2,376,438)</u>	<u>(257,742)</u>	<u>(2,634,180)</u>
	<u>\$ 5,381,893</u>	<u>(257,742)</u>	<u>5,124,151</u>

As of June 30, 2013, the District had no contractual commitments for construction projects.

The District recorded depreciation expense of \$257,742 for the year ended June 30, 2013.

(3) Special Assessments

The Board of Trustees has levied special assessments on the lots in the District. The assessment is summarized as follows:

Levy Date:	June 20, 2002	October 23, 2003	November 20, 2003	September 8, 2005
Amount Assessed:	\$1,100,525	\$1,437,371	\$448,406	\$950,813
Due Date:	August 9, 2002	December 12, 2003	January 9, 2004	October 28, 2005
Delinquent Date:	June 20, 2003	October 23, 2004	November 20, 2004	September 8, 2006
Regular Rate:	8%	7.5%	7.5%	7.5%
Delinquent Rate:	10%	9.5%	9.5%	9.5%

The special assessments are payable in ten annual principal installments, plus interest, beginning on the due date. Special assessments delinquent at June 30, 2013 were \$26,680.

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

**Notes to Basic Financial Statements
June 30, 2013**

(4) Long-Term Debt

General Obligation Bonds

Transactions for general obligation bonds for the year ended June 30, 2013 are summarized as follows:

	<u>Balance 6/30/2012</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 6/30/2013</u>	<u>Due Within One Year</u>
Bond issue, 2006 (A)	\$ 2,600,000	--	2,600,000	--	--
Bond issue, 2008 (B)	2,425,000	--	50,000	2,375,000	55,000
Bond issue, 2009 (C)	915,000	--	45,000	870,000	50,000
Bond issue, 2013 (D)	--	2,230,000	--	2,230,000	125,000
	<u>5,940,000</u>	<u>2,230,000</u>	<u>2,695,000</u>	<u>5,475,000</u>	<u>230,000</u>

- (A) 4.10% - 4.90% Series 2006, general obligation bonds due annually each February 15 through 2026, interest due semiannually on February 15 and August 15, called in whole January 15, 2013, at par value.
- (B) 3.75% - 5.45% Series 2008, general obligation bonds due annually each May 15 through 2028, interest due semiannually on May 15 and November 15, callable in whole or in part, at par value plus accrued interest to the date set for redemption. As of June 30, 2013, the average effective interest rate was 5.62% and the average stated rate was 5.22%.
- (C) 2.75% - 5.10% Series 2009, general obligation bonds due annually each October 15 through 2029, interest due semiannually on April 15 and October 15, callable in whole or in part, anytime on or after October 15, 2014 at par value plus accrued interest to the date set for redemption. As of June 30, 2013, the average effective interest rate was 5.21% and the average stated rate was 4.60%.
- (D) 1.25% - 3.00% Series 2013, general obligation refunding bonds due annually each January 15 through 2026, interest due semiannually on January 15 and July 15, callable in whole or in part, anytime on or after January 15, 2018 at par value plus accrued interest to the date set for redemption. As of June 30, 2013, the average effective interest rate was 3.23% and the average stated rate was 2.52%.

Aggregate maturities for general obligation bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 230,000	208,113	438,113
2015	240,000	203,126	443,126
2016	260,000	197,386	457,386
2017	275,000	190,632	465,632
2018	290,000	183,003	473,003
2019 - 2023	1,735,000	762,403	2,497,403
2024 - 2028	2,310,000	385,713	2,695,713
2029 - 2030	135,000	7,013	142,013
	<u>\$ 5,475,000</u>	<u>2,137,389</u>	<u>7,612,389</u>

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

**Notes to Basic Financial Statements
June 30, 2013**

Warrants Payable

The District issues warrants to pay for expenditures of the District. When warrants are presented for payment, the paying agent either pays them or registers them, at which time interest begins accruing if the warrant is registered. The interest rate on the registered warrants is 7% to 8%. These warrants are generally expected to be redeemed with tax and special assessment revenues or refinanced with a long-term bond issuance within their appropriate statutory maturity limits.

General Fund warrants are due and payable no later than three years from the date of issuance. Debt Service Fund warrants are due and payable no later than five years from the date of issuance.

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Balance outstanding, June 30, 2012	\$ 7,585	--	7,585
Warrants issued	250,197	14,328	264,525
Warrant principal payments/cancellations	<u>(249,612)</u>	<u>(13,078)</u>	<u>(262,690)</u>
Balance outstanding, June 30, 2013	<u>\$ 8,170</u>	<u>1,250</u>	<u>9,420</u>

Debt Refunding

On January 15, 2013, the District issued \$2,230,000 in general obligation refunding bonds with interest rates from 1.25% to 3.00% to refund \$2,600,000 of outstanding Series 2006 Bonds with interest rates from 4.10% to 4.90%. The net proceeds of \$2,107,080 (after payment of \$111,500 in underwriting fees and other issuance costs) plus an additional \$492,920 from debt service funds were used to refund the Series 2006 Bonds. The District completed the advance refunding to reduce its total debt service payments over the next 13 years by approximately \$365,000 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of approximately \$240,000.

(5) Surety Bonds

The District has acquired the following surety bonds which have been filed with the County Clerk in accordance with Nebraska Statutes Section 31-734:

Chairperson	\$ 5,000
Clerk	20,000

(6) Credit Risk

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

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

**Notes to Basic Financial Statements
June 30, 2013**

(7) Deposits and Investments

State statutes require that all bank balances be insured or collateralized by United States government securities held by the District's third-party agent or the pledging financial institution's trust department in the name of the District.

Credit Risk - The statutes of the State of Nebraska authorize the District to invest in certificates of deposit and time deposits of banks or capital stock financial institutions, obligations of the United States government and agencies thereof, and securities as provided in the authorized investment guidelines of the Nebraska Investment Council. The District does not have a policy for custodial credit risk beyond requirements set by the state statutes. All cash funds are held in the County's name, as such, the District is exposed to this risk at June 30, 2013.

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

(8) 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.

(9) Related Parties

The Board of Trustees of the District is comprised of individuals that have a direct or indirect ownership interest in the property within the District.

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

Exhibit 1

**Information Required by Section 31-740,
Revised Statutes of Nebraska 1943, Reissued 2008
For the Year Ended June 30, 2013**

Gross revenue from all sources	\$	847,332
Amount spent for access to facilities and use of service of library system of neighboring cities and villages		None
Amount expended for capital improvements for water mains, net of utility refunds		None
Amount spent for sewage disposal		None
Gross amount of sewage processed		None
Cost per thousand gallons of processing sewage		None
Amount expended for maintenance and repairs	\$	35,136
Amount expended for new equipment		None
Amount expended for new construction work, net		None
Amount expended for property purchased		None
Number of employees		None
Salaries and fees paid to employees		None
Total amount of taxes levied upon the property within the District	\$	706,556
Total amount of special assessments levied upon property within the District		None

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

Exhibit 2

**Board of Trustees
June 30, 2013**

<u>Name</u>	<u>Office</u>
Robert L. Storz	Chairperson
Daniel E. Norman	Clerk
Jon M. Wollenburg	Trustee
Jshon J. Breeling	Trustee

**Independent Auditor's 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**

Independent Auditor's Report

To the Board of Trustees of
Sanitary Improvement District No. 216
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 governmental activities, each major fund, and the budgetary comparisons for the general and debt service funds of Sanitary Improvement District No. 216 of Sarpy County, Nebraska (the District), 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, and have issued our report thereon, dated December 5, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management 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 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given those limitations, during our audit we not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exists that have not been identified. We did identify a certain deficiency in internal control, as described in the accompanying Schedule of Findings and Responses that we consider to be a significant deficiency in internal control (13-1).

Compliance and Other Matters

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

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Seim Johnson, LLP

Omaha, Nebraska,
December 5, 2013.

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

**Schedule of Findings and Responses
June 30, 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

13-1

Significant Deficiency:

Criteria:	Management is responsible for the preparation and fair presentation of the District's financial statements.
Condition:	Management relies on external accountants to prepare the District's basic financial statements and notes to financial statements.
Context:	External accountants prepare the District's financial statements and notes to financial statements.
Cause:	Due to the limited number of management and administrative personnel, management has elected to have external accountants prepare the financial statements and notes to financial statements.
Effect:	Condition could result in the District's financial statements to be misstated and not detected by the District's personnel.
Recommendation:	We recommend the District have a heightened awareness of the transactions being reported.
Views of Responsible Officials and Planned Corrective Action:	Management is aware of this significant deficiency and believes it is not financially prudent for the District to employ personnel for the purpose of preparing the financial statements. Management will continue to have a heightened awareness of the District's transactions when reviewing the financial statements prepared by external accountants.
Conclusion:	Response accepted.

**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

**Independent Auditor's Comments on Resolution of Prior Audit Findings
June 30, 2013**

12-1

Significant Deficiency:

Condition:	Management relies on external accountants to prepare the District's financial statements and notes to financial statements.
Auditee Response:	Management is aware of this significant deficiency and believes it is not financially prudent for the District to employ personnel for the purpose of preparing the financial statements. Management will continue to have a heightened awareness of the District's transactions when reviewing the financial statements prepared by external accountants.
Status:	Finding not cleared. See finding 13-1.