

**Sanitary Improvement District No. 216  
Of Sarpy County, Nebraska**

**Report to the Board of Trustees**

**As of and for the Year Ended  
June 30, 2014**

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

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# SEIM JOHNSON

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

Dear Board Members:

We are pleased to present this report related to our audit of the financial statements of Sanitary Improvement District No. 216 of Sarpy County, Nebraska (the District) as of and for the year ended June 30, 2014. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the District.

*SEIM JOHNSON, LLP*

Omaha, Nebraska  
December 18, 2014

# Sanitary Improvement District No. 216 of Sarpy County, Nebraska

## Required Communications As of and for the Year Ended June 30, 2014

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Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

### **Our Responsibilities with Regard to the Financial Statement Audit**

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated April 21, 2014.

### **Overview of the Planned Scope and Timing of the Financial Statement Audit**

We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

### **Accounting Policies and Practices**

#### Preferability of Accounting Policies and Practices

Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting policies. In our view, in such circumstances, management has selected the preferable accounting practice.

#### Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District adopted the provisions of GASB Statement No. 65 of the Governmental Accounting Standards Board to allow for improved financial reporting by clarifying the appropriate use of the financial statement elements deferred inflows and outflows of resources to ensure consistency in financial reporting.

#### Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimate and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates."

### **Audit Adjustments**

There were twelve audit adjustments made to the original trial balance presented to us to begin our audit. These adjustments are listed in the attached "Summary of Recorded Audit Adjustments."

### **Uncorrected Misstatements**

There were no uncorrected misstatements (passed audit adjustments) noted for the District in the current year.

### **Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

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

**Required Communications  
As of and for the Year Ended June 30, 2014**

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**Consultation with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

**Significant Issues Discussed with Management**

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

**Significant Difficulties Encountered in Performing the Audit**

We did not encounter any significant difficulties in dealing with management during the audit.

**Letter Communicating Significant Deficiencies and Material Weaknesses**

We have separately communicated the significant deficiencies and material weaknesses in internal control over financial reporting identified during our audit of the financial statements, and this communication is attached as Exhibit A.

**Significant Written Communications Between Management and Seim Johnson, LLP**

In connection with our audit we received a representation letter from management confirming it has the primary responsibility for the fair presentation in the financial statements in conformity with accounting principles generally accepted in the United States of America. The representation letter reduces to writing the more significant oral representations made by management during the course of the audit. A copy of this representation letter can be provided upon request.

**Quality Review**

A copy of our most recent quality review is attached to this correspondence.

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

**Summary of Significant Accounting Estimates  
As of and for the Year Ended June 30, 2014**

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Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the District's June 30, 2014 financial statements.

**Collectability of Receivables:**

*Accounting Policy:* The District evaluates for the collectability of receivables at the end of the fiscal year and evaluates the need to reduce the balance to its realizable level.

*Estimation Process:* The District evaluates its receivables by analyzing outstanding accounts and historical payment rates on those accounts.

*Comments:* Based on our testing, the receivables are recorded at their realizable values.

**Depreciation Expense:**

*Accounting Policy:* Property and equipment acquisitions are stated at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method.

*Estimation Process:* The District uses standard industry practice determine useful life for depreciation purposes.

*Comments:* Based on our testing, the calculation for depreciation expense appears reasonable.

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

**Summary of Recorded Audit Adjustments  
As of and for the Year Ended June 30, 2014**

Number	Name	Account Nc	Debit	Credit
1	RECEIVABLES - SPECIAL ASSESSMENTS	1210B 2		21,168.75
1	RECEIVABLES - INTEREST ON SP ASSESS	1220B 2		13,422.52
1	SPECIAL ASSESSMENTS	4300B 2	21,168.75	
1	INTEREST - SPECIAL ASSESSMENTS	4400B 2	13,422.52	
	To adjust special assesement receivable			
2	RECEIVABLES - PROPERTY TAXES	1200B 2		7,356.14
2	PROPERTY TAXES	4000B 2	7,356.14	
	To adjust bond fund property tax receivable			
3	RECEIVABLES - PROPERTY TAXES	1200A 1	32,851.41	
3	PROPERTY TAXES	4000A 1		32,851.41
	To adjust general fund property tax recievable			
4	CURRENT PORTION OF L-T DEBT	2150B 2		10,000.00
4	BONDS PAYABLE	2250B 2	10,000.00	
	To reclassify current portion of LT debt			
5	BOND ISSUE COSTS	1450B 2		318,784.80
5	UNDESIGNATED	3000B 2	318,784.80	
	To write off bond issue costs			
6	BONDS PAYABLE	2250B 2	230,000.00	
6	PRINCIPAL PAYMENT ON BONDS	5220B 2		230,000.00
	To record payment of bonds			
7	WARRANTS PAYABLE	2100A 1	7,855.78	
7	ISSUANCE OF WARRANTS	5165A 1	232,279.72	
7	RETIREMENT OF WARRANTS	5191A 1		240,135.50
	To adjust general fund warrants issued and paid from cash to accrual			

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

**Summary of Recorded Audit Adjustments  
As of and for the Year Ended June 30, 2014**

Number	Name	Account No	Debit	Credit
8	WARRANTS PAYABLE	2100B 2	1,250.00	
8	ISSUANCE OF WARRANTS	5165B 2	1,000.00	
8	RETIREMENT OF REGISTERED WARRANTS	5190B 2		2,250.00
	To adjust bond fund warrants issued and paid from cash to accrual			
9	ACCRUED INTEREST PAYABLE - WARRANTS	2300B 2	1,260.41	
9	ACCRUED INTEREST	5091B 2		1,260.41
	To record accrued interest to actual			
10	ACCOUNTS PAYABLE	2000A 1	2,972.48	
10	ELECTRICITY - STREET LIGHTING	5060A 1		810.58
10	STREET SIGNS	5105A 1		184.63
10	MOWING	5110A 1		1,424.77
10	CONSULTING FEES	5122A 1		552.50
10	PUBLICATIONS	5130A 1		
	To reverse prior year general fund accounts payable			
11	ACCOUNTS PAYABLE	2000A 1		16,082.15
11	ELECTRICITY - STREET LIGHTING	5060A 1	2,509.44	
11	MOWING	5110A 1	5,591.80	
11	MOWING	5110A 1		
11	LEGAL FEES	5120A 1	1,731.73	
11	AUDIT FEES	5121A 1		
11	CONSULTING FEES	5122A 1	4,547.50	
11	CONSULTING FEES	5122A 1		
11	REPAIRS & MAINTENANCE	5140A 1	1,701.68	
	To record general fund accounts payable			
12	ACCUMULATED DEPRECIATION	1500B 2		257,741.00
12	DEPRECIATION EXPENSE	5300B 2	257,741.00	
	To record depreciation expense			

Sanitary Improvement District No. 216  
of Sarpy County, Nebraska

Quality Review

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BRADY  
MARTZ

CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

System Review Report

December 8, 2011

To the Partners of Seim Johnson, LLP and the Peer Review Committee of the Nevada Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Seim Johnson, LLP in effect for the year ended June 30, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Seim Johnson, LLP in effect for the year ended June 30, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Seim Johnson, LLP has received a peer review rating of *pass*.

  
Brady Martz and Associates, P.C.

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**Letter Communicating Internal Control Related Matters  
As of and for the Year Ended June 30, 2014**

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**Internal Control Related Matters Letter**

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

In planning and performing our audit of the financial statements of Sanitary Improvement District No. 216, (the "District") as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was also not designed to identify deficiencies in internal control that might be significant deficiencies. 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. We identified a certain deficiency in internal control that we consider to be a significant deficiency:

#### Financial Statement Reporting

Many Sanitary Improvement Districts rely on the auditor to assist with the preparation of the annual financial statements including notes to the financial statements. Auditing standards emphasize that the auditor cannot be part of the system of internal control over financial reporting.

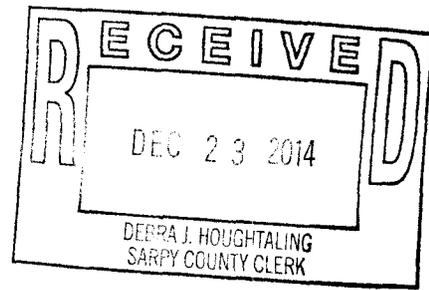
Accurate preparation of the District's financial statements and notes to the District's financial statements in accordance with accounting principles generally accepted in the United States of America requires a high degree of technical expertise and substantial experience in preparing such statements and notes. In our judgment certain members of the District's accounting personnel possess the degree of technical expertise required to prepare the District's financial statements in accordance with such principles. However, at this time, management has made the decision to have external accountants prepare these statements. As a result, this could cause the District's financial statements to be misstated and not be detected by the District's personnel. We believe that this is not an uncommon situation for Districts such as yours, and may be a conscious decision based on cost benefit considerations. We recommend management mitigate this situation by having a heightened awareness of the transactions being reported.

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This communication is intended solely for the information and use of the Board of Trustees, management and others within the District and is not intended to be and should not be used by anyone other than these specified parties. We appreciate serving Sanitary Improvement District No. 216, and would be happy to assist you in addressing and implementing the suggestion in this letter.

*SEIM JOHNSON, LLP*

Omaha, Nebraska,  
December 18, 2014.



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

**Basic Financial Statements  
and Supplementary Information  
June 30, 2014**

**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 and each major fund of Sanitary Improvement District No. 216 of Sarpy County, Nebraska (the District) 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 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, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2014 the District adopted new accounting guidance to reflect the provisions of Statement No. 65 of the Governmental Accounting Standards Board, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America, require that the budgetary comparison information on pages 15 - 16 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 response 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.

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.

### *Supplementary 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 18, 2014 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.

*SEEM JOHNSON, LLP*

Omaha, Nebraska,  
December 18, 2014

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

**Governmental Funds Balance Sheet / Statement of Net Position  
June 30, 2014**

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments (Note 1)</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 137,552	467,735	605,287	--	605,287
Receivables:					
Property taxes	108,549	217,099	325,648	--	325,648
Special assessments	--	13,955	13,955	--	13,955
Interest on special assessments	--	12,642	12,642	--	12,642
Capital assets, net of accumulated depreciation	--	--	--	4,866,410	4,866,410
Total assets	<u>\$ 246,101</u>	<u>711,431</u>	<u>957,532</u>	<u>4,866,410</u>	<u>5,823,942</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 16,082	--	16,082	--	16,082
Accrued interest payable	--	--	--	44,620	44,620
Long-term debt:					
Portion due within one year	--	--	--	240,000	240,000
Portion due after one year	--	--	--	5,005,315	5,005,315
Total liabilities	<u>16,082</u>	<u>--</u>	<u>16,082</u>	<u>5,289,935</u>	<u>5,306,017</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	--	26,597	26,597	(26,597)	--
<b>FUND BALANCES/NET POSITION</b>					
Restricted for debt service	--	684,834	684,834	(684,834)	--
Unassigned	230,019	--	230,019	(230,019)	--
Total fund balance	<u>230,019</u>	<u>684,834</u>	<u>914,853</u>	<u>(914,853)</u>	<u>--</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 246,101</u>	<u>711,431</u>	<u>957,532</u>		
Net investment in capital assets				(378,905)	(378,905)
Restricted for debt service				666,811	666,811
Unrestricted				230,019	230,019
Total net position				<u>\$ 517,925</u>	<u>517,925</u>

See Notes to Basic Financial Statements

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

**Statement of Governmental Fund Revenues, Expenditures  
and Changes in Fund Balances / Statement of Activities  
For the Year Ended June 30, 2014**

	General	Debt Service	Total	Adjustments (Note 1)	Statement of Activities
<b>REVENUES:</b>					
Personal property and real estate taxes	\$ 279,096	426,271	705,367	--	705,367
Special assessments	--	21,169	21,169	(21,169)	--
Interest on special assessments	--	15,498	15,498	(13,423)	2,075
Miscellaneous	5,402	18,246	23,648	--	23,648
Total revenues	<u>284,498</u>	<u>481,184</u>	<u>765,682</u>	<u>(34,592)</u>	<u>731,090</u>
<b>EXPENDITURES/EXPENSES:</b>					
Current:					
Collection fees	4,802	9,160	13,962	--	13,962
Depreciation	--	--	--	257,741	257,741
Electricity	33,534	--	33,534	--	33,534
Fiscal agent fees	--	1,000	1,000	--	1,000
Insurance	2,389	--	2,389	--	2,389
Miscellaneous	552	--	552	--	552
Mowing	29,858	--	29,858	--	29,858
Professional fees	47,951	--	47,951	--	47,951
Publication fees	68	--	68	--	68
Repairs and maintenance	129,804	--	129,804	--	129,804
Street cleaning	590	--	590	--	590
Street signs	644	--	644	--	644
Debt service:					
Retirement of bond principal	--	230,000	230,000	(230,000)	--
Retirement of warrants	240,135	2,250	242,385	(242,385)	--
Interest on bonds	--	208,113	208,113	(1,260)	206,853
Total expenditures/expenses	<u>490,327</u>	<u>450,523</u>	<u>940,850</u>	<u>(215,904)</u>	<u>724,946</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES</b>	<u>(205,829)</u>	<u>30,661</u>	<u>(175,168)</u>	<u>181,312</u>	<u>6,144</u>
<b>OTHER FINANCING SOURCES:</b>					
Issuance of warrants	232,280	1,000	233,280	(233,280)	--
Total other financing sources	<u>232,280</u>	<u>1,000</u>	<u>233,280</u>	<u>(233,280)</u>	<u>--</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<u>26,451</u>	<u>31,661</u>	<u>58,112</u>	<u>(58,112)</u>	
<b>CHANGE IN NET POSITION</b>				<u>6,144</u>	<u>6,144</u>
<b>FUND BALANCE/NET POSITION</b>					
Beginning of year	203,568	653,173	856,741		830,566
Change in accounting principle	--	--	--	--	(318,785)
Beginning of year, as restated	<u>203,568</u>	<u>653,173</u>	<u>856,741</u>	<u>--</u>	<u>511,781</u>
End of year	<u>\$ 230,019</u>	<u>684,834</u>	<u>914,853</u>	<u>--</u>	<u>517,925</u>

See Notes to Basic Financial Statements

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

**Notes to Basic Financial Statements  
June 30, 2014**

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**(1) Summary of Significant Accounting Policies**

The following is a summary of significant accounting policies employed in the preparation of these financial statements. These policies are in accordance with accounting principles generally accepted in the United States of America.

*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 the District. 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, 2014**

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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. Capital asset acquisitions are reported as expenditures in governmental funds and proceeds of general long-term debt are reported as other financing sources.

*E. 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, 2014. Amounts collateralized were not readily available.

*F. 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 unavailable revenue on the governmental fund Balance Sheet as of June 30, 2014. 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.

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

**Notes to Basic Financial Statements  
June 30, 2014**

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G. *Property Taxes*

The District has approved tax levies as follows during the year ended June 30, 2014:

	<u>Dollars per \$100 of Valuation</u>
General Fund	\$ 0.2500
Valuation	<u>96,193,919</u>
Total tax levy	<u>\$ 240,485</u>
Debt Service Fund	\$ 0.5000
Valuation	<u>96,193,919</u>
Total tax levy	<u>\$ 480,970</u>
Levy Date	December 31
Due Date	December 31
Delinquent Dates	April 1 and August 1
Interest Rate	14%

H. *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

I. *Net Position/Fund Balance*

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, 2014.
- 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.

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

**Notes to Basic Financial Statements  
June 30, 2014**

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- 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 committed fund balances will be accomplished through resolution. The District had no committed fund balance as of June 30, 2014.
- 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, 2014.
- 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.

The District considers that all incurred and spent restricted, committed, and assigned amounts have been utilized first before unassigned amounts are made.

Net Position

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, 2014.
- 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 expense incurred for purposes for which both restricted and unrestricted resources are available.

J. 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, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

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

**Notes to Basic Financial Statements  
June 30, 2014**

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K. *Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position as of June 30, 2014*

Total fund balances - governmental funds	\$	914,853
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.		4,866,410
Unavailable revenue on property taxes and special assessments in the governmental funds has been recorded as revenue in the government-wide financial statements.		13,955
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.		12,642
Accrued interest expense is not due or payable in the current period and, accordingly, is not reported in the governmental funds.		(44,620)
Long-term debt is not due and payable in the current period and therefore, is not reported in the funds.		<u>(5,245,315)</u>
Total net position - governmental activities	\$	<u>517,925</u>

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

**Notes to Basic Financial Statements  
June 30, 2014**

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*L. 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, 2014*

Net change in fund balances - governmental funds	\$ 58,112
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 expense exceeded capital outlays in the current period.	(257,741)
Accrued interest expense that does not require current financial resources.	1,260
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.	(34,592)
Proceeds from issuance of long-term debt is reported as an other financing source in the governmental funds. In the Statement of Net Position, the proceeds increase long-term liabilities.	(233,280)
Repayment of principal on noncurrent liabilities reported as an expenditure in the governmental funds. In the Statement of Net Position, the repayment reduces long-term liabilities. This is the amount of repayments in the current year.	<u>472,385</u>
Change in net position - governmental activities	<u>\$ 6,144</u>

*M. Change in Accounting Principle*

During 2014, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, which requires reclassification of certain items previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources on the Statement of Net Position. GASB Statement No. 65 also requires recognition of certain items previously reported as assets and liabilities as outflows of resources or inflows of resources on the Statement of Activities. The requirements of this statement improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The cumulative effect of the accounting change in connection with the implementation of GASB Statement No. 65 was a reduction of \$318,785 in net position as of the beginning of 2014 (see Note 10).

*N. Subsequent events*

The District considered events occurring through December 18, 2014 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, 2014**

**(2) 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, 2014.

*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.

**(3) Capital Assets, Net**

The following is a summary of capital assets:

	<u>Balance 6/30/2013</u>	<u>Additions</u>	<u>Balance 6/30/2014</u>
Land	\$ 26,172	--	26,172
Paving and sewers	5,783,240	--	5,783,240
Gas, electric and water distribution systems	1,948,919	--	1,948,919
	7,758,331	--	7,758,331
Less: Accumulated depreciation	<u>(2,634,180)</u>	<u>(257,741)</u>	<u>(2,891,921)</u>
	<u>\$ 5,124,151</u>	<u>(257,741)</u>	<u>4,866,410</u>

The District recorded depreciation expense of \$257,741 for the year ended June 30, 2014.

As of June 30, 2014, the District had no contractual commitments for construction projects.

**(4) 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. The total outstanding balance at June 30, 2014 was \$13,955. Special assessments delinquent at June 30, 2014 were \$12,560.

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

**Notes to Basic Financial Statements  
June 30, 2014**

**(5) Long-Term Debt**

General Obligation Bonds

Transactions for general obligation bonds for the year ended June 30, 2014 are summarized as follows:

	<u>Balance</u> <u>6/30/2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/2014</u>	<u>Due Within</u> <u>One Year</u>
Bond issue, 2008 (A)	\$ 2,375,000	--	55,000	2,320,000	65,000
Bond issue, 2009 (B)	870,000	--	50,000	820,000	45,000
Bond issue, 2013 (C)	2,230,000	--	125,000	2,105,000	130,000
	<u>\$ 5,475,000</u>	<u>--</u>	<u>230,000</u>	<u>5,245,000</u>	<u>240,000</u>

- (A) 3.95% - 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, 2014, the average effective interest rate was 5.59% and the average stated rate was 5.23%.
- (B) 3.00% - 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, 2014, the average effective interest rate was 5.18% and the average stated rate was 4.63%.
- (C) 1.35% - 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, 2014, 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</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	305,000	174,395	479,395
2020 - 2024	1,835,000	701,328	2,536,328
2025 - 2029	1,970,000	277,621	2,247,621
2030	70,000	1,785	71,785
	<u>\$ 5,245,000</u>	<u>1,929,276</u>	<u>7,174,276</u>

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.

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

**Notes to Basic Financial Statements  
June 30, 2014**

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.

Transactions for warrants payable for the year ended June 30, 2014 are summarized as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Balance outstanding, June 30, 2013	\$ 8,170	1,250	9,420
Warrants issued	232,280	1,000	233,280
Warrant principal payments/cancellations	<u>(240,135)</u>	<u>(2,250)</u>	<u>(242,385)</u>
Balance outstanding, June 30, 2014	<u>\$ 315</u>	<u>--</u>	<u>315</u>

Outstanding General Fund warrants of \$315 will be due in 2017.

**(6) Surety Bonds**

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

Chairperson	\$ 5,000
Clerk	20,000

**(7) Credit Risk**

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

**(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**

**Notes to Basic Financial Statements  
June 30, 2014**

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**(10) Change in Accounting Principle**

In accordance with GASB Statement No. 65, which was adopted effective July 1, 2012, the District restated the ending net position at June 30, 2013 and amortization expense for the year ended June 30, 2014, in connection with unamortized bond issuance costs. According to GASB Statement No. 65, debt issuance costs are recognized as expenses in the period incurred, rather than as deferred costs and subsequently amortized. Net position was restated as follows:

Net position, June 30, 2013	\$ 830,566
Adjustment	<u>(318,785)</u>
Net position, June 30, 2013, restated	<u>\$ 511,781</u>

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

**Exhibit 1**

**Statement of Receipts and Disbursements – Budget and Actual  
General Fund – Budgetary Basis  
For the Year Ended June 30, 2014**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>RECEIPTS:</b>			
Personal property and real estate taxes	\$ 240,485	246,244	5,759
Miscellaneous receipts	--	5,402	5,402
Total receipts	<u>240,485</u>	<u>251,646</u>	<u>11,161</u>
<b>DISBURSEMENTS:</b>			
Current:			
Collection fees	4,715	4,802	(87)
Electricity	38,500	31,835	6,665
Insurance	2,400	2,389	11
Miscellaneous	--	552	(552)
Mowing	50,000	25,691	24,309
Professional fees	57,200	42,224	14,976
Publication fees	315	68	247
Repairs and maintenance	130,000	128,102	1,898
Street cleaning	1,180	590	590
Street signs	800	829	(29)
Debt service:			
Retirement of warrants	288,565	240,135	48,430
Total disbursements	<u>573,675</u>	<u>477,217</u>	<u>96,458</u>
<b>EXCESS OF DISBURSEMENTS OVER RECEIPTS</b>	<u>(333,190)</u>	<u>(225,571)</u>	<u>107,619</u>
<b>OTHER FINANCING SOURCES:</b>			
Issuance of warrants	280,394	232,280	(48,114)
Total other financing sources	<u>280,394</u>	<u>232,280</u>	<u>(48,114)</u>
<b>EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS</b>	<u>\$ (52,796)</u>	<u>6,709</u>	<u>59,505</u>
<b>ADJUSTMENTS:</b>			
To adjust receipts for accruals		32,852	
To adjust disbursements for accruals		<u>(13,110)</u>	
Total adjustments		<u>19,742</u>	
<b>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>		<u>\$ 26,451</u>	

*See Notes to Basic Financial Statements*

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

**Exhibit 2**

**Statement of Receipts and Disbursements – Budget and Actual  
Debt Service Fund – Budgetary Basis  
For the Year Ended June 30, 2014**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>RECEIPTS:</b>			
Personal and real estate taxes	\$ 480,970	433,625	(47,345)
Special assessments	--	21,169	21,169
Interest on special assessments	--	15,498	15,498
Miscellaneous receipts	--	18,246	18,246
Total receipts	<u>480,970</u>	<u>488,538</u>	<u>7,568</u>
<b>DISBURSEMENTS:</b>			
Current:			
Collection fees	9,431	9,160	271
Fiscal agent fees	5,000	1,000	4,000
Debt service:			
Retirement of bond principal	230,000	230,000	--
Retirement of warrants	6,250	2,250	4,000
Interest on bonds	208,113	208,113	--
Total disbursements	<u>458,794</u>	<u>450,523</u>	<u>8,271</u>
<b>EXCESS OF RECEIPTS OVER DISBURSEMENTS</b>	<u>22,176</u>	<u>38,015</u>	<u>15,839</u>
<b>OTHER FINANCING SOURCES:</b>			
Issuance of warrants	<u>5,000</u>	<u>1,000</u>	<u>(4,000)</u>
Total other financing sources	<u>5,000</u>	<u>1,000</u>	<u>(4,000)</u>
<b>EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS</b>	<u>\$ 27,176</u>	<u>39,015</u>	<u>11,839</u>
<b>ADJUSTMENTS:</b>			
To adjust receipts for accruals		<u>(7,354)</u>	
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>		<u>\$ 31,661</u>	

*See Notes to Basic Financial Statements*

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

**Note to Required Supplementary Information  
June 30, 2014**

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**(1) 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, 2014.

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

**Exhibit 3**

**Information Required by Section 31-740,  
Revised Statutes of Nebraska 1943, Reissued 2008  
For the Year Ended June 30, 2014**

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Gross revenue from all sources	\$	765,682
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	\$	129,804
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	\$	721,455
Total amount of special assessments levied upon property within the District		None

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

**Exhibit 4**

**Board of Trustees  
June 30, 2014**

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

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

**Schedule of Debt Service Requirements  
June 30, 2014**

Year Ending June 30,	General Obligation Bonds						Combined Requirements	
	Series 2008		Series 2009		Series 2013		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2015	\$ 65,000	119,080	45,000	35,708	130,000	48,338	240,000	203,126
2016	75,000	116,513	45,000	34,290	140,000	46,583	260,000	197,386
2017	85,000	113,400	45,000	32,749	145,000	44,483	275,000	190,632
2018	95,000	109,745	45,000	31,095	150,000	42,163	290,000	183,003
2019	105,000	105,517	45,000	29,340	155,000	39,538	305,000	174,395
2020	115,000	100,688	45,000	27,495	165,000	36,592	325,000	164,775
2021	125,000	95,225	50,000	25,475	175,000	33,128	350,000	153,828
2022	135,000	89,100	50,000	23,300	185,000	29,102	370,000	141,502
2023	140,000	82,350	50,000	21,075	195,000	24,478	385,000	127,903
2024	145,000	75,210	50,000	18,800	210,000	19,310	405,000	113,320
2025	155,000	67,308	50,000	16,475	220,000	13,430	425,000	97,213
2026	165,000	58,860	50,000	14,025	235,000	7,050	450,000	79,935
2027	445,000	49,867	55,000	11,348	--	--	500,000	61,215
2028	470,000	25,615	60,000	8,415	--	--	530,000	34,030
2029	--	--	65,000	5,228	--	--	65,000	5,228
2030	--	--	70,000	1,785	--	--	70,000	1,785
<b>Totals</b>	<b>\$ 2,320,000</b>	<b>1,208,478</b>	<b>820,000</b>	<b>336,603</b>	<b>2,105,000</b>	<b>384,195</b>	<b>5,245,000</b>	<b>1,929,276</b>

**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 and each major fund of Sanitary Improvement District No. 216 of Sarpy County, Nebraska (the District), 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, and have issued our report thereon, dated December 18, 2014.

**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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be a significant deficiency (2014-001).

**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.

*SEEM JOHNSON, LLP*

Omaha, Nebraska,  
December 18, 2014.

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

**Schedule of Findings and Responses  
June 30, 2014**

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**FINANCIAL STATEMENTS FINDINGS**

2014-001

*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.

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 deficiency in internal control over financial reporting 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, 2014**

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13-1

*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 deficiency in internal control over financial reporting 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 2014-001.