# SANITARY AND IMPROVEMENT DISTRICT NO. 234
# OF SARPY COUNTY, NEBRASKA

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## BASIC FINANCIAL STATEMENTS AND
## SUPPLEMENTARY INFORMATION
## (WITH INDEPENDENT AUDITORS' REPORT THEREON)

## YEAR ENDED JUNE 30, 2015

# SANITARY AND IMPROVEMENT DISTRICT NO. 234
# OF SARPY COUNTY, NEBRASKA

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## TABLE OF CONTENTS


| | PAGE |
|---|---|
| **INDEPENDENT AUDITORS' REPORT** | 1-3 |
| **BASIC FINANCIAL STATEMENTS** | |
| **Government–Wide Financial Statements** | |
| Statement of Net Position | 4 |
| Statement of Activities | 5 |
| **Fund Financial Statements** | |
| Balance Sheet | 6 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 7 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | 8 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 9 |
| **Notes To Basic Financial Statements** | 10-16 |
| **REQUIRED SUPPLEMENTARY INFORMATION** | |
| **Budgetary Comparison Schedules** | |
| Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – General Fund | 17 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – Debt Service Fund | 18 |
| Notes to Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual | 19-20 |
| **SUPPLEMENTARY INFORMATION** | |
| Information Required by Section 31-740 Reissued Revised Statutes of Nebraska, 2008 | 21 |
| Trustees and Related Bonds | 22 |
| **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*** | 23-24 |

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# INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Sanitary and Improvement District No. 234
of Sarpy County, Nebraska

## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 234 of Sarpy County, Nebraska (a political subdivision) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## INDEPENDENT AUDITORS' REPORT- continued

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sanitary and Improvement District No. 234 of Sarpy County, Nebraska, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 17 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis, that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sanitary and Improvement District No. 234 of Sarpy County, Nebraska's basic financial statements. The supplementary information on pages 21 and 22, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

## INDEPENDENT AUDITORS' REPORT- continued

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2015, on our consideration of Sanitary and Improvement District No. 234 of Sarpy County, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sanitary and Improvement District No. 234 of Sarpy County, Nebraska's internal control over financial reporting and compliance.

HANCOCK & DANA PC

Hancock & Dana PC

Omaha, Nebraska
October 22, 2015

## SANITARY AND IMPROVEMENT DISTRICT NO. 234
## OF SARPY COUNTY, NEBRASKA
### Statement of Net Position
### June 30, 2015

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash on deposit - County Treasurer | $ | 146,841 |
| Taxes receivable | | 57,164 |
| Capital assets, net of accumulated depreciation | | 535,980 |
| **Total Assets** | **$** | **739,985** |
| **LIABILITIES** | | |
| Accounts payable | | 181 |
| Accrued interest | | 860 |
| Noncurrent liabilities, bonds payable | | |
| Due within one year | | 55,000 |
| Due in more than one year | | 680,000 |
| **Total Liabilities** | **$** | **736,041** |
| **NET POSITION** | | |
| Net investment in capital assets | | (199,020) |
| Restricted for debt service | | 131,553 |
| Unrestricted | | 71,411 |
| **Total Net Position** | **$** | **3,944** |

**See accompanying notes to basic financial statements.**

## SANITARY AND IMPROVEMENT DISTRICT NO. 234
## OF SARPY COUNTY, NEBRASKA
## Statement of Activities
## For the year ended June 30, 2015

### GOVERNMENTAL ACTIVITIES:

| | | |
|---|---|---|
| **EXPENSES - GENERAL GOVERNMENT** | | |
| Professional and administrative expenses | $ | 26,985 |
| Maintenance and street lighting | | 24,932 |
| Depreciation | | 33,560 |
| Interest | | 21,404 |
| | | 106,881 |
| **GENERAL REVENUES** | | |
| Property taxes, net of uncollectible taxes | | 123,874 |
| Interest | | 33 |
| Miscellaneous | | 261 |
| | | 124,168 |
| **Change in net position** | | **17,287** |
| **Net position - beginning of year** | | **(13,343)** |
| **Net position - end of year** | **$** | **3,944** |

**See accompanying notes to basic financial statements.**

**SANITARY AND IMPROVEMENT DISTRICT NO. 234**
**OF SARPY COUNTY, NEBRASKA**
**Balance Sheet**
**Governmental Funds**
**June 30, 2015**

| | General Fund | Debt Service Fund | Total Governmental Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash on deposit - County Treasurer | $ 45,799 | $ 101,042 | $ 146,841 |
| Taxes receivable | 25,793 | 31,371 | 57,164 |
| **Total Assets** | **$ 71,592** | **$ 132,413** | **$ 204,005** |
| **LIABILITIES** | | | |
| Accounts payable | $ 181 | $ - | $ 181 |
| Total Liabilities | 181 | - | 181 |
| **FUND BALANCES** | | | |
| Restricted for debt service | - | 132,413 | 132,413 |
| Unassigned | 71,411 | - | 71,411 |
| Total Fund Balances | 71,411 | 132,413 | 203,824 |
| **Total Liabilities and Fund Balances** | **$ 71,592** | **$ 132,413** | **$ 204,005** |

**See accompanying notes to basic financial statements.**

## SANITARY AND IMPROVEMENT DISTRICT NO. 234
## OF SARPY COUNTY, NEBRASKA
### Reconciliation of the Governmental Funds Balance Sheet
### to the Statement of Net Position
### June 30, 2015

| | | |
|---|---|---|
| **Total Fund Balances - Governmental Funds** | | **$ 203,824** |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds: | | |
| Capital assets | $ 955,481 | |
| Accumulated depreciation | (419,501) | 535,980 |
| Long-term liabilities are not due and payable in the current period and, therefore, not reported in the governmental funds: | | |
| Bonds payable | (735,000) | |
| Accrued interest | (860) | (735,860) |
| **Net Position of Governmental Activities** | | **$ 3,944** |

**See accompanying notes to basic financial statements.**

## SANITARY AND IMPROVEMENT DISTRICT NO. 234
## OF SARPY COUNTY, NEBRASKA
### Statement of Revenues, Expenditures and Changes in Fund Balances
### Governmental Funds
### For the year ended June 30, 2015

| | General Fund | Debt Service Fund | Total Governmental Funds |
|---|---|---|---|
| **REVENUES** | | | |
| Taxes assessed | $ 55,929 | $ 68,022 | $ 123,951 |
| Interest on taxes | 10 | 13 | 23 |
| Interest on investments | - | 10 | 10 |
| State motor vehicle tax allocation | 117 | 145 | 262 |
| Total Revenues | 56,056 | 68,190 | 124,246 |
| **EXPENDITURES** | | | |
| Current: | | | |
| Collection fees - County Treasurer | 743 | 939 | 1,682 |
| Engineering fees | 5,666 | - | 5,666 |
| Financial advisory fees | 6,000 | - | 6,000 |
| Insurance | 3,110 | - | 3,110 |
| Paying agent fees | - | 750 | 750 |
| Professional fees | 15,443 | - | 15,443 |
| Repairs and maintenance | 13,762 | - | 13,762 |
| Street lighting | 5,504 | - | 5,504 |
| Uncollectible taxes | 33 | 44 | 77 |
| Capital outlay (refunds) | - | (5,680) | (5,680) |
| Debt service: | | | |
| Bond principal payments | - | 55,000 | 55,000 |
| Bond interest payments | - | 21,438 | 21,438 |
| Total Expenditures | 50,261 | 72,491 | 122,752 |
| **Excess of revenues over (under) expenditures/ net change in fund balances** | **5,795** | **(4,301)** | **1,494** |
| **Fund balances - beginning of year** | **65,616** | **136,714** | **202,330** |
| **Fund balances - end of year** | **$ 71,411** | **$ 132,413** | **$ 203,824** |

**See accompanying notes to basic financial statements.**

## SANITARY AND IMPROVEMENT DISTRICT NO. 234
## OF SARPY COUNTY, NEBRASKA
### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
### For the year ended June 30, 2015

| | | |
|---|---|---|
| **Net Change in Fund Balances - Total Governmental Funds** | **$** | **1,494** |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays, net of refunds, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays, net of refunds, in the current year. | | (39,240) |
| Repayment of principal on noncurrent liabilities is reported as an expenditure in the governmental funds. In the statement of net position, the repayment reduces long-term liabilities. | | |
| Bond principal payments | | 55,000 |
| Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These expenses consist of: | | |
| Change in accrued interest | | 33 |
| **Change in Net Position of Governmental Activities** | **$** | **17,287** |

**See accompanying notes to basic financial statements.**

# SANITARY AND IMPROVEMENT DISTRICT NO. 234 OF SARPY COUNTY, NEBRASKA

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# NOTES TO BASIC FINANCIAL STATEMENTS

## JUNE 30, 2015

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Sanitary and Improvement District No. 234 of Sarpy County, Nebraska comply with the rules and regulations of the State of Nebraska, and conform in all material respects to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies.

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

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

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

**BASIS OF PRESENTATION** – The basic financial statements of the District include the government-wide and the fund financial statements.

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

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

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING** – Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

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

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES –** In addition to assets, the financial statements may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The District did not have any deferred outflows of resources at June 30, 2015.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In addition to liabilities, the financial statements may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The District did not have any deferred inflows of resources at June 30, 2015.

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

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

The estimated useful lives are as follows:

| | |
|---|---|
| Water and Electrical Distribution Systems | 25 years |
| Paving and Storm Sewer | 30 years |
| Sanitary Sewer System | 25 years |
| Engineering, Legal, Financing and Testing Fees | 25 years |

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

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

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

**SUBSEQUENT EVENTS** – The District has evaluated subsequent events through October 22, 2015, the date which the financial statements were available to be issued.

## NOTE B – INVESTMENTS

The District is allowed to invest funds as permitted by Nebraska Statutes and allowable investments generally include U.S. government obligations, certificates of deposit and time deposits. The District does not have a formal investment policy in place.

All investment activities are conducted through the County Treasurer and investments are held in the County's name.

At June 30, 2015, the District held no investments and, accordingly, was not subject to interest rate risk or custodial credit risk as of that date.

## NOTE C – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 is as follows:

| | Balance June 30, 2014 | Increases | Decreases | Balance June 30, 2015 |
|---|---|---|---|---|
| Governmental Activities: | | | | |
| Depreciable Capital Assets: | | | | |
| Water and Electrical Distribution Systems | $ 153,538 | $ - | $ - | $ 153,538 |
| Paving and Storm Sewer | 377,915 | - | - | 377,915 |
| Sanitary Sewer System | 98,683 | - | - | 98,683 |
| Engineering, Legal, Financing and Testing Fees | 271,851 | - | - | 271,851 |
| | 901,987 | - | - | 901,987 |
| Accumulated Depreciation: | | | | |
| Water and Electrical Distribution Systems | 70,630 | 6,142 | - | 76,772 |
| Paving and Storm Sewer | 144,867 | 12,597 | - | 157,464 |
| Sanitary Sewer System | 45,393 | 3,947 | - | 49,340 |
| Engineering, Legal, Financing and Testing Fees | 125,051 | 10,874 | - | 135,925 |
| | 385,941 | 33,560 | - | 419,501 |
| Net Depreciable Capital Assets | 516,046 | (33,560) | - | 482,486 |
| Non-depreciable Capital Assets: | | | | |
| Sewer Connection Fees | 59,174 | - | 5,680 | 53,494 |
| Capital Assets, net | $ 575,220 | $ (33,560) | $ 5,680 | $ 535,980 |

## NOTE D – WARRANTS PAYABLE

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

Warrants registered with the County bear interest at 7% per annum. Interest accrues on the warrants from the date of registration to the date they are called for payment.

## NOTE D – WARRANTS PAYABLE

The summary of warrant activity is as follows:

| | General Fund | Debt Service Fund | Total |
|---|---|---|---|
| Balance Outstanding, June 30, 2014 | $ - | $ - | $ - |
| Warrants Issued | 64,339 | 750 | 65,089 |
| Warrant Principal Payments | (64,339) | (750) | (65,089) |
| Balance Outstanding, June 30, 2015 | $ - | $ - | $ - |

The District is not currently registering its warrants but is paying its warrants on a current basis as presented to the County Treasurer. Accordingly, any outstanding warrant balances are presented as a current liability in the appropriate governmental fund in the governmental funds balance sheet and in the statement of net position.

## NOTE E – BONDS PAYABLE – GOVERNMENTAL ACTIVITIES

**BOND ISSUE OF JUNE 15, 2012** – The $900,000 "General Obligation Refunding Bonds, Series 2012" bond issue is scheduled to mature in annual increments of $55,000 - $75,000 through June 15, 2027. At June 30, 2015, the outstanding balance was $735,000. Bonds bear interest payable semi-annually each June 15 and December 15, until maturity at a rate of 1.55% graduating to 3.70% depending on maturity date.

Bonds maturing on or after June 15, 2018, are subject to redemption in whole or in part, prior to maturity at the option of the District at anytime on or after June 15, 2017, at par plus interest accrued thereon to the date set for redemption, with no redemption premium.

The following is a summary of bonds payable transactions of the District:

| | |
|---|---|
| Balance Outstanding, June 30, 2014 | $ 790,000 |
| Bond Principal Payments | (55,000) |
| Balance Outstanding, June 30, 2015 | $ 735,000 |

Aggregate maturities of the bonds payable and interest due on this debt, for the next five years and thereafter, are as follows:

| | PRINCIPAL | INTEREST | TOTAL |
|---|---|---|---|
| June 30, 2016 | $ 55,000 | $ 20,640 | $ 75,640 |
| June 30, 2017 | 55,000 | 19,788 | 74,788 |
| June 30, 2018 | 55,000 | 18,798 | 73,798 |
| June 30, 2019 | 55,000 | 17,698 | 72,698 |
| June 30, 2020 | 55,000 | 16,460 | 71,460 |
| June 30, 2021-2025 | 315,000 | 57,323 | 372,323 |
| June 30, 2026-2027 | 145,000 | 8,035 | 153,035 |
| | $ 735,000 | $ 158,742 | $ 893,742 |

## NOTE F – PROPERTY TAXES

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

The District has levied taxes for the year ended June 30, 2015 as follows:

| GENERAL FUND | DEBT SERVICE FUND | ASSESSED VALUATION | TAXES LEVIED |
|---|---|---|---|
| (Cents per $100 Valuation) | | | |
| 37.00 | 45.00 | $ 15,115,926 | $ 123,951 |

## NOTE G – NET POSITION AND FUND BALANCES

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

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

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

Unrestricted net position – all other assets that do not meet the definition of "restricted" or "net investment in capital assets".

Fund balances of the governmental funds are classified as follows:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

## NOTE G – NET POSITION AND FUND BALANCES - Continued

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees. The Board of Trustees is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Trustees.

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

Unassigned - all other spendable amounts.

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

# REQUIRED SUPPLEMENTARY INFORMATION
# (OTHER THAN MD&A)

**SANITARY AND IMPROVEMENT DISTRICT NO. 234**
**OF SARPY COUNTY, NEBRASKA**
**Required Supplementary Information - Unaudited**
**Schedule of Revenues, Expenditures and Changes in Fund Balances**
**Budget and Actual - General Fund**
**For the year ended June 30, 2015**

| | Budget - Original/ Final | (Budgetary Basis) Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| **REVENUES** | | | |
| Taxes assessed | $ 54,331 | $ 50,080 | $ (4,251) |
| Interest on taxes | - | 10 | 10 |
| Property tax credit | - | 1,462 | 1,462 |
| State motor vehicle tax allocation | 200 | 117 | (83) |
| Homestead exemption allocation | - | 1,073 | 1,073 |
| Total Revenues | 54,531 | 52,742 | (1,789) |
| **EXPENDITURES** | | | |
| Current: | | | |
| Collection fees - County Treasurer | 1,065 | 742 | 323 |
| Engineering fees | 5,000 | 6,586 | (1,586) |
| Financial advisory fees | 6,000 | 6,000 | - |
| Insurance | 3,000 | 3,110 | (110) |
| Paying agent fees | 1,500 | - | 1,500 |
| Professional fees | 16,700 | 15,443 | 1,257 |
| Repairs and maintenance | 50,000 | 27,239 | 22,761 |
| Street lighting | 6,500 | 5,961 | 539 |
| | 89,765 | 65,081 | 24,684 |
| Debt service: | | | |
| Warrant principal payments | 88,700 | 64,339 | 24,361 |
| | 88,700 | 64,339 | 24,361 |
| Total Expenditures | 178,465 | 129,420 | 49,045 |
| **Excess of revenues under expenditures** | **(123,934)** | **(76,678)** | **47,256** |
| **OTHER FINANCING SOURCES** | | | |
| Issuance of warrants | 88,700 | 64,339 | (24,361) |
| **Net change in fund balances** | **(35,234)** | **(12,339)** | **22,895** |
| **Fund balances - beginning of year** | **58,138** | **58,138** | **-** |
| **Fund balances - end of year** | **$ 22,904** | **$ 45,799** | **$ 22,895** |

**See accompanying notes to schedules of revenues, expenditures and changes in fund balances - budget and actual.**

**SANITARY AND IMPROVEMENT DISTRICT NO. 234**
**OF SARPY COUNTY, NEBRASKA**
**Required Supplementary Information - Unaudited**
**Schedule of Revenues, Expenditures and Changes in Fund Balances**
**Budget and Actual - Debt Service Fund**
**For the year ended June 30, 2015**

| | Budget - Original/ Final | (Budgetary Basis) Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| **REVENUES** | | | |
| Taxes assessed | $ 66,079 | $ 62,716 | $ (3,363) |
| Interest on taxes | - | 13 | 13 |
| Interest on investments | - | 10 | 10 |
| Property tax credit | - | 1,778 | 1,778 |
| Homestead exemption allocation | - | 1,319 | 1,319 |
| State motor vehicle tax allocation | 300 | 145 | (155) |
| Total Revenues | 66,379 | 65,981 | (398) |
| **EXPENDITURES** | | | |
| Current: | | | |
| Collection fees - County Treasurer | 1,296 | 939 | 357 |
| Paying agent fees | - | 750 | (750) |
| | 1,296 | 1,689 | (393) |
| Capital outlay: | | | |
| Improvements (refunds) | - | (5,680) | 5,680 |
| Debt service: | | | |
| Bond principal payments | 55,000 | 55,000 | - |
| Bond interest payments | 21,438 | 21,438 | - |
| Warrant principal payments | - | 750 | (750) |
| | 76,438 | 77,188 | (750) |
| Total Expenditures | 77,734 | 73,197 | 4,537 |
| **Excess of revenues under expenditures** | **(11,355)** | **(7,216)** | **4,139** |
| **OTHER FINANCING SOURCES** | | | |
| Issuance of warrants | - | 750 | 750 |
| **Net change in fund balances** | **(11,355)** | **(6,466)** | **4,889** |
| **Fund balances - beginning of year** | **107,508** | **107,508** | **-** |
| **Fund balances - end of year** | **$ 96,153** | **$ 101,042** | **$ 4,889** |

**See accompanying notes to schedules of revenues, expenditures and changes in fund balances - budget and actual.**

# SANITARY AND IMPROVEMENT DISTRICT NO. 234
# OF SARPY COUNTY, NEBRASKA

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# REQUIRED SUPPLEMENTARY INFORMATION - Unaudited
# NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

# FOR THE YEAR ENDED JUNE 30, 2015

## BUDGETS AND BUDGETARY ACCOUNTING

The District is required to adopt an annual operating budget for all the funds over which the District controls. Budgets are adopted by the District for the general and debt service funds. The budget is adopted using a cash basis of accounting which differs significantly from generally accepted accounting principles (GAAP). Under the cash basis of accounting, revenues and expenditures are recorded when cash is received or paid. Payment is deemed to have been made when warrants are issued. Accordingly, adjustments are necessary to convert the revenues and expenditures as reported on the governmental fund statements to the budgetary basis for comparison with budgetary data in the accompanying schedules of revenues, expenditures and changes in fund balances - budget and actual. Fund balance on the budgetary basis consists of cash on deposit with the County Treasurer and the original purchase cost of investments. Encumbrance accounting is not used by the District.

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

1) In September of each year the District submits a proposed operating budget for all funds to the real estate owners of the District.
2) Notice of place and time of public hearings must be published prior to the public hearings.
3) Public hearings are conducted to obtain taxpayer comment.
4) After publication and hearing, the budget is legally adopted by majority vote of the Board. The District is required to file a copy of the adopted budget with the County Clerk and the Nebraska Auditor of Public Accounts in accordance with the Nebraska Budget Act.
5) The budget is adopted on a per-fund basis and budgetary control is exercised at the fund level.
6) Appropriations lapse at year-end, however, the Board of Trustees may authorize supplemental appropriations during the year. No such appropriations were made during the fiscal year ended June 30, 2015.

# SANITARY AND IMPROVEMENT DISTRICT NO. 234
# OF SARPY COUNTY, NEBRASKA

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# REQUIRED SUPPLEMENTARY INFORMATION - Unaudited
# NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

# FOR THE YEAR ENDED JUNE 30, 2015

## RECONCILIATION OF BUDGET BASIS TO GAAP

A reconciliation for the year ended June 30, 2015, which discloses the nature and amount of adjustments necessary to convert the budgetary basis to a GAAP basis, is presented below:

| | General Fund | Debt Service Fund |
|---|---|---|
| Net change in fund balances: | | |
| Balance on a budgetary basis | $ (12,339) | $ (6,466) |
| Adjustments: | | |
| Revenue for receivables | 3,281 | 2,165 |
| Expenditures for payables | 14,853 | - |
| Balance on a GAAP basis | $ 5,795 | $ (4,301) |

# SUPPLEMENTARY INFORMATION

# SANITARY AND IMPROVEMENT DISTRICT NO. 234
# OF SARPY COUNTY, NEBRASKA

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

## JUNE 30, 2015

| | |
|---|---|
| Gross income from all sources | $ 124,168 |
| Amount spent for access to facilities and use of services of library system of neighboring cities and villages | None |
| Amount spent for sewage disposal | None |
| Amount expended on water mains | None |
| Gross amount of sewage processed | None |
| Cost per thousand gallons of processing sewage | None |
| Amount expended for: | |
| a. Maintenance and repair | $ 13,762 |
| b. New equipment | None |
| c. New construction work, net of refunds of $5,680 | $ (5,680) |
| d. Property purchased | None |
| Number of employees | None |
| Salaries and fees paid employees | None |
| Total amount of taxes levied upon property within the District | $ 123,951 |

# SANITARY AND IMPROVEMENT DISTRICT NO. 234
# OF SARPY COUNTY, NEBRASKA

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## TRUSTEES AND RELATED BONDS

## JUNE 30, 2015

| TRUSTEES | | BONDS | |
|---|---|---|---|
| NAME | OFFICE | INSURER | AMOUNT |
| Jack Hausmann | Chairman | Universal Surety Company | $ 5,000 |
| Larry Herman | Clerk | Universal Surety Company | $ 20,000 |
| Mike Broyles | Trustee | None | |
| Dave Cushing | Trustee | None | |

**HANCOCK & DANA PC**
ACCOUNTANTS & CONSULTANTS
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# INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT *AUDITING STANDARDS*

To the Board of Trustees
Sanitary and Improvement District No. 234
of Sarpy County, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 234 of Sarpy County, Nebraska, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Sanitary and Improvement District No. 234 of Sarpy County, Nebraska's basic financial statements and have issued our report thereon dated October 22, 2015.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sanitary and Improvement District No. 234 of Sarpy County, Nebraska'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 Sanitary and Improvement District No. 234 of Sarpy County, Nebraska's internal control. Accordingly, we do not express an opinion on the effectiveness of Sanitary and Improvement District No. 234 of Sarpy County, Nebraska'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. As described below, we did identify a certain deficiency in internal control that we consider to be a significant deficiency.

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

**Preparation of Financial Statements**

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

Sanitary and Improvement District No. 234 of Sarpy County, Nebraska's response to this finding is that the aforementioned circumstance is not unusual in a governmental entity of their size and that the costs of correcting this deficiency would exceed the benefits to be derived therefrom. The District's management has also informed us that they are willing to accept the degree of risk associated with this condition.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 234 of Sarpy County, Nebraska's financial statements are free from 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.*

### Sanitary and Improvement District No. 234 of Sarpy County, Nebraska's Response to Finding

Sanitary and Improvement District No. 234 of Sarpy County, Nebraska's response to the finding identified in our audit is described previously. Sanitary and Improvement District No. 234 of Sarpy County, Nebraska'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 results 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.

HANCOCK & DANA PC

Hancock & Dana PC

Omaha, Nebraska
October 22, 2015