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SANITARY AND IMPROVEMENT DISTRICT NO. 240 OF SARPY COUNTY, NEBRASKA

ANNUAL FINANCIAL STATEMENTS AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2015

SANITARY AND IMPROVEMENT DISTRICT NO. 240 OF SARPY COUNTY, NEBRASKA

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December 21, 2015

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Sanitary and Improvement District No. 240
of Sarpy County, Nebraska

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 240 of Sarpy County, Nebraska (the "District"), 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 the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

Auditor's Responsibility

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

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

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—cash basis of the governmental activities and each major fund of the District, as of June 30, 2015, and the respective changes in financial position—cash basis, for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Opinion and Disclaimer of Opinion on 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 included on pages 14 – 19, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information required by 31-740, reissued revised statutes of Nebraska, 2015, on page 17, 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 required by 31-740, reissued revised statutes of Nebraska, 2015 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The budgetary comparison schedules, notes to supplementary information, board of trustees and related bonds, and schedule of capital assets, on pages 14 - 16 and 18 - 19, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015, 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 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.

HSMC Orizon LLC

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SANITARY AND IMPROVEMENT DISTRICT NO. 240
OF SARPY COUNTY, NEBRASKA

STATEMENT OF NET POSITION - CASH BASIS

JUNE 30, 2015

ASSETS

	Governmental Activities
Cash with County Treasurer	$ 2,529,586
TOTAL ASSETS	$ 2,529,586

NET POSITION

Restricted:	
Debt service	$ 2,475,393
Unrestricted	54,193
TOTAL NET POSITION	$ 2,529,586

See Notes to Financial Statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 240
OF SARPY COUNTY, NEBRASKA

STATEMENT OF ACTIVITIES - CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2015

	Net (Disbursements) Receipts and Changes in Net Position	Cash Disbursements	Program Cash Receipts Charges for Services
GOVERNMENTAL ACTIVITIES:			
General services	$ 389,498	$ (96,258)	$ 485,756
Interest on indebtedness	(596,088)	(596,088)	
Net program (disbursements) receipts	(206,590)	$ (692,346)	$ 485,756
GENERAL RECEIPTS:			
Property taxes	167,081		
Intergovernmental	5,506		
Interest on taxes and assessments	311,155		
Issuance of debt, net	651,128		
Total general receipts	1,134,870		
Increase in net position	928,280		
Net position - beginning of year	1,601,306		
Net position - end of year	$ 2,529,586		

See Notes to Financial Statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 240
OF SARPY COUNTY, NEBRASKA

STATEMENT OF FUND BALANCES AND CHANGES IN FUND BALANCES
CASH BASIS - GOVERNMENTAL FUNDS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Construction and Debt Service Fund	Total Government Funds
RECEIPTS:			
Property taxes	$ 78,626	$ 88,455	$ 167,081
State motor vehicle tax allocation	177	199	376
Interest on special assessments		311,155	311,155
Special assessments		225,694	225,694
Connection fees		260,062	260,062
Real estate tax credit	2,414	2,716	5,130
Total receipts	81,217	888,281	969,498
DISBURSEMENTS:			
Audit and budget fees	9,846		9,846
Collection fees - County Treasurer	1,132	11,158	12,290
Electricity	12,879		12,879
Engineering fees	12,853		12,853
Insurance and bonds	678		678
Legal fees	19,883		19,883
Repairs and maintenance - streets	23,581		23,581
Fiscal fees	4,248		4,248
Interest expense - warrants	1,897	594,191	596,088
Total disbursements	86,997	605,349	692,346
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(5,780)	282,932	277,152
OTHER FINANCING SOURCES AND USES:			
Warrants issued current year unpaid	83,969	594,191	678,160
Warrants issued prior years paid	(27,032)		(27,032)
Total other financing sources and uses	56,937	594,191	651,128
EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	51,157	877,123	928,280
FUND BALANCE - beginning of year	3,036	1,598,270	1,601,306
FUND BALANCE - end of year	$ 54,193	$ 2,475,393	$ 2,529,586

See Notes to Basic Financial Statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 240
OF SARPY COUNTY, NEBRASKA

STATEMENT OF FUND BALANCES AND CHANGES IN FUND BALANCES - CONTINUED
CASH BASIS - GOVERNMENTAL FUNDS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Construction and Debt Service Fund	Total Government Funds
FUND BALANCE - CASH BASIS:			
Cash with County Treasurer	$ 54,193	$ 2,475,393	$ 2,529,586
TOTAL FUND BALANCE - CASH BASIS - JUNE 30, 2015	$ 54,193	$ 2,475,393	$ 2,529,586
FUND BALANCE - CASH BASIS:			
Restricted for:			
Debt service		$ 2,475,393	$ 2,475,393
Unassigned	$ 54,193		54,193
TOTAL FUND BALANCE - CASH BASIS - JUNE 30, 2015	$ 54,193	$ 2,475,393	$ 2,529,586

See Notes to Basic Financial Statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 240
OF SARPY COUNTY, NEBRASKA

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sanitary and Improvement District No. 240 of Sarpy County, Nebraska (the "District") is a governmental subdivision authorized under the statutes of the State of Nebraska. It was formed for the purposes of installation and maintenance of street and utility systems and contracting for lighting for public roads.

Reporting Entity

The District's financial statements are presented as the primary government and include all departments and activities for which the District is financially accountable. The District has determined that there are no potential component units that meet the criteria for inclusion in the financial statements.

Basis of Presentation

Government-wide Financial Statements: Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information about the reporting government as a whole. They include all funds of the reporting entity. The statements present the District's financial statements as governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. The types of transaction reported as program revenue are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Fund Financial Statements: Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, receipts and disbursements. The District only has governmental funds. The District currently has no fiduciary or proprietary funds. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District, meets specific mathematical criteria set forth by GASB or is identified as a major fund by the District's management. All of the District's funds meet the criteria of a major fund.

The governmental funds of the reporting entity are described below:

General Fund – This fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all financing resources except those required to be accounted for in other funds.

Construction and Debt Service Fund – This fund is used to account for infrastructure related capital asset acquisition and development and the accumulation of resources for the payment of general long-term obligations, interest and related costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded, regardless of the measurement focus applied.

Measurement Focus

In both the government-wide financial statements and the fund financial statements, the governmental activities are presented using a cash basis measurement focus. Their reported net position/fund balance is considered a measure of "available cash and investments." The operating statements focus on cash received and cash disbursed.

Basis of Accounting

In the government-wide and the fund financial statements, the District prepares its financial statements using the cash basis of accounting. Accordingly, revenues are recognized when cash is received by the District and expenditures are recognized when cash is disbursed. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

This basis of accounting is applied to all transactions, including the disbursements for capital assets, receipt of proceeds from issuance of debt and the retirement of debt.

Investments

Investments are stated at cost, which approximates fair value. Additional cash and investment disclosures are presented in Note 3.

Long-term Debt

Long-term debt arising from cash transactions for governmental funds is not reported as a liability in the government-wide or fund financial statements. The debt proceeds are, instead, reported as other financing receipts and payment of principal and interest reported as cash disbursements.

Equity Classification

Government-wide Financial Statements

Equity is classified as net position and displayed in two components:

a. Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups, such as creditors, grantors, contributors or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

b. Unrestricted net position – All other net position that do not meet the definition of "restricted."

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Classification, continued

Government-wide Financial Statements, continued

It is the District's policy to use restricted net position, first, prior to the use of unrestricted net position, when a disbursement is made for purposes in which both restricted and unrestricted net position are available.

Fund Financial Statements

Governmental fund equity is reported as fund balance within each respective fund. For governmental funds, the fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

a. Non-spendable – This fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. At June 30, 2015, the District had no non-spendable fund balance.

b. Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Board of Trustees to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

c. Committed – This fund balance classification includes amounts that can only be used for the specific purposes imposed by formal action (resolution) of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. At June 30, 2015, the District had no committed fund balance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Classification, Continued

Fund Financial Statements, Continued

d. Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Board of Trustees. At June 30, 2015, the District had no assigned fund balance.

e. Unassigned – This fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Interfund transfers, the flow of assets from one fund to another where repayment is not expected are reported as cash receipts and disbursements.

2. BUDGET PROCESS AND PROPERTY TAXES

The District is required by state law to adopt an annual operating budget. The Board has adopted separate budgets for the General Fund and Debt Service Fund. Each budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act.

State Statutes of the Nebraska Budget Act provide the prescribed budget practices and procedures that governing bodies are required to follow. The amounts that may be budgeted for certain specific funds are subject to various expenditures and/or tax levy limitations.

2. BUDGET PROCESS AND PROPERTY TAXES, CONTINUED

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

a. The Board of Trustees considers a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

b. Public hearings are conducted at a public meeting to obtain taxpayer comments.

c. Prior to September 20, the budget is legally enacted by a resolution of the Board of Trustees.

d. An encumbrance system is not used by the District and all appropriations lapse at the end of the fiscal year.

e. The budget is adopted on a per-fund basis and all adjustments or supplemental appropriations must be approved by the Board of Trustees. No such adjustments or supplemental appropriations were made to the 2014-2015 budget.

The property tax requirement resulting from the budget process is utilized to establish the tax levy in accordance with State statutes, which tax levy attaches as an enforceable lien on property within the District as of December 31. Taxes are due as of that date. One-half of the real estate taxes become delinquent after the following April 1, with the second one-half becoming delinquent after August 1. The District levied taxes for 2014-2015 at the rate of $.850000 per $100 on an estimated property valuation of $22,891,340.

3. DEPOSITS AND INVESTMENTS

According to State statutes, Sanitary and Improvement Districts are required to maintain their cash with the County Treasurer. At June 30, 2015, the County Treasurer has represented to the District that the District's cash maintained by the County Treasurer is insured or collateralized in the County Treasurer's name.

The District may by State statute invest in U.S. Government obligations, certificates of deposit and other time deposits. The District's investments of consist primarily of U.S. Treasury Bills with an original maturity of less than one year. As of June 30, 2015, the District did not have any investments.

Deposit risks include:

- Custodial Credit Risk – for deposits, custodial credit risk is the risk that in the event of the failure of a bank or other counterparty, the District will not be able to recover the value of its deposits or collateral securities in the possession of a third party.
- Credit Risk – for deposits, credit risk is the risk that a bank or other counterparty defaults on its principal and/or interest payments owed to the District.
- Interest Rate Risk – for deposits, interest rate risk is the risk that the value of deposits will decrease as a result of a rise in interest rates.

The District has not adopted specific policies for the above risks, but certain risks are reduced through compliance with the provisions of state statutes.

4. SPECIAL ASSESSMENTS

Special assessments in the amount of $1,206,775 were levied against certain properties within the District connection with the construction of improvements on March 9, 2005. Special assessments are due in ten annual installments through March, 2015 and bear interest as specified in the levy (7% per annum until delinquent and 9% per annum thereafter until paid.) The balance due on this levy at June 30, 2015 was $302,992.

Special assessments in the amount of $767,404 were levied against certain properties within the District in connection with the construction of improvements on May 17, 2006. Special assessments are due in ten annual installments through May, 2016 and bear interest as specified in the levy (7.5% per annum until delinquent and 9.5% per annum thereafter until paid.) The balance due on this levy at June 30, 2015 was $275,921.

5. COMMITMENTS AND CONTIGENCIES

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. On July 14, 2014, the maturity dates of debt service fund warrants totaling $6,929,101 were extended to June 27, 2016 by an order of the Sarpy County District Court. The warrants covered by this order continue to accrue interest at the rate shown on the face of each individual warrant.

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.

The summary of warrant activity is as follows:

	General Fund	Debt Service Fund	Total
Warrants outstanding, June 30,2014	$113,932	$8,488,696	$8,602,628
Warrants issued	83,969	594,191	678,160
Warrants retired	(27,032)		(27,032)
Warrants outstanding, June 30, 2015	$170,869	$9,082,887	$9,253,756

Outstanding warrants mature as follows:

Year Ending June 30,	
2016	$ 7,404,388
2017	605,890
2018	83,969
2019	565,318
2020	594,191
TOTAL	$ 9,253,756

6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors or omissions, injuries or natural disasters. These risks are transferred to independent issuance carriers and no self-insurance program is maintained by the District. District management believes adequate coverage exists for potential exposures as of June 30, 2015. There have been no claims that have exceeded this coverage for any of the past three years.

SANITARY AND IMPROVEMENT DISTRICT NO. 240
OF SARPY COUNTY, NEBRASKA

BUDGETARY COMPARISON SCHEDULE - CASH BASIS - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS:			
Property taxes	$ 91,565	$ 78,626	$ (12,939)
State motor vehicle tax allocation	100	177	77
Intergovernmental		2,414	2,414
Total receipts	91,665	81,217	(10,448)
DISBURSEMENTS:			
Audit and budget fees		9,846	(9,846)
Collection fees - County Treasurer	1,795	1,132	663
Electricity	18,000	12,879	5,121
Engineering fees	15,000	12,853	2,147
Insurance and bonds	2,000	678	1,322
Legal fees	35,000	19,883	15,117
Repairs and maintenance - streets	50,000	23,581	26,419
Fiscal fees		4,248	(4,248)
Warrant interest expense	5,000	1,897	3,103
Total disbursements	126,795	86,997	39,798
EXCESS OF RECEIPTS OVER DISBURSEMENTS	(35,130)	(5,780)	29,350
OTHER FINANCING SOURCES AND USES:			
Warrants issued current year unpaid	120,000	83,969	(36,031)
Warrants issued prior years paid	(85,000)	(27,032)	57,968
Total other financing sources and uses	35,000	56,937	21,937
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	$ (130)	51,157	$ 51,287
FUND BALANCE - beginning of year		3,036	
FUND BALANCE - end of year		$ 54,193	

See Note to Supplementary Information.

SANITARY AND IMPROVEMENT DISTRICT NO. 240
OF SARPY COUNTY, NEBRASKA

BUDGETARY COMPARISON SCHEDULE - CASH BASIS - CONSTRUCTION AND DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS:			
Property taxes	$ 103,011	$ 88,455	$ (14,556)
State motor vehicle tax allocation	100	199	99
Special assessments and interest	150,000	536,849	386,849
Connection fees		260,062	260,062
Intergovernmental		2,716	2,716
Total receipts	253,111	888,281	635,170
DISBURSEMENTS:			
Collection fees - County Treasurer	17,020	11,158	5,862
Interest expense - warrants	600,000	594,191	5,809
Total disbursements	617,020	605,349	11,671
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(363,909)	282,932	646,841
OTHER FINANCING SOURCES AND USES:			
Warrants issued current year unpaid	600,000	594,191	(5,809)
Warrants issued prior years paid	(1,800,000)		1,800,000
Total other financing sources and uses	(1,200,000)	594,191	1,794,191
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	$ (1,563,909)	877,123	$ 2,441,032
FUND BALANCE - beginning of year		1,598,270	
FUND BALANCE - end of year		$ 2,475,393	

See Note to Supplementary Information.

SANITARY AND IMPROVEMENT DISTRICT NO. 240
OF SARPY COUNTY, NEBRASKA

NOTE TO SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES

FOR THE YEAR ENDED JUNE 30, 2015

1. BUDGETARY ACCOUNTING

The District prepares its budget for the Governmental Funds on the cash basis of accounting. This basis is consistent with the basis of accounting used in presenting the basic financial statements. Under this method of accounting, all unexpended appropriations lapse at the end of the budget year.

The term "Budgetary Fund Balance" used in these supplementary schedules is synonymous with the terms "Fund Balance – Cash Basis" used in the basic financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 240
OF SARPY COUNTY, NEBRASKA

INFORMATION REQUIRED BY SECTION 31-740,
REISSUED REVISED STATUTES OF NEBRASKA, 2015

FOR THE YEAR ENDED JUNE 30, 2015

Gross revenue from all sources in previous year	$ 969,498
Amount spent for access to facilities and use of the services of the library system of one or more neighboring cities or villages	None
Amount spent for solid waste collection services	None
Amount spent for sewage disposal	None
Amount expended for water mains	None
Gross amount of sewage processed	None
Cost per thousand gallons of processing sewage	None
Amount expended for maintenance and repairs	$ 23,581
Amount expended for new equipment	None
Amount expended for new construction work	None
Amount expended for property	None
Number of employees	None
Salaries and fees paid employees	None
Total amount of taxes levied upon the property within the District	$ 194,576

SANITARY AND IMPROVEMENT DISTRICT NO. 240
OF SARPY COUNTY, NEBRASKA

BOARD OF TRUSTEES AND RELATED BONDS

JUNE 30, 2015

TRUSTEES	BONDS	
Mike Palmisano, Chairman	Western Surety Co.	$ 5,000
Michael Freestone, Clerk	Western Surety Co.	$20,000
Michael Rogers, Trustee		
Timothy Reick, Trustee		
Bob Mitchell, Trustee		

SANITARY AND IMPROVEMENT DISTRICT NO. 240
OF SARPY COUNTY, NEBRASKA

SCHEDULE OF CAPITAL ASSETS

JUNE 30, 2015

	Balance July 01, 2014	Increase	Balance June 30, 2015
Sanitary and Storm Sewer Systems	$ 2,197,307	$	$ 2,197,307
Underground Power and Water Systems	1,187,826		1,187,826
Paving	467,562		467,562
Miscellaneous Infrastructure (Principally legal and financing fees)	607,945		607,945
Total	$ 4,460,640	$	$ 4,460,640

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December 21, 2015

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*

Board of Trustees
Sanitary and Improvement District No. 240
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. 240, Sarpy County, Nebraska, (the "District"), 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 and have issued our report thereon dated December 21, 2015. Our report disclosed that, as described in Note 1 to the financial statements, the district prepares its financial statements on the cash basis of accounting, which is a comprehensive bases of accounting other than generally accepted accounting principles in the United States of America.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 that 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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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.*

District's Response to Findings

The District's response to the findings 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 results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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