

BASIC FINANCIAL STATEMENTS  
& SUPPLEMENTARY INFORMATION  
WITH  
INDEPENDENT AUDITORS' REPORT

SANITARY AND IMPROVEMENT DISTRICT NO. 286  
SARPY COUNTY, NEBRASKA

YEAR ENDED JUNE 30, 2015

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J. DOUGLAS GOODNIGHT  
(1936 - 2006)

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Sanitary and Improvement District No. 286  
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. 286 of Sarpy County, Nebraska (a political subdivision) as of and for the year ended June 30, 2015, and the related NOTES TO THE BASIC 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Sanitary and Improvement District No. 286 of Sarpy County, Nebraska as of June 30, 2015, and the respective changes in financial position 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 budgetary comparison on page 16 to be presented to supplement the basic financial statements. Such information, although not 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 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 Sanitary and Improvement District No. 286 of Sarpy County, Nebraska's basic financial statements. The other supplementary information on page 17 and 18 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 November 25, 2015, on our consideration of the Sanitary and Improvement District No. 286 of Sarpy County, Nebraska 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. 286 of Sarpy County, Nebraska's internal control over financial reporting and compliance.

*Awerkamp, Goodnight, Schwaller & Nelson, P.C.*

Omaha, Nebraska  
November 25, 2015

Sanitary and Improvement District No. 286  
Sarpy County, Nebraska

GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2015

ASSETS:	
Cash on deposit - County Treasurer	\$ 428,238
Taxes receivable (notes B and H)	216,408
Capital assets (note C):	
Land	115,390
Infrastructure	5,832,132
Accumulated depreciation	<u>(1,151,939)</u>
Total assets	<u>5,440,229</u>
LIABILITIES:	
Accounts payable	20,645
Accrued interest on warrants	5,217
Accrued interest on bonds	17,342
Noncurrent liabilities (notes D and E):	
Due within one year	180,000
Due in more than one year	<u>4,575,003</u>
Total liabilities	<u>4,798,207</u>
COMMITMENTS AND CONTINGENCIES (notes F and G)	-
NET POSITION:	
Net investment in capital assets	185,583
Restricted for debt service	522,157
Unrestricted	<u>(65,718)</u>
Total net position	<u>\$ 642,022</u>

The accompanying notes are an integral part of these statements.

Sanitary and Improvement District No. 286  
Sarpy County, Nebraska

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

EXPENSES - GENERAL GOVERNMENT	
General	\$ 151,724
Debt service	183,133
Depreciation	189,757
Interest	<u>179,559</u>
Total expenses - general government	<u>704,173</u>
GENERAL REVENUES:	
Property taxes	469,267
Interest on taxes	88
State motor vehicle tax allocation	934
Homestead exemption	<u>95</u>
Total general revenues	<u>470,384</u>
Change in net position	(233,789)
Net position at beginning of year	<u>875,811</u>
Net position at end of year	<u>\$ 642,022</u>

The accompanying notes are an integral part of these statements.

Sanitary and Improvement District No. 286  
Sarpy County, Nebraska

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015

ASSETS

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS:			
Cash on deposit - County Treasurer	\$ 8,966	\$419,272	\$428,238
Taxes receivable (notes B and H)	96,181	120,227	216,408
Total assets	\$105,147	\$539,499	\$644,646

LIABILITIES AND FUND BALANCES

LIABILITIES:			
Accounts payable	\$ 20,645	\$ -	\$ 20,645
Total liabilities	20,645	-	20,645
COMMITMENTS AND CONTINGENCIES			
(notes F and G)	-	-	-
Fund balance:			
Restricted for debt service	-	539,499	539,499
Unassigned	84,502	-	84,502
Total fund balance	84,502	539,499	624,001
Total liabilities and fund balance	\$105,147	\$539,499	\$644,646

The accompanying notes are an integral part of these statements.

Sanitary and Improvement District No. 286  
Sarpy County, Nebraska

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2015

Total fund balance - total governmental funds		\$ 624,001
Amounts reported for governmental activities in the Statement of Net Position are different because:		
- Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		4,795,583
- Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(22,559)
- Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
	Due within one year	\$ (180,000)
	Due in more than one year	<u>(4,575,003)</u>
		<u>(4,755,003)</u>
Net Position of Governmental Activities		<u>\$ 642,022</u>

The accompanying notes are an integral part of these statements.

Sanitary and Improvement District No. 286  
Sarpy County, Nebraska

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS

For the year ended June 30, 2015

	General Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>			
Taxes assessed (note B)	\$ 207,230	\$ 262,037	\$ 469,267
Interest on taxes	39	49	88
State motor vehicle tax allocation	415	519	934
Homestead exemption	95	-	95
	<u>207,779</u>	<u>262,605</u>	<u>470,384</u>
<b>EXPENDITURES:</b>			
Legal and accounting	20,765	-	20,765
Trustee fees	1,200	-	1,200
Collection fees county treasurer	2,592	3,239	5,831
Electric service	27,807	-	27,807
Engineering fees	12,167	-	12,167
Maintenance and repairs	74,777	-	74,777
Registered agent fees	6,606	4,270	10,876
Financial agent fees	-	20,056	20,056
Trustee bond and insurance	5,718	-	5,718
Payroll taxes	92	-	92
Debt Service:			
Bond principal payments	-	145,000	145,000
Bond interest payments	-	146,705	146,705
Bond issue costs	-	155,568	155,568
Warrant principal payments	168,660	728,133	896,793
Warrant interest payments	12,841	53,594	66,435
	<u>333,225</u>	<u>1,256,565</u>	<u>1,589,790</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(125,446)	(993,960)	(1,119,406)
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of long-term debt	173,599	2,549,036	2,722,635
Refund of bonds	-	(1,635,000)	(1,635,000)
	<u>173,599</u>	<u>814,036</u>	<u>687,635</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	48,153	(79,924)	(31,771)
FUND BALANCE, BEGINNING OF YEAR	<u>36,349</u>	<u>619,423</u>	<u>655,772</u>
FUND BALANCE, END OF YEAR	<u>\$ 84,502</u>	<u>\$ 539,499</u>	<u>\$ 624,001</u>

The accompanying notes are an integral part of these statements.



Sanitary and Improvement District No. 286  
Sarpy County, Nebraska

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Sanitary and Improvement District No. 286 of Douglas 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.

History and Business Activity

The District is a governmental subdivision, created pursuant to Nebraska law, to act as a vehicle for the construction of roads, utilities and similar improvements. The Board of Trustees, consisting of five members, has the power to provide financing for such improvements and has authority to: issue warrants for construction work and services, contract with financial institutions for conversion of warrants to cash, and to levy both special assessments and general taxes against property in the District to pay off warrants and bonds issued by the District.

Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Reporting Entity

The accompanying financial statements present the District's primary governmental 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.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Sanitary and Improvement District No. 286  
Sarpy County, Nebraska

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Presentation - Continued

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

Fund Financial Statements

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

General Fund

General Fund is the main operating fund of the District. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund. The fund balance of the General Fund is unassigned and is expended first for all expenditures except debt service payments and capital expenditures from the Debt Service Fund.

Debt Service Fund

Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from taxes levied by the District. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

Sanitary and Improvement District No. 286  
Sarpy County, Nebraska

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus/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 in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included in the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means 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. The District considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes and interest income. All other governmental fund revenues are recognized when received.

Infrastructure

Infrastructure is carried at cost plus interest on warrants while construction is in progress. Depreciation will be provided using the straight-line method over estimated lives ranging from 25 to 50 years.

Budget and Budgetary Accounting

The District is required to adopt an annual operating budget for all the funds over which the District controls. The budget is adopted using a cash basis of accounting which differs significantly from generally accepted accounting principles. Under the cash basis of accounting, revenues and expenditures are recorded when cash is received or paid. Payment is deemed to have been made when warrants are issued.

Sanitary and Improvement District No. 286  
Sarpy County, Nebraska

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Budget and Budgetary Accounting - Continued

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

- (a) In September of each year the District submits a proposed operating budget for all funds to the real estate owners of the District.
- (b) Notice of place and time of public hearings must be published prior to the public hearings.
- (c) Public hearings are conducted to obtain taxpayer comment.
- (d) 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.
- (e) The budget is adopted on a per-fund basis and budgetary control is exercised at the fund level.
- (f) The Board of Trustees may authorize supplemental appropriations during the year. No such appropriations were made during the period ended June 30, 2015.
- (g) The accompanying combined statements of revenues, expenditures, and changes in fund balances - Budget and Actual - General and Debt Service Fund presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of resultant basis, timing, perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the period ended June 30, 2015 is presented as follows:

	General Fund	Debt Service Fund
Excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources (budgetary basis)	\$ 1,967	\$(110,073)
Adjustments:		
To adjust revenue for receivables	21,719	30,149
To adjust expenditures for payables and accruals	24,467	-
Excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources (GAAP basis)	\$48,153	\$ (79,924)

Sanitary and Improvement District No. 286  
Sarpy County, Nebraska

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Position

Net position represents the difference between (a) assets and (b) liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balances - Governmental Funds

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.

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 unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

Sanitary and Improvement District No. 286  
Sarpy County, Nebraska

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE B - 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.

Property tax revenues are recognized when they become available, which includes those property tax receivables expected to be collected within sixty days after year end. Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided. All property taxes were collected as of June 30, 2015.

The District levied taxes for 2014-2015 at the rate of \$0.9000 per \$100 on property valuation of \$51,853,923.

NOTE C - CAPITAL ASSETS

At June 30, 2015, capital assets consist of the following:

	July 1, 2014	Additions	June 30, 2015
Land	\$ 115,390	\$ -	\$ 115,390
Sanitary, storm and inceptor sewers and paving	4,166,141	-	4,166,141
Water distribution system	1,056,736	-	1,056,736
Electrical distribution system	279,631	-	279,631
Park improvement	221,736	-	221,736
Exterior street improvements	107,888	-	107,888
	5,947,522	-	5,947,522
Accumulated depreciation	(962,182)	(189,757)	(1,151,939)
	<u>\$4,985,340</u>	<u>\$ (189,757)</u>	<u>\$ 4,795,583</u>

Depreciation expense for the year ended June 30, 2015 was \$189,757.

NOTE D - GENERAL OBLIGATION BONDS PAYABLE

On October 15, 2012, the District issued \$2,250,000 of general obligation bonds to redeem construction fund costs and accrued interest. The bonds bear interest ranging between 1.20% and 3.75%. The bonds mature serially through October 15, 2032, bonds maturing on October 15, 2032 are subject to mandatory sinking fund redemption commencing October 15, 2028 from monies deposited by the District into the Bond Fund for bond redemption.

Sanitary and Improvement District No. 286  
Sarpy County, Nebraska

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE D - GENERAL OBLIGATION BONDS PAYABLE - CONTINUED

Bonds maturing on or after October 15, 2018 are subject to redemption in whole or in part, prior to maturity at the option of the District any time on or after October 15, 2017, at par plus accrued interest to the date set for redemption.

On December 15, 2009, the District issued \$2,000,000 in general obligation bonds to redeem construction fund costs and interest. The bonds bear interest at 2.00% to 5.25% per annum, payable semiannually, on June 15 and December 15. The bonds mature serially through December 15, 2029. Bonds maturing on or after December 15, 2015 are subject to redemption on or after December 15, 2014 at par and accrued interest, to the date set for redemption, with no redemption premium. The issue was redeemed with the refunding bond issue below.

On December 15, 2014, the District issued \$2,500,000 in general obligation refunding bonds to redeem the 2009 general obligation bonds above and construction fund warrants and accrued interest. The bonds bear interest at 1.10% to 3.90% per annum, payable semiannually, on June 15 and December 15. The bonds mature serially through December 15, 2034. Bonds maturing on or after December 15, 2020 are subject to redemption on or after December 15, 2019 at par and accrued interest, to the date set for redemption, with no redemption premium.

A summary of changes in bonds payable is as follows:

Balance July 1, 2014	\$ 3,890,000
Bonds issued	2,500,000
Bonds refunded	(1,635,000)
Bond payment	<u>(145,000)</u>
Balance June 30, 2015	<u>\$ 4,610,000</u>

Aggregate maturities of bond principal and interest are as follows:

	Principal	Interest	Total
2016	\$ 180,000	\$ 142,313	\$ 322,313
2017	180,000	139,249	319,249
2018	185,000	136,338	321,338
2019	185,000	132,921	317,921
2020	190,000	128,934	318,934
2021 - 2025	1,030,000	564,628	1,594,628
2026 - 2030	1,210,000	379,530	1,589,530
2031 - 2035	<u>1,450,000</u>	<u>119,641</u>	<u>1,569,641</u>
	<u>\$4,610,000</u>	<u>\$1,743,554</u>	<u>\$6,353,554</u>

NOTE E - REGISTERED WARRANTS

At June 30, 2015, the District has registered warrants outstanding for operating expenses. The warrants bear interest at 7%. General fund warrants are due three years after issuance.

Sanitary and Improvement District No. 286  
Sarpy County, Nebraska

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE E - REGISTERED WARRANTS - CONTINUED

Aggregate maturities of registered warrants are as follows:

2016	\$ -
2017	-
2018	<u>145,003</u>
	<u>\$145,003</u>

NOTE F - COMMITMENTS

The District has entered into an agreement with Omaha Public Power District (OPPD) under which OPPD is to furnish street lighting to the District. The cost to the District for this service for fiscal 2016 is estimated to be approximately \$30,000.

NOTE G - 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; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE H - CREDIT RISK

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

NOTE I - SUBSEQUENT EVENTS

Management evaluated transactions and events occurring subsequent to June 30, 2015 and through November 25, 2015 to determine whether any events should be recognized or disclosed in these statements. There were no material transactions or events in the subsequent period requiring disclosure or recognition in the statements.

REQUIRED SUPPLEMENTARY INFORMATION  
(OTHER THAN MD & A)

SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL AND DEBT SERVICE FUND

Sanitary and Improvement District No. 286  
Sarpy County, Nebraska

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL AND DEBT SERVICE FUND

For the year ended June 30, 2015

	GENERAL FUND (NON AAP)		
	Original And Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Taxes collected	\$ 197,723	\$ 185,511	\$(12,212)
Interest on taxes	30	39	9
State motor vehicle tax allocation	620	415	(205)
Homestead exemption	-	95	95
	<u>198,373</u>	<u>186,060</u>	<u>(12,313)</u>
<b>EXPENDITURES:</b>			
Trustee fees	1,200	1,200	-
Collection fees county treasurer	3,877	2,592	1,285
Electric service	25,000	25,614	(614)
Engineering fees	20,000	17,394	2,606
Legal and accounting fees	22,000	22,107	(107)
Maintenance and repairs	50,000	94,868	(44,868)
Financial advisor fees	7,000	-	7,000
Register agent fees	5,000	6,606	(1,606)
Trustee bonds and insurance	5,000	5,718	(718)
Payroll taxes	100	92	8
Capital outlays - construction costs	-	-	-
<b>Debt Service:</b>			
Bond principal payments	-	-	-
Bond interest payments	-	-	-
Bond issue costs	-	-	-
Warrants principal payments	150,000	168,660	(18,660)
Warrants interest payments	15,000	12,841	2,159
	<u>304,177</u>	<u>357,692</u>	<u>(53,515)</u>
Excess (deficiency) of revenues over expenditures	(105,804)	(171,632)	(65,828)
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from warrants issued	135,300	173,599	38,299
Proceeds from bonds issued	-	-	-
Refund of bond	-	-	-
	<u>135,300</u>	<u>173,599</u>	<u>38,299</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES</b>	<u>\$ 29,496</u>	1,967	<u>\$(27,529)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<u>6,999</u>	
<b>FUND BALANCE, END OF YEAR</b>		<u>\$ 8,966</u>	

DEBT SERVICE FUND  
(NON GAAP)

Original And Final Budget	Actual	Variance Positive (Negative)
\$ 247,155	\$ 231,888	\$ (15,267)
40	49	9
760	519	(241)
-	-	-
247,955	232,456	(15,499)
-	-	-
7,347	3,239	4,108
-	-	-
-	-	-
-	-	-
30,000	20,056	9,944
6,000	4,270	1,730
-	-	-
-	-	-
50,000	-	50,000
145,000	145,000	-
165,000	146,705	18,295
210,000	155,568	54,432
800,000	728,133	71,867
60,000	53,594	6,406
1,473,347	1,256,565	216,782
(1,225,392)	(1,024,109)	201,283
176,000	49,036	(126,964)
2,820,000	2,500,000	(320,000)
(1,710,000)	(1,635,000)	(75,000)
<u>\$ 60,608</u>	(110,073)	<u>\$ (170,681)</u>
	529,345	
	<u>\$ 419,272</u>	

Sanitary and Improvement District No. 286  
Sarpy County, Nebraska

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

For the year ended June 30, 2015

Gross revenues from all sources	<u>\$470,384</u>
Gross revenues from all sources from previous year	<u>\$354,875</u>
Amount spent for sewage disposal	<u>\$ -</u>
Amount expended on water mains	<u>\$ -</u>
Gross amount of sewage processed	<u>\$ -</u>
Cost per thousand gallons of processing sewage	<u>\$ -</u>
Amount expended for:	
Maintenance and repairs	<u>\$ 74,777</u>
New equipment	<u>\$ -</u>
New construction work (incl. water mains)	<u>\$ -</u>
Property purchased	<u>\$ -</u>
Number of employees	<u>One</u>
Salaries and fees paid employees	<u>\$ 1,200</u>
Total amount of taxes levied upon the property within the District	<u>\$466,685</u>

Sanitary and Improvement District No. 286  
Sarpy County, Nebraska

TRUSTEE AND RELATED BONDS

June 30, 2015

<u>Trustees</u>		<u>Bonds</u>	
<u>Name</u>	<u>Office</u>	<u>Insurer</u>	<u>Amount</u>
Loren Johnson	Chairman	Universal Surety Company	\$ 5,000
Jim Emmons	Clerk	Universal Surety Company	\$20,000
Paula Johnson	Trustee		
John Buda	Trustee		

# Awerkamp, Goodnight, Schwaller & Nelson, P.C.

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J. DOUGLAS GOODNIGHT  
(1936 - 2006)

## 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 Directors  
Sanitary and Improvement District No. 286  
of Sarpy County, Nebraska

We have audited the financial statements of Sanitary and Improvement District No. 286 of Sarpy County, Nebraska as of and for the year ended June 30, 2015, and have issued our report thereon dated November 25, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sanitary and Improvement District No. 286's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sanitary and Improvement District No. 286's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sanitary and Improvement District No. 286's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified the following deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

The district does not have the ability to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. Management is aware of this significant deficiency and believes it is economically not feasible to obtain the ability to prepare financial statements.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Sanitary and Improvement District No. 286's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Sanitary and Improvement District No. 286's financial statements that is more than consequential will not be prevented or detected by the Sanitary and Improvement District No. 286's internal control. We consider the deficiencies described above to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Sanitary and Improvement District No. 286's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 286's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 the following instance of noncompliance that is required to be reported under *Government Auditing Standards*.

#### Finding #1

- The District has four members of the Board of Trustees instead of the required five.

#### Response

- Subsequent to year end, the District had an election and five trustees were elected.

Sanitary and Improvement District No. 286's response to the finding identified in our audit is described above. We did not audit Sanitary and Improvement District No. 286's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees and the Nebraska Auditor of Public Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

*Awerkamp, Goodnight, Schwaller & Nelson, P.C.*

Omaha, Nebraska  
November 25, 2015