

**Sanitary and Improvement District
No. 289 of Sarpy County, Nebraska**

**Financial Statements
and Independent Auditors' Reports**

June 30, 2015

Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Sanitary and Improvement District
No. 289 of Sarpy County, Nebraska:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sanitary and Improvement District No. 289 of Sarpy County, Nebraska (hereinafter the "District"), as of and for the year ended June 30, 2015, including 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 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 of the governmental activities and each major fund of the Sanitary and Improvement District No. 289 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.

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 14 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.

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 supplemental information included in the supplementary schedules on pages 15-18 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information included in the supplementary schedules on pages 15-18 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 supplemental information included in the supplementary schedules on pages 15-18 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Schedule 5 – Board of Trustees and Related Bonds on page 19 has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Accounting Standards* we have also issued our report dated December 15, 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. 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.

Lengemann & Associates, P.C.

Lengemann & Associates, P.C.
Papillion, Nebraska
December 15, 2015

Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

Governmental Funds Balance Sheet and Statement of Financial Position

June 30, 2015

ASSETS	General	Debt	Total	Reconciling	Statement
	Fund	Service Fund		Items	of Financial Position
Cash - County Treasurer	\$ 80,436	\$ 3,526	\$ 83,962	\$ -	\$ 83,962
Investments	-	124,963	124,963	-	124,963
Taxes receivable	24,480	48,960	73,440	-	73,440
Prepaid expenses	868	-	868	-	868
Investment interest receivable	-	8	8	-	8
Special assessment receivable	-	219,649	219,649	-	219,649
Special assessment interest receivable	-	-	-	7,919	7,919
Capital assets, net of accum. depr.	-	-	-	917,963	917,963
TOTAL ASSETS	\$ 105,784	\$ 397,106	\$ 502,890	\$ 925,882	\$ 1,428,772
LIABILITIES					
Accounts payable	\$ 235	\$ -	\$ 235	\$ -	\$ 235
Accrued interest	-	-	-	17,154	17,154
Long-term payable	27,880	6,970	34,850	-	34,850
Warrants outstanding					
Due within one year	-	-	-	636	636
Due after one year	-	-	-	209,768	209,768
Bonds outstanding					
Due within one year	-	-	-	20,000	20,000
Due after one year	-	-	-	1,090,000	1,090,000
TOTAL LIABILITIES	28,115	6,970	35,085	1,337,558	1,372,643
DEFERRED INFLOWS OF RESOURCES					
Special assessments	-	219,649	219,649	(219,649)	-
FUND BALANCES/NET POSITION					
Fund Balances-					
Restricted	868	170,487	171,355	(171,355)	-
Unassigned	76,801	-	76,801	(76,801)	-
Total Fund Balances	77,669	170,487	248,156	(248,156)	-
TOTAL LIAB. AND FUND BALANCE	\$ 105,784	\$ 397,106	\$ 502,890		
Net investment in capital assets				(192,037)	(192,037)
Restricted for debt service				171,133	171,133
Unrestricted				77,033	77,033
Total Net Position				56,129	56,129
TOTAL LIABILITIES AND NET POSITION				\$ 925,882	\$ 1,428,772

See accompanying notes to financial statements

Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities

Year Ended June 30, 2015

	General Fund	Debt Service Fund	Total	Reconciling Items	Statement of Activities
REVENUES:					
Property taxes	\$ 50,291	\$ 100,582	\$ 150,873	\$ -	\$ 150,873
Overestimate of taxes	(11)	(22)	(33)	-	(33)
Special assessments	-	219,649	219,649	(219,649)	-
Interest on special assessments	-	48,055	48,055	(26,500)	21,555
Interest on investments	-	35	35	-	35
State motor vehicle tax allocation	102	204	306	-	306
Total revenues	<u>50,382</u>	<u>368,503</u>	<u>418,885</u>	<u>(246,149)</u>	<u>172,736</u>
EXPENDITURES/EXPENSES:					
Current:					
Collection fee - County Treasurer	643	5,766	6,409	-	6,409
Electricity	2,863	-	2,863	-	2,863
Interest on warrants	-	37,939	37,939	(12,755)	25,184
Legal and accounting fees	9,790	-	9,790	-	9,790
Paying agent fees	-	1,687	1,687	-	1,687
Capital outlay:					
Depreciation	-	-	-	35,670	35,670
Debt service:					
Principal	-	20,000	20,000	(20,000)	-
Interest	-	43,692	43,692	(42)	43,650
Total expenditures/expenses	<u>13,296</u>	<u>109,084</u>	<u>122,380</u>	<u>2,873</u>	<u>125,253</u>
Excess (deficiency) of revenues over expenditures/expenses	37,086	259,419	296,505	(249,022)	47,483
OTHER FINANCING SOURCES (USES):					
Issuance of warrants	12,939	35,432	48,371	(48,371)	-
Warrants retired	(12,939)	(287,730)	(300,669)	300,669	-
Transfer to other funds	(30,000)	30,000	-	-	-
Total other financing sources (uses)	<u>(30,000)</u>	<u>(222,298)</u>	<u>(252,298)</u>	<u>252,298</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources	7,086	37,121	44,207	(44,207)	-
Change in net position	-	-	-	47,483	47,483
Fund balances/net position:					
Beginning of the year	70,583	133,366	203,949	-	8,646
End of the year	<u>\$ 77,669</u>	<u>\$ 170,487</u>	<u>\$ 248,156</u>	<u>\$ -</u>	<u>\$ 56,129</u>

See accompanying notes to financial statements

Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

June 30, 2015

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 44,207
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Amounts reported for governmental activities in the statement of activities are different because:

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of the current year's depreciation is to decrease net position	(35,670)
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Special assessment revenues are not recognized in the fund financial statements until considered available to finance current expenditures, but such revenues are recognized when assessed in the statement of activities	(219,649)
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In the statement of activities, interest is accrued on special assessments, whereas in the governmental funds, interest is reported as revenue when available	(26,500)
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Current year long-term debt principal payments are reported as expenditures in the governmental funds, but shown as a reduction in long-term debt in the statement of net position	20,000
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Net warrants issued/redeemed are reported as other financing sources/uses in the governmental funds, but as increases/decreases in long-term debt in the government-wide financial statements	252,298
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In the statement of activities, interest expense is accrued on long-term debt, whereas in governmental funds, interest is reported when due	12,797
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 47,483
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Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

Notes to Financial Statements

June 30, 2015

1. Summary of Significant Accounting Policies

A. Reporting Entity

The District is a governmental subdivision created June 6, 2008 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 infrastructure construction and to arrange for basic utility services.

The Board of Trustees, consisting of 5 members, has governance responsibilities over all activities related to streets, utility systems, and other public improvements within the jurisdiction of the District. The accompanying financial statements present the District's entire reporting entity - there are no component units, in accordance with generally accepted accounting principles.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements include the Statement of Financial Position and the Statement of Activities, which report financial information for all activities of the District. Individual funds are not displayed and internal activity between funds is 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

The District presents combined government-wide and fund financial statements. Major individual governmental funds are reported as separate columns. The following is a description of the District's two major governmental funds:

General Fund

The general fund is the main 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 and report financial resources that are restricted, committed or assigned to expenditures for principal and interest.

Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

Notes to Financial Statements

1. Summary of Significant Accounting Policies - Continued

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they occur and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District issues warrants to pay liabilities of the District instead of cash on hand, thus the District considers revenues to be available if they are collected within one year of the end of the current fiscal period because warrants are generally paid within a year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

D. Budgets and Budgetary Accounting

The District is required to adopt an annual operating budget for all the funds which the District controls. These budgeted appropriations lapse at fiscal year end June 30, 2015.

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

- (1) In August 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 on or before September 20.
- (5) The budget is adopted on a per-fund basis and budgetary control is exercised at the fund level.
- (6) The Board of Trustees may authorize supplemental appropriations during the year. There were no supplemental appropriations during fiscal year ended June 30, 2015.

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, respectively. Payment is deemed to have been made when warrants are issued.

Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

Notes to Financial Statements

1. Summary of Significant Accounting Policies - Continued

A reconciliation of the differences between the basis of accounting for 2015, is presented below:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Excess of revenues and other sources over expenditures and other uses of financial resources- budgetary non-GAAP basis	\$ 2,224	\$ 26,565
Adjustments:		
Receivables	4,576	9,156
Prepays	137	-
Payables	149	1,400
Excess of revenues and other sources over expenditures and other uses of financial resources- GAAP basis	<u>\$ 7,086</u>	<u>\$ 37,121</u>

E. Restricted Assets

All assets in a debt service (bond or construction) fund are restricted and may be used only for the purpose of the fund, which is to pay off the debt of the District. Typical assets include cash, investments, and taxes receivable.

F. Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State Statutes 15-846 and 15-847 R.R.S., 1943 require banks either to give bond or to pledge government securities (types of which are specifically identified in the statutes) to the District Treasurer in the amount of the District's deposits. The statutes allow pledged securities to be reduced by the amount of the deposits insured by the Federal Deposit Insurance Corporation (FDIC).

At June 30, 2015, the District's cash deposits, in excess of the \$250,000 FDIC limits, are covered by collateral held by an agent for the District and thus no custodial credit risk exists.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment securities that are in the possession of an outside party. None of the underlying securities for the District's investments at June 30, 2015 are subject to custodial credit risk, as they are held in an account by an agent who is not the counterparty to the security transactions. All investment maturities are less than one year.

Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

Notes to Financial Statements

1. Summary of Significant Accounting Policies - Continued

At June 30, 2015 Sanitary and Improvement District No. 289 had the following investments, maturities and credit ratings:

Type	Carrying Value	Par Value	Credit Rating Moody / S&P
Debt Service Fund:			
US Treasury Bills	\$ 124,971	\$ 125,000	N/A

Summary of Deposit and Investment Balances

Following is a reconciliation of the District's deposits and investment balances as of June 30, 2015:

	Totals
Deposits	\$ 83,962
Investments and interest receivable	124,971
Total	\$ 208,933
Government-wide Statement of Net Assets	
Cash	\$ 80,436
Restricted Assets:	
Cash	3,526
Investments and interest receivable	124,971
Total	\$ 208,933

G. Capital Assets

Capital assets, which consist primarily of infrastructure, are reported in the government-wide statement of financial position but are not reported in the fund financial statements. All capital assets are capitalized at historical cost (or estimated historical cost) and updated for additions and retirements during the year. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. The estimated useful lives for significant capital assets are as follows:

Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

Notes to Financial Statements

1. Summary of Significant Accounting Policies - Continued

Water & Gas Distr. System	50	years
Sanitary Sewer	50	years
Sewer & Paving	25	years
Electrical System	30	years
Fairview Road Improvement	30	years
Easements	N/A	years

A summary of capital assets is as follows:

	<u>6/30/2014</u>	<u>Additions</u>	<u>6/30/2015</u>
Water & Gas Distr. System	\$ 203,565	\$ -	\$ 203,565
Sanitary Sewer	155,486	-	155,486
Sewer & Paving	500,195	-	500,195
Electrical System	39,714	-	39,714
Fairview Road Improvement	214,709	-	214,709
Easements	10,010	-	10,010
	<u>1,123,679</u>	<u>-</u>	<u>1,123,679</u>
Accumulated Depreciation	<u>(170,046)</u>	<u>(35,670)</u>	<u>(205,716)</u>
Net Capital Assets	<u>\$ 953,633</u>	<u>\$ (35,670)</u>	<u>\$ 917,963</u>

H. Credit Risk

The District's credit risk relates to receivables for property taxes, sewer connection fees and special assessments which are due from property owners within the boundaries of the District and cash on deposit with the Sarpy County Treasurer.

I. Property Taxes

Property taxes, which constitute the District's principal source of tax revenue, are levied in September based on the assessed value of property and attach as an enforceable lien on the property as of December 31. Assessed values are an approximation of market value. Property taxes are delinquent on April 1 (first half) and August 1 (second half). The Sarpy County Treasurer bills and collects all property taxes for the District.

The District has levied taxes for 2014-2015 at a rate of \$.9000 per \$100 of actual value of taxable property. The 2014-2015 taxes based on this levy are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Valuation of taxable property	\$ 16,763,742	\$ 16,763,742
Tax levy	<u>0.3000</u>	<u>0.6000</u>
2014-2015 taxes assessed	<u>\$ 50,291</u>	<u>\$ 100,582</u>

There were no delinquent taxes, therefore no allowance for uncollectible taxes is provided.

Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

Notes to Financial Statements

1. Summary of Significant Accounting Policies - Continued

J. Special Assessments

Revenue on special assessments is recognized in the Statement of Activities when the specials are assessed. Special assessments are considered fully collectible; therefore, no allowance for uncollectible assessments is provided.

K. Use of Restricted/Unrestricted Net Position and Fund Balances

The District's policy is to first apply unrestricted resources when a cost is incurred for purposes for which both restricted and unrestricted resources are available.

L. Income Taxes

As a government subdivision, the District is not subject to federal or state income taxes.

M. Net Position

Net position presents the difference between assets and liabilities and deferred inflows of resources in the statement of financial position. Net investment in capital assets is reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by the District's constitutional provisions or external restrictions by creditors, grantors, laws, or regulations of other governments. All other resources that do not meet the previous definition is "unrestricted" net position.

N. Deferred Inflows of Resources

The District recognizes deferred inflows of resources in the governmental funds. Deferred inflows of resources result when property taxes or special assessments are levied but are not collected in the availability period noted previously, thus the levies do not meet the availability requirement for revenue recognition.

2. Special Assessments

Revenue on special assessments is recognized in the Statement of Activities when the specials are assessed. Special assessments are considered fully collectible; therefore, no allowance for uncollectible assessments is provided. Special assessments are due from property owners within the boundaries of the District. Special assessments in the amount of \$549,122 were levied May 18, 2011 in connection with the construction of improvements. Special assessments become delinquent in ten annual installments and bear interest at 7.00% per annum until delinquent and 9.00%, thereafter, until paid. There are special assessments due of \$54,912 at the end of the year.

Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

Notes to Financial Statements

3. Liabilities

Liabilities include registered warrants and general obligation bonds. Warrant activity for the year ended June 30, 2015 is as follows:

	Balance June 30, 2014	Issued	Retired	Balance June 30, 2015
General Fund Warrants:				
7.0%	\$ 636	\$ 12,939	\$ 12,939	\$ 636
Debt Service Fund Warrants:				
7.0%	462,066	35,432	287,730	209,768
Total Warrants Payable	<u>\$ 462,702</u>	<u>\$ 48,371</u>	<u>\$ 300,669</u>	<u>\$ 210,404</u>

Registered warrants outstanding bear interest at 7% per annum. Interest is accrued on warrants from the date of registration with the Sarpy County Treasurer. General Fund warrants mature three years from the date of issuance and Debt Service Fund warrants mature five years from the date of issuance. Warrants will be redeemed with proceeds from tax revenues, special assessments and bond proceeds. Outstanding warrants mature as follows:

	General Fund	Debt Service Fund	Total
June 30, 2015	\$ 636	\$ -	\$ 636
June 30, 2017	-	80,213	80,213
June 30, 2018	-	57,013	57,013
June 30, 2019	-	37,110	37,110
June 30, 2020	-	35,432	35,432
Total	<u>\$ 636</u>	<u>\$ 209,768</u>	<u>\$ 210,404</u>

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

	Balance June 30, 2014	Issued (Retired)	Balance June 30, 2015
General Obligation Bonds:			
1.90-5.00%: 2011	\$ 750,000	\$ (20,000)	\$ 730,000
General Obligation Bonds:			
2.00-4.00%: 2013	380,000	-	380,000
Total Bonds Payable	<u>\$ 1,130,000</u>	<u>\$ (20,000)</u>	<u>\$ 1,110,000</u>

General Obligation 2011 Series Bonds payable bear interest at 1.90% to 5.00%. Interest is payable semi-annually on May 15 and November 15. General Obligation 2013 Series Bonds payable bear interest at 2.00% to 4.00%. Interest is payable semi-annually on April 15 and October 15. Aggregate maturities are as follows:

Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

Notes to Financial Statements

3. Liabilities - Continued

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 20,000	\$ 43,333	\$ 63,333
2017	35,000	42,867	77,867
2018	35,000	42,080	77,080
2019	40,000	41,118	81,118
2020	40,000	39,972	79,972
2021-2025	275,000	174,440	449,440
2026-2030	375,000	109,918	484,918
2031-2032	290,000	21,865	311,865
Total	<u>\$ 1,110,000</u>	<u>\$ 515,593</u>	<u>\$ 1,625,593</u>

4. Park Development Fund

The District is required to make a contribution of \$34,850 to the City of Bellevue to the Park Development Fund. The City has not yet invoiced the District for the amount as stated in the subdivision agreement with the City of Bellevue.

5 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. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year.

Required Supplementary Information

**Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Budgetary Basis) - General Fund**

Supplemental Information

**Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Budgetary Basis) - Debt Service Fund**

Bonds Payable

**Information Required by Section 31-740,
Nebraska Revised Statutes**

Other Information

Board of Trustees and Related Bonds

Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (Budgetary Basis) - General Fund

Year Ended June 30, 2015

Schedule 1

	Budgeted Amounts		Actual on Budgetary Basis	Variance- Favorable (Unfavorable)
	Original	Final		
REVENUES RECEIVED				
Property taxes	\$ 50,291	\$ 50,291	\$ 45,704	\$ (4,587)
Interest on taxes	25	25	-	(25)
State motor vehicle tax allocation	200	200	102	(98)
Miscellaneous	(1)	(1)	-	1
Total revenues received	<u>50,515</u>	<u>50,515</u>	<u>45,806</u>	<u>(4,709)</u>
EXPENDITURES PAID				
Current:				
Collection fee - County Treasurer	985	985	643	342
Electricity	4,500	4,500	3,000	1,500
Engineering	7,500	7,500	-	7,500
Insurance	5,600	5,600	-	5,600
Legal and accounting fees	11,500	11,500	9,939	1,561
Miscellaneous	1,000	1,000	-	1,000
Paying agent fees	1,500	1,500	-	1,500
Repairs and maintenance	55,000	55,000	-	55,000
Total expenditures paid	<u>87,585</u>	<u>87,585</u>	<u>13,582</u>	<u>74,003</u>
Excess (deficiency) of revenues received over expenditures paid	<u>(37,070)</u>	<u>(37,070)</u>	<u>32,224</u>	<u>69,294</u>
OTHER FINANCING SOURCES (USES)				
Transfer to other funds	-	-	(30,000)	(30,000)
Warrants issued	-	-	12,939	12,939
Warrants redeemed	(636)	(636)	(12,939)	(12,303)
Net other financing sources (uses)	<u>(636)</u>	<u>(636)</u>	<u>(30,000)</u>	<u>(29,364)</u>
Excess (deficiency) of revenues received and other financing sources over expenditures paid and other financing uses	<u>(37,706)</u>	<u>(37,706)</u>	<u>2,224</u>	<u>\$ 39,930</u>
Fund balances - beginning of year	<u>78,212</u>	<u>78,212</u>	<u>78,212</u>	
Fund balances - end of year	<u>\$ 40,506</u>	<u>\$ 40,506</u>	<u>\$ 80,436</u>	

Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (Budgetary Basis) - Debt Service Fund

Year Ended June 30, 2015

	Schedule 2			
	Budgeted Amounts		Actual on	Variance-
	Original	Final	Budgetary	Favorable
			Basis	(Unfavorable)
REVENUES RECEIVED				
Property taxes	\$ 100,582	\$ 100,582	\$ 91,408	\$ (9,174)
Interest on taxes	50	50	-	(50)
Special assessments	40,000	40,000	219,649	179,649
Interest on special assessments	10,000	10,000	48,055	38,055
Interest on investments	-	-	27	27
State motor vehicle tax allocation	100	100	204	104
Total revenues received	<u>150,732</u>	<u>150,732</u>	<u>359,343</u>	<u>208,611</u>
EXPENDITURES PAID				
Current:				
Collection fee - County Treasurer	2,972	2,972	5,762	(2,790)
Interest on warrants	34,000	34,000	37,939	(3,939)
Paying agent fees	4,000	4,000	3,087	913
Debt service:				
Principal	120,000	120,000	20,000	100,000
Interest	43,693	43,693	43,692	1
Total expenditures paid	<u>204,665</u>	<u>204,665</u>	<u>110,480</u>	<u>94,185</u>
Excess (deficiency) of revenues received over expenditures paid	(53,933)	(53,933)	248,863	302,796
OTHER FINANCING SOURCES (USES)				
Transfer to other funds	-	-	30,000	30,000
Issuance of warrants	-	-	35,432	35,432
Warrants redeemed	(40,000)	(40,000)	(287,730)	(247,730)
Net other financing uses	<u>(40,000)</u>	<u>(40,000)</u>	<u>(222,298)</u>	<u>(182,298)</u>
Excess (deficiency) of revenues received and other financing sources over expenditures paid and other financing uses	(93,933)	(93,933)	26,565	<u>\$ 120,498</u>
Fund balances - beginning of year	<u>101,924</u>	<u>101,924</u>	<u>101,924</u>	
Fund balances - end of year	<u>\$ 7,991</u>	<u>\$ 7,991</u>	<u>\$ 128,489</u>	

Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

Bonds Payable

June 30, 2015

Schedule 3

2011 Series

Issue Date: November 15, 2011
Option Call Date: November 15, 2016

<u>Maturity Dates</u>	<u>Interest Rate</u>	<u>Amount</u>
November 15, 2015	1.90%	\$ 20,000
November 15, 2016	2.20%	25,000
November 15, 2017	2.50%	25,000
November 15, 2018	2.90%	30,000
November 15, 2019	3.20%	30,000
November 15, 2020	3.50%	35,000
November 15, 2021	3.70%	35,000
November 15, 2022	3.95%	40,000
November 15, 2023	4.10%	40,000
November 15, 2024	4.30%	45,000
November 15, 2025	4.40%	45,000
November 15, 2026	4.50%	50,000
November 15, 2027	4.60%	50,000
November 15, 2028	4.70%	60,000
November 15, 2029	4.80%	60,000
November 15, 2030	4.90%	70,000
November 15, 2031	5.00%	70,000
TOTAL 2011 Series		<u>\$ 730,000</u>

Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

Bonds Payable

June 30, 2015

Schedule 3 - Cont'd

2013 Series

Issue Date: April 15, 2013
Option Call Date: April 15, 2018

<u>Maturity Dates</u>	<u>Interest Rate</u>	<u>Amount</u>
April 15, 2017	2.00%	\$ 10,000
April 15, 2018	2.15%	10,000
April 15, 2019	2.30%	10,000
April 15, 2020	2.50%	10,000
April 15, 2021	2.70%	15,000
April 15, 2022	2.90%	15,000
April 15, 2023	3.10%	15,000
April 15, 2024	3.30%	15,000
April 15, 2025	3.40%	20,000
April 15, 2026	3.50%	20,000
April 15, 2027	3.55%	20,000
April 15, 2028	3.65%	20,000
April 15, 2029	3.70%	25,000
April 15, 2030	3.75%	25,000
April 15, 2031	3.80%	25,000
April 15, 2032	3.90%	25,000
April 15, 2033	4.00%	100,000
TOTAL 2013 Series		<u>\$ 380,000</u>

Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

**Information Required by Section 31-740
Nebraska Revised Statutes**

June 30, 2015

Schedule 4

Gross income from all sources	\$	172,736
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:		
a. Maintenance and repair		NONE
b. New equipment		NONE
c. New construction		NONE
d. Property purchased		NONE
Number of employees (Clerk)		NONE
Salaries and fees paid employees		NONE
Total amount of taxes levied upon the property within the District	\$	150,873

Sanitary and Improvement District No. 289 of Sarpy County, Nebraska

Board of Trustees and Related Bonds

June 30, 2015

Schedule 5

<u>Name</u>	<u>Office</u>
Jerry R. Speedy - See Note	Chairman
Patricia K. Reid - See Note	Clerk
Greg Stowers	Trustee
Craig C. Torstenson	Trustee
Thomas C. Wheatley	Trustee

Note - Surety bond for the District clerk was not on file with the Sarpy County Clerk as of June 30, 2015 in accordance with the Revised Statutes of Nebraska.

LENGEMANN & ASSOCIATES, P.C.

Certified Public Accountants

1410 Gold Coast Road, Suite 600

Papillion, Nebraska 68046

Phone: (402) 592-1236

Fax: (402) 592-1424

Email: thefirm@lengemanncpa.com

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

Board of Trustees
Sanitary and Improvement District
No. 289 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 the Sanitary and Improvement District No. 289 of Sarpy County, Nebraska (hereinafter the "District"), as of and for the year ended June 30, 2015, including the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2015.

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 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 that might be material weaknesses or, significant deficiencies. 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.

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.

Lengemann & Associates, P.C.

Lengemann & Associates, P.C.
Papillion, Nebraska
December 15, 2015