Sanitary and Improvement District No. 292 of Sarpy County, Nebraska

Basic Financial Statements and Independent Auditors' Report

June 30, 2015

Lutz

Sanitary and Improvement District No. 292 of Sarpy County, Nebraska

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Sanitary and Improvement District No. 292 of Sarpy County, Nebraska

Report on Financial Statements
We have audited the accompanying financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 292 of Sarpy County, Nebraska, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the index.

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 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Sanitary and Improvement District No. 292 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 that the budgetary comparison information included in Schedules 1 and 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required 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.

Other Information
We were engaged to audit the financial statements taken as a whole. The accompanying other supplemental information included in Schedules 3 and 4 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management. The information has not been subjected to the auditing procedures applied in the audits of the financial statements. Accordingly, it is inappropriate to and we do not express an opinion on the other supplemental information referred to above.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, on our consideration of Sanitary and Improvement District No. 292 of Sarpy County, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lutz & Company, P.C.

December 15, 2015

Sanitary and Improvement District No. 292 of Sarpy County, Nebraska

Governmental Funds Balance Sheet/Statement of Net Position

June 30, 2015

	General Fund	Debt Service Fund	Total	Reconciliation (Note 6)	Statement of Net Position
ASSETS					
Cash on Deposit					
County Treasurer	$ 14,842	$ 1,296,372	$ 1,311,214	$ -	$ 1,311,214
Receivables					
Property Taxes (Note 2)	14,204	-	14,204	-	14,204
Special Assessments (Note 3)	-	1,983,408	1,983,408	-	1,983,408
Accrued Interest Receivable					
Special Assessments (Note 3)	-	37,008	37,008	-	37,008
Capital Assets, Net of					
Accumulated Depreciation (Note 4)	-	-	-	7,949,637	7,949,637
TOTAL ASSETS	**$ 29,046**	**$ 3,316,788**	**$ 3,345,834**	**$ 7,949,637**	**$ 11,295,471**
LIABILITIES					
Accounts Payable	$ 27,493	$ 120,055	$ 147,548	$ -	$ 147,548
Registered Warrants					
Payable (Note 5)	41,422	-	41,422	7,655,823	7,697,245
Unregistered Warrants					
Payable (Note 5)	9,034	-	9,034	217,293	226,327
Accrued Interest on					
Registered Warrants (Note 5)	1,385	346,372	347,757	-	347,757
Total Liabilities	79,334	466,427	545,761	7,873,116	8,418,877
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue				14,204	14,204
COMMITMENTS AND CONTINGENCIES (Note 7)					
FUND BALANCE (DEFICIT)/NET POSITION					
Unassigned, Reported in					
General Fund	(50,288)	-	(50,288)	50,288	-
Restricted, Debt Service Fund	-	2,850,361	2,850,361	(2,850,361)	-
Total Fund Balance (Deficit)	(50,288)	2,850,361	2,800,073	(2,800,073)	-
TOTAL LIABILITIES AND FUND BALANCE	**$ 29,046**	**$ 3,316,788**	**$ 3,345,834**		
NET POSITION					
Invested in Capital Assets, Net of					
Related Debt				76,521	76,521
Unrestricted				(64,492)	(64,492)
Restricted for Debt Service				2,850,361	2,850,361
TOTAL NET POSITION				**$ 2,862,390**	**$ 2,862,390**

See Notes to Basic Financial Statements.

Sanitary and Improvement District No. 292 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	Reconciliation (Note 6)	Statement of Activities
REVENUES/RECEIPTS					
Property Taxes (Note 2)	$ 29,139	$ -	$ 29,139	$ (14,204)	$ 14,935
Interest on					
Property Taxes (Note 2)	17	-	17	-	17
Special Assessments (Note 3)	-	40,085	40,085	-	40,085
State Motor Vehicle Tax Allocation	43	-	43	-	43
Specials Assessments (Note 3)	-	3,296,445	3,296,445	-	3,296,445
Total Revenue/Receipts	29,199	3,336,530	3,365,729	(14,204)	3,351,525
EXPENDITURES/EXPENSES					
Current:					
Collection Fees- County Treasurer	153	19,742	19,895	-	19,895
Clerk Fees	1,200	-	1,200	-	1,200
Depreciation (Note 4)	-	-	-	54,006	54,006
Engineering	25,515	-	25,515	-	25,515
Insurance	340	-	340	-	340
Interest on					
Registered Warrants (Note 5)	1,332	-	1,332	-	1,332
Maintenance	19,235		19,235		19,235
Professional Fees	22,888	-	22,888	-	22,888
Title Search Fees	-	150	150	-	150
Utilities	-	170,311	170,311	-	170,311
Net Capital Outlay (Note 4)	-	3,593,295	3,593,295	(3,593,295)	-
Total Expenditures/Expenses	70,663	3,783,498	3,854,161	(3,539,289)	314,872
Excess (Deficiency) of Revenues/Receipts Over Expenditures/Expenses	(41,464)	(446,968)	(488,432)	3,525,085	3,036,653
OTHER FINANCING SOURCES (USES)					
Warrants Issued (Note 5)	-	4,313,819	4,313,819	(4,313,819)	-
Excess (Deficiency) of Revenues/Receipts and Transfers in Over (Under) Expenditures/ Expenses and Transfers Out	(41,464)	3,866,851	3,825,387	(3,825,387)	3,036,653
Change in Net Position				3,036,653	3,036,653
Fund Balance (Deficit)/Net Position, Beginning of Year	(8,824)	(1,016,490)	(1,025,314)	-	(174,263)
Fund Balance (Deficit)/Net Position, End of Year	**$ (50,288)**	**$ 2,850,361**	**$ 2,800,073**	**$ -**	**$ 2,862,390**

See Notes to Basic Financial Statements.

1. Summary of Significant Accounting Policies

The accounting policies of Sanitary and Improvement District No. 292 of Sarpy County, Nebraska, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the District's significant policies.

Reporting Entity

Sanitary and Improvement District No. 292 of Sarpy County, Nebraska (the District), formed on June 11, 2013, is a governmental subdivision authorized under the statutes of the State of Nebraska. The District operates under an elected Board of Trustees which governs all activities related to streets, utility systems, and other public improvements within the jurisdiction of the District. The accompanying basic financial statements present the District's primary government unit and no component units because the District does not have any component units.

Basic Financial Statements

The basic financial statements include the government-wide and fund financial statements and provide reports on the financial condition and results of operations for the District. The government-wide financial statements are based on the District as a whole, while the fund financial statements provide information about the District's individual funds.

The District's government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. The accompanying Statement of Net Position presents all of the assets and deferred inflows over liabilities and deferred outflows. The Statement of Activities presents changes in net position from governmental activities. Governmental activities include programs supported primarily by taxes, special assessments and other intergovernmental revenues. The District has no fiduciary activities or business type activities that rely, to a significant extent, on fees and charges for support.

The District's governmental fund financial statements include the Governmental Funds Balance Sheet and Governmental Fund Revenues, Expenditures and Changes in Fund Balances. The District reports the two major governmental funds' financial condition and results of operations in separate columns.

Fund Accounting

The District used funds to maintain its financial records. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only used governmental funds.

Governmental Funds

Governmental funds are those through which most general governmental functions of the District are financed. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. Only current assets and liabilities are included on the balance sheets, and the operating statements present sources and uses of available financial resources during a given period. The following major governmental funds are used by the District:

- **General Fund**

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

- **Debt Service Fund**

  The debt service fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs anticipated to be settled during the next fiscal year.

Measurement Focus and Basis of Accounting

The government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Net Position/Fund Balances

The net position of the District is classified as follows:

- **Invested in Capital Assets, Net of Related Debt**

  This category consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets as well as deferred outflows or inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

- **Restricted**

  This category consists of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors, contributors or laws and regulations external to the District. The District's restricted net position presents amounts restricted for the repayment of principal and interest on long-term debt and related costs.

- **Unrestricted**

  This category consists of remaining net assets that do not meet the definitions of net position invested in capital assets, net of related debt or restricted net position as described above.

The governmental funds report up to five categories of fund balances as described below:

- **Nonspendable Fund Balance**

  Nonspendable fund balances consist of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The District had no nonspendable fund balance as of June 30, 2015.

- **Restricted Fund Balance**

  Restricted fund balances consist of amounts that are constrained by creditors, grantors, contributors or laws and regulations of other governments, or limitations that are imposed by law through constitutional provisions or enabling legislation.

- **Committed Fund Balance**

  Committed fund balances consist of amounts that are only to be used for specific purposes pursuant to constraints imposed by the highest level of decision making, which is the Board of Trustees. These amounts cannot be used for any other purpose unless the government removes the restrictions through resolution. The District had no committed fund balance as of June 30, 2015.

- **Assigned Fund Balance**

  Assigned fund balances consist of amounts that are constrained by the government intended to be used for a specific purpose but are neither restricted nor committed. The authority for making the assignment is not required to be the government's highest decision making authority and the nature of the actions necessary to remove or modify the assignment is not as prescriptive as it is with regards to committed fund balances. The District had no assigned fund balance as of June 30, 2015.

- **Unassigned Fund Balance**

  Unassigned fund balances consist of the residual classification for the general fund.

The District first applies restricted resources when an expense/expenditure is incurred for a purpose for which both restricted and unrestricted resources are available.

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

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

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

Investments

Excess funds may be invested by the District in accordance with the statutes of the State of Nebraska. Allowable investments generally include U.S. government obligations, certificates of deposit, and time deposits.

All investment activities are conducted through the County Treasurer. Treasury bills are bought and held in safekeeping by the County Treasurer in the District's name. The District does not have a policy for custodial credit risk beyond compliance with state statutes.

GASB Statement No. 72 on Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

U.S. government obligations are liquid and have quoted market prices. Fair value of U.S. government obligations is based on live trading data. U.S. government obligations are categorized in Level 1 of the fair value hierarchy.

The District had no investments at June 30, 2015

Property Taxes

Property taxes receivables are recorded when a legal and enforceable claim is assessed against the property. Delinquent taxes are considered fully collectible; therefore, no allowance for uncollectible taxes is provided.

Special Assessments

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

Capital Assets

Capital assets are stated at cost in accordance with construction contracts and other costs applicable thereto in the government-wide financial statements. Interest accrued on warrants issued for the construction of improvements is capitalized during the period of construction. Capital assets are classified as construction in progress until construction is complete or special assessments are levied. No depreciation expense is reported for capital assets classified as construction in progress. The costs of improvements disposed and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal. Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Storm and Sanitary Sewer Systems	50
Water Distribution System	50
Street Improvements	20
Park Improvements	15

Credit Risk

The District's credit risk relates to receivables for property taxes, special assessments and sewer connection fees which are due from property owners within the boundaries of the District and cash on deposit with the Sarpy County Treasurer. The District's investments are also exposed to various risks, such as interest rate, market and credit risk.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's Trustees to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events are events or transactions that occur after the Governmental Funds Balance Sheet/Statement of Net Position date but before the financial statements are available to be issued and may require potential recognition or disclosure in the financial statements. Management has considered such events or transactions through December 15, 2015. See Note 8 for a description of a subsequent event.

2. 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.

For 2014 - 2015, the District levied taxes at the rate of $.90 ($.90 for the general fund and $.00 for the debt service fund) per $100 based on a property valuation of $3,237,668.

3. Special Assessments Receivable

Special assessments in the amount of $3,296,445 were levied against certain properties within the District in connection with the construction of improvements. The assessments are due in ten annual installments and bear interest at 7.5% per annum until delinquent and 9.5% per annum thereafter until paid.

4. Capital Assets

Capital Assets at June 30, 2015, consist of the following:

	Costs at June 30, 2014	Additions	Deletions	Costs at June 30, 2015
Sanitary Sewer System	$ 877,134	$ 340,909	$ -	$ 1,218,043
Storm Sewer System	517,845	1,044,198	-	1,562,043
Paving	1,333,980	1,670,695	-	3,004,675
Park Improvements	-	96,619	-	96,619
Water Distribution System	87,363	99,988	-	187,351
Easements	89,338	-	-	89,338
Capital Facilities Fees	549,917	111,117	-	661,034
Outfall Sewer	954,771	229,769	-	1,184,540
	$ 4,410,348	$ 3,593,295	$ -	8,003,643
Less Accumulated Depreciation				54,006
Capital Assets, Net of Accumulated Depreciation				$ 7,949,637

5. Warrants Payable

Warrants registered with Sarpy County accrue interest from the date of registration to the date they are called for payment.

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.

The following is a summary of warrant transactions during the year ended June 30, 2015:

	General Fund	Debt Service Fund
Balance, June 30, 2014	$ 1,813	$ 3,559,297
Warrants Issued	48,643	4,313,819
Balance, June 30, 2015	$ 50,456	$ 7,873,116

Aggregate maturities of warrants outstanding are as follows:

	--------General Fund---------		-----Debt Service Fund-----	
Year Ending June 30:	Amount of Warrants	Interest Rate	Amount of Warrants	Interest Rate
2016	$ -		$ -	
2017	1,813	7%	-	
2018	48,643	7%	-	
2019	-		3,559,297	7%
2020	-		4,313,819	7%
	$ 50,456		$ 7,873,116	

Unregistered warrants in the general and debt service funds totaled $9,034 and $217,293, respectively, at June 30, 2015.

6. Reconciliation of Net Position and Change in Net Position

Net Position	
Total fund balance per balance sheet	$ 2,800,073
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,949,637
Some liabilities, including warrants payable are not due and payable in the current period and therefore are not reported in the funds.	(7,873,116)
Property tax revenue not yet earned at year end is reported as deferred revenue.	(14,204)
Net position of governmental activities	$ 2,862,390

Changes in Net Position	
Net change in fund balance	$ (488,432)
Current year property tax levy not yet earned at year end.	(14,204)
Certain expenditures do not require the use of current financial resources and therefore are not reported as expenditures of in governmental funds.	(54,006)
Governmental funds report capital outlay as expenditures. However, the cost of these assets is allocated over their estimated useful lives.	3,593,295
Change in net position of governmental activities	$ 3,036,653

7. Commitments and Contingencies

The District has entered into various contracts and agreements related to the construction of streets, utility systems and other public improvements as well as general maintenance and other operating expenses related to the District. These contracts and agreements will be completed in the future. All expenditures are initially funded by the issuance of warrants. Warrants mature as follows; General Fund warrants mature within 3 years of issuance and Debt Service Fund warrants mature in 5 years. Maturities of warrants payable are primarily funded by the issuance of bonds payable and cash flow generated from special assessments and annual property levies. Special assessments are levied on a per lot basis. The generation of property taxes is dependent upon the growth of the valuation base as lots are developed. In addition, the District's ability to issue bonds is dependent upon an acceptable level of valuation for the District. The District's ability to fund its obligations in the future is contingent upon the success of future lot sales and the development within the District.

8. Subsequent Events

On December 15, 2015, the District issued general obligation bonds totaling $2,720,000. The bonds are due serially beginning December 15, 2015 through December 15, 2035. Interest is payable semi-annually on this issue at 1.85% to 4.10% per annum. These bonds were issued to retire certain debt service fund warrant principal and accrued interest.

REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of Revenue, Expenditures and Changes in Fund Balance-
Budget and Actual (Budgetary Basis) – General Fund**

**Schedule of Revenue, Expenditures and Changes in Fund Balance-
Budget and Actual (Budgetary Basis) – Debt Service Fund**

SUPPLEMENTAL INFORMATION

Information Required by Nebraska Revised Statutes Section 31-740

District Trustees and Related Bonds

**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***

Sanitary and Improvement District No. 292 of Sarpy County, Nebraska

Schedule of Revenue, Expenditures and Changes in Fund Balance –
Budget and Actual (Budgetary Basis) – General Fund **Schedule 1**

Year Ended June 30, 2015

	Actual on GAAP Basis	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Original and Final Budget	Variance-Favorable (Unfavorable)
REVENUES/RECEIPTS					
Property Taxes	$ 29,139	$ (14,205)	$ 14,934	$ 28,265	$ (13,331)
Interest on Property Taxes	17	-	17	-	17
State Motor Vehicle Taxes Allocation	43	-	43	-	43
Total Revenues/Receipts	29,199	(14,205)	14,994	28,265	(13,271)
EXPENDITURES/DISBURSEMENTS					
Collection Fees- County Treasurer	153	-	153	-	(153)
Clerk Fees	1,200	-	1,200	3,000	1,800
Engineering	25,515	(7,587)	17,928	3,000	(14,928)
Fiscal Agent Fees	-	-	-	1,050	1,050
Insurance	340	-	340	1,000	660
Interest on Registered Warrants	1,332	(1,332)	-	-	-
Maintenance	19,235	(4,621)	14,614	5,000	(9,614)
Professional Fees	22,888	(8,328)	14,560	9,000	(5,560)
Total Expenditures/Disbursements	70,663	(21,868)	48,795	22,050	(26,745)
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	(41,464)	7,663	(33,801)	6,215	(40,016)
OTHER FINANCING SOURCES (USES)					
Warrants Issued	-	48,643	48,643	22,050	26,593
Warrants Retired	-	-	-	(22,500)	22,500
Total Other Financing Sources (Uses)	-	48,643	48,643	22,050	26,593
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/DISBURSEMENTS AND OTHER USES	(41,464)	56,306	14,842	**$ 28,265**	**$ (13,423)**
Fund Balance (Deficit), Beginning of Year	(8,824)	8,824	-		
Fund Balance (Deficit), End of Year	**$ (50,288)**	**$ 65,130**	**$ 14,842**		

See Independent Auditors' Report.

Sanitary and Improvement District No. 292 of Sarpy County, Nebraska

Schedule of Revenue, Expenditures and Changes in Fund Balance –
Budget and Actual (Budgetary Basis) – Debt Service Fund **Schedule 2**

Year Ended June 30, 2015

	Actual on GAAP Basis	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Original and Final Budget	Variance- Favorable (Unfavorable)
REVENUES/RECEIPTS					
Interest on Special Assessments	$ 40,085	$ (37,008)	$ 3,077	$ 5,000	$ (1,923)
Special Assessments	3,296,445	(1,983,408)	1,313,037	500,000	813,037
Total Revenues/Receipts	3,336,530	(2,020,416)	1,316,114	505,000	811,114
EXPENDITURES/DISBURSEMENTS					
Collection Fees- County Treasurer	19,742	-	19,742	26,000	6,258
Engineering	-	443,661	443,661	300,000	(143,661)
Fiscal Agent Fees	-	206,353	206,353	201,000	(5,353)
Interest on Registered Warrants	-	204,161	204,161	350,000	145,839
Professional Fees	-	160,051	160,051	120,000	(40,051)
Title Search Fees	150	(150)	-	-	-
Utilities	170,311	111,117	281,428	-	(281,428)
Net Capital Outlay	3,593,295	(575,130)	3,018,165	3,250,000	231,835
Total Expenditures/Disbursements	3,783,498	550,063	4,333,561	4,247,000	(86,561)
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	(446,968)	(2,570,479)	(3,017,447)	(3,742,000)	724,553
OTHER FINANCING SOURCES (USES)					
Warrants Issued	4,313,819	-	4,313,819	4,221,000	92,819
Total Other Financing Sources (Uses)	4,313,819	-	4,313,819	4,221,000	92,819
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/DISBURSEMENTS AND OTHER USES	3,866,851	(2,570,479)	1,296,372	**$ 479,000**	**$ 817,372**
Fund Balance (Deficit), Beginning of Year	(1,016,490)	1,016,490	-		
Fund Balance (Deficit), End of Year	**$2,850,361**	**$ (1,553,989)**	**$1,296,372**		

See Independent Auditors' Report.

Sanitary and Improvement District No. 292 of Sarpy County, Nebraska

Information Required by Nebraska Revised Statues Section 31-740 **Schedule 3**

June 30, 2015

Total Receipts From All Sources	$	1,331,108
Amount Spent for Sewage Disposal		None
Amount Expended on Water System		None
Gross Amount of Sewage Processed		None
Cost Per Thousand Gallons of Processing Sewage		None
Amount Expended For		
Maintenance and Repair	$	19,235
New Equipment		None
New Construction Work	$	3,593,295
Property Purchased		None
Number of Employees		None
Total Amount of Taxes Levied Upon the Property Within the District	$	29,139

See Independent Auditors' Report.

Sanitary and Improvement District No. 292 of Sarpy County, Nebraska

District Trustees and Related Bonds **Schedule 4**

Year Ended June 30, 2015

Trustees		Bonds		
Name	**Office**	**Insurer**		**Amount**
Gerald Torczon	Chairman	Western Surety Company	$	5,000
Doris Nicholson	Clerk	Western Surety Company	$	20,000
John Torczon	Trustee			
Jeffery Torczon	Trustee			
Jerome Pieper	Trustee			

See Independent Auditors' Report.

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. 292 of Sarpy County, Nebraska

We have audited the accompanying financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 292 of Sarpy County, Nebraska, as of and for the year ended June 30, 2015, which collectively comprise Sanitary and Improvement District No. 292 of Sarpy County, Nebraska's basic financial statements and have issued our report thereon dated December 15, 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. 292 of Sarpy County, Nebraska's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sanitary and Improvement District No. 292 of Sarpy County, Nebraska's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sanitary and Improvement District No. 292 of Sarpy County, Nebraska's internal control over financial reporting.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, as summarized below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 292 of Sarpy County, Nebraska's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Findings and Responses

Significant Deficiency Identified:

Criteria
Internal controls should be in place that provide reasonable assurance of the District's ability to report financial information reliably in accordance with accounting principles generally accepted in the United States of America.

Condition
The Board of Trustees has engaged the outside audit firm to prepare the financial statements and related footnotes in conformity with accounting principles generally accepted in the United States of America.

Cause
The District has a limited number of administrative personnel available to prepare the financial statements and related footnotes in accordance with accounting principles generally accepted in the United States of America.

Effect
The District does not on its own comply with regulatory requirements to prepare annual financial statements in accordance with accounting principles generally accepted in the United States of America.

Recommendation
We recommend the District have a heightened awareness of the required oversight and monitoring of the transactions being reported.

Response
This is not an uncommon situation for a governmental entity of the District's size. The Board of Trustees has determined it would not be cost-beneficial to establish a system of internal controls that would allow the District to prepare its own financial statements. Accordingly, the District engaged the audit firm to assist in the preparation of the statements in accordance with accounting principles generally accepted in the United States of America. The Board of Trustees will oversee and monitor the transactions being reported and will accept responsibility for the financial statements prepared by the audit firm.

We did not audit and, accordingly, we express no opinion on the District's responses to the findings identified above.

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

Lutz & Company, P.C.

December 15, 2015

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