

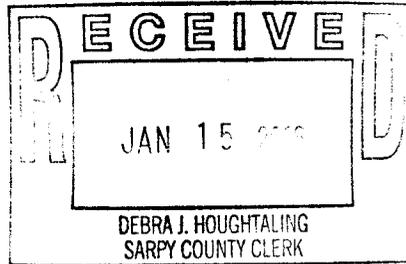


# FrankelZacharia<sup>LLC</sup>

Certified Public Accountants

January 12, 2016

Ms. Debra J. Houghtaling  
Sarpy County Clerk  
1210 Golden Gate Drive  
Papillion, NE 68128



Dear Ms. Houghtaling:

One copy of the 2015 financial statements of S.I.D. 295, of Sarpy County, Nebraska, accompanied by our reports, is enclosed.

Very truly yours,

Paul W. Reinsch  
FOR THE FIRM

PWR/jly  
Enclosure

cc: Mr. Larry Jobeun

**SANITARY AND IMPROVEMENT  
DISTRICT NO. 295  
OF SARPY COUNTY, NEBRASKA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2015**

**(WITH INDEPENDENT AUDITOR'S REPORTS)**

**SANITARY AND IMPROVEMENT DISTRICT NO. 295  
OF SARPY COUNTY, NEBRASKA**

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**FrankelZacharia**<sup>LLC</sup>

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Sanitary and Improvement District No. 295  
of Sarpy County, Nebraska:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each fund of Sanitary and Improvement District No. 295 of Sarpy County, Nebraska (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

***Auditor's 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 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 fund of the District 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.

First National Plaza  
11404 West Dodge Road, Suite 700  
Omaha, NE 68154-2576

tel 402.496.9100  
fax 402.496.1024

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Schedule 1 – Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Governmental Funds 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 the Management 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. Schedule 2 of Information Required by Section 31-740 of the Revised Statutes of Nebraska is presented for purposes of additional analysis and is not a required part of the financial statements. The information included in Schedule 2 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 Auditing Standards*, we have also issued our report dated January 7, 2016, 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 other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Frankel Zacharia LLC*

January 7, 2016

SANITARY AND IMPROVEMENT DISTRICT NO. 295  
OF SARPY COUNTY, NEBRASKA

BALANCE SHEET - GOVERNMENTAL FUNDS and STATEMENT OF NET POSITION

JUNE 30, 2015

	Balance Sheet - Governmental Funds			Reconciling Items (Note 2)	Statement of Net Position
	General	Construction	Total		
<b>ASSETS</b>					
Cash on deposit with County Treasurer	\$ 7,125	199,793	206,918	--	206,918
Property taxes receivable	64	--	64	--	64
Recoverable water and sewer facility fees	--	--	--	163,276	163,276
Special assessments receivable	--	962,514	962,514	--	962,514
Accrued interest on special assessments	--	--	--	34,413	34,413
Capital assets, net of accumulated depreciation	--	--	--	1,647,848	1,647,848
<b>TOTAL ASSETS</b>	<b>\$ 7,189</b>	<b>1,162,307</b>	<b>1,169,496</b>	<b>1,845,537</b>	<b>3,015,033</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 6,470	2,438	8,908	--	8,908
Warrants					
Due within one year	--	--	--	5,978	5,978
Due after one year	--	--	--	2,101,053	2,101,053
Accrued interest on warrants					
Due within one year	--	--	--	105,262	105,262
Due after one year	--	--	--	4,470	4,470
<b>TOTAL LIABILITIES</b>	<b>6,470</b>	<b>2,438</b>	<b>8,908</b>	<b>2,216,763</b>	<b>2,225,671</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue from special assessments	--	962,514	962,514	( 962,514)	--
<b>FUND BALANCES</b>					
Fund balance restricted for debt service	--	197,355	197,355	( 197,355)	--
Fund balance - unassigned	719	--	719	( 719)	--
<b>TOTAL FUND BALANCES</b>	<b>719</b>	<b>197,355</b>	<b>198,074</b>	<b>( 198,074)</b>	<b>--</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,189</b>	<b>1,162,307</b>	<b>1,169,496</b>		
<b>NET POSITION</b>					
Net investment in capital assets				( 349,994)	( 349,994)
Restricted for debt service				1,253,025	1,253,025
Unrestricted				( 113,669)	( 113,669)
<b>TOTAL NET POSITION</b>				<b>\$ 789,362</b>	<b>789,362</b>

See accompanying notes to financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 295  
OF SARPY COUNTY, NEBRASKA

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES and STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

	Governmental Fund Revenues, Expenditures and Changes in Fund Balances			Reconciling Items	Statement of
	General	Construction	Total	(Note 2)	Activities
<b>Revenues</b>					
Property taxes	\$ 6,150	--	6,150	--	6,150
Collection fees on property taxes - County Treasurer	( 60)	--	( 60)	--	( 60)
State motor vehicle allocation	10	--	10	--	10
Special assessments	--	154,917	154,917	977,172	1,132,089
Interest on special assessments	--	2,383	2,383	34,937	37,320
Collection fees on special assessments - County Treasurer	--	( 2,657)	( 2,657)	( 15,182)	( 17,839)
Water and sewer facility fees	--	38,700	38,700	( 38,700)	--
<b>Total revenues</b>	<b>6,100</b>	<b>193,343</b>	<b>199,443</b>	<b>958,227</b>	<b>1,157,670</b>
<b>Expenditures/expenses</b>					
Outlay for capital assets	--	19,520	19,520	( 19,520)	--
Accounting and audit fees	13,281	--	13,281	--	13,281
Legal fees	13,988	--	13,988	--	13,988
Trustee bonds and insurance	1,631	--	1,631	--	1,631
Engineering fees	20,545	--	20,545	--	20,545
Placement fees	3,834	4,172	8,006	--	8,006
Street lighting	683	--	683	--	683
Street signs	1,050	--	1,050	--	1,050
Repairs and maintenance	24,454	--	24,454	--	24,454
Depreciation	--	--	--	56,403	56,403
Other	175	--	175	--	175
Debt service- Warrant interest	--	83,431	83,431	57,530	140,961
<b>Total expenditures/expenses</b>	<b>79,641</b>	<b>107,123</b>	<b>186,764</b>	<b>94,413</b>	<b>281,177</b>
<b>Excess (deficiency) of revenues over expenditures/expenses</b>	<b>( 73,541)</b>	<b>86,220</b>	<b>12,679</b>	<b>863,814</b>	<b>876,493</b>
<b>Other sources of financial resources</b>					
Warrants issued	80,520	175,735	256,255	( 256,255)	--
<b>NET CHANGE IN FUND BALANCES/NET POSITION</b>	<b>6,979</b>	<b>261,955</b>	<b>268,934</b>	<b>607,559</b>	<b>876,493</b>
Fund balances (deficit)/Net position at beginning of period	( 6,260)	( 64,600)	( 70,860)	( 16,271)	( 87,131)
<b>Fund balances/Net position at end of period</b>	<b>\$ 719</b>	<b>197,355</b>	<b>198,074</b>	<b>591,288</b>	<b>789,362</b>

See accompanying notes to financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 295  
OF SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

---

**1. Summary of Significant Accounting and Reporting Policies**

**A. District Operations**

Sanitary and Improvement District No. 295 of Sarpy County, Nebraska (the District) is a governmental subdivision created in July 2013 with the filing of the petition and Articles of Association with the Secretary of the State of Nebraska. The District was formed for the purpose of infrastructure construction and to arrange for basic services for a residential subdivision commonly known as "Highlands Ridge" located in Gretna, Nebraska.

**B. Reporting Entity**

The reporting entity includes all funds under the control of the District's Board of Trustees. Accordingly, the criteria specified by the Governmental Accounting Standards Board have been applied in determining the scope of the reporting entity for financial reporting purposes. The Board of Trustees, consisting of five members, has governance responsibilities over all activities within the jurisdiction of the District. The accompanying financial statements present the primary government unit and do not include any component units because none exist.

**C. Basic Financial Statements and Fund Types**

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units.

The government-wide financial statements (Statement of Net Position and Statement of Activities), are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when obligations are incurred, regardless of the timing of related cash flows.

The governmental fund financial statements (Balance Sheet and Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances) use a current financial resources measurement focus and are reported using the modified accrual basis of accounting whereby revenues are recognized when susceptible to accrual, that is, when they become measurable and available. Available means collectible within the current year or soon enough thereafter (within sixty days) to be used to pay current obligations. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable, except for debt service expenditures which are recorded only when due.

**Governmental Fund Types**

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are reported in governmental funds. The measurement focus is upon determination of changes in current financial position, rather than results of operations. The following are the District's governmental fund types:

**General Fund** The General Fund is the main operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund.

**Construction Fund** The Construction Fund is used to account for the financial resources to be used for the acquisition or construction of capital assets.

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Continued

SANITARY AND IMPROVEMENT DISTRICT NO. 295  
OF SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

1. Summary of Significant Accounting and Reporting Policies - Continued

D. Sewer Connection Fees

The District made payments to the City of Gretna for water and sewer capital facility fees. The District will be reimbursed by the property owners as lots are sold. As of June 30, 2015, the unreimbursed balance is \$163,276.

E. Property Taxes

Property taxes are levied and due December 31, based on the assessed value of property within the District the previous January. Property taxes are delinquent on April 1 (first half) and August 1 (second half). The Board of Trustees approved a tax levy of \$0.88137 per \$100 of assessed value of taxable property. The 2014-2015 taxes based on that levy are as follows:

	General Fund
Valuation of taxable property	\$ 697,780
Tax levy	.0088137
<b><u>2014-2015 taxes assessed</u></b>	<b><u>\$ 6,150</u></b>

There were no delinquent taxes as of June 30, 2015.

F. Capital Assets

Capital expenditures with estimated useful lives in excess of one year are recorded at cost and depreciated by the straight-line method over such lives ranging from 20 to 40 years.

	As of June 30, 2014	Additions	As of June 30, 2015
Electrical Distribution System I	\$ --	114,203	114,203
Water System I	--	276,975	276,975
Sanitary & Storm Sewer I	--	1,313,073	1,313,073
Construction in Progress	1,684,732	(1,684,732)	--
<b><u>Total</u></b>	<b><u>\$ 1,684,732</u></b>	<b><u>19,519</u></b>	<b><u>1,704,251</u></b>
<b><u>Less: Accumulated depreciation</u></b>	<b><u>--</u></b>	<b><u>56,403</u></b>	<b><u>56,403</u></b>
<b><u>Capital assets, net of accumulated depreciation</u></b>			<b><u>\$ 1,647,848</u></b>

Continued

SANITARY AND IMPROVEMENT DISTRICT NO. 295  
OF SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2015

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**G. Special Assessments**

Special assessments in the amount of \$1,132,089 were levied in January 2015 against certain properties within the District in connection with the construction of improvements. Special assessments are due in ten annual installments and bear interest at 7.5% per annum until delinquent and 9.5% per annum thereafter. Special assessments are recorded when collected under the modified accrual basis of accounting because they do not meet the measurable and available test necessary for the recognition of revenue prior to collection. Special assessments are recorded as revenue when assessed under the full accrual basis of accounting. The amount of special assessments due within one year is \$97,717, and none is delinquent.

**H. Budget Process**

The District follows these procedures in establishing budgets:

- i. The Board of Trustees considers a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- ii. Public hearings are conducted to obtain taxpayer comments.
- iii. The budget is legally enacted by a resolution of the Board of Trustees. The District may revise legally adopted budgets as provided by statute. Such revisions are subject to procedures similar to those stated above.
- iv. The supplementary schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Governmental Funds presents comparisons of the legally adopted budget with actual data on a budgetary basis. 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. A reconciliation of the differences between the methods for the period ended June 30, 2015, is presented below:

<b>Net change in fund balances-budgetary basis</b>	<b>\$ 199,379</b>
<b>Adjustments:</b>	
Revenues for receivables	64
Expenditures for payables	69,491
<b><u>Net change in fund balances - GAAP basis</u></b>	<b><u>\$ 268,934</u></b>

**I. Use of Estimates**

Preparation of financial statements often necessitates the use of accounting estimates based on considerations of past and current events and assumptions about the future. Estimates and assumptions affect the amounts reported in the statements including related disclosures. Because of the inherent uncertainties in this process, it is likely that actual results will vary from estimates used.

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Continued

SANITARY AND IMPROVEMENT DISTRICT NO. 295  
OF SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2015

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2. Reconciliation of Fund and Government-Wide Financial Statements

Adjustments from the Balance Sheet – Governmental Funds to the Statement of Net Position are differences in modified accrual accounting used in the Balance Sheet and full accrual accounting used in the Statement of Net Position. The adjustments are summarized as follows:

Total Governmental Fund Balance	\$ 198,074
ADJUSTMENTS	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,647,848
Recoverable sewer connection fees not available to pay for current period expenditures are not reported in the funds	163,276
Accrued interest on special assessments receivable is not available to pay current expenditures and is not recorded in the funds (Recognized as earned in net position).	34,413
Special assessments receivable are not available to pay current expenditures and therefore are deferred in the funds (Recognized when assessed in net position)	962,514
Long-term obligations (warrants, bonds and related interest) do not require the use of current financial resources and therefore are not reported as fund liabilities.	(2,216,763)
<u>Net Position of Governmental Activities</u>	<u>\$ 789,362</u>

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Continued

SANITARY AND IMPROVEMENT DISTRICT NO. 295  
OF SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2015

2. Reconciliation of Fund and Government-Wide Financial Statements (Continued)

Adjustments from the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities are differences in modified accrual accounting used in the funds and full accrual accounting used in the Statement of Activities. The adjustments are summarized as follows:

Net Change in Governmental Fund Balances \$ 268,934

ADJUSTMENTS

Governmental funds report revenues from special assessments when cash is received. However, in the Statement of Activities special assessment revenue and interest is reported when assessed and earned. This is the amount of special assessments and interest earned in the current year over the amount collected.

1,012,109

Investment in capital assets is reported as expenditures in Governmental funds but not in the Statement of Activities. Instead, the costs are capitalized in the Statement of Net Position and allocated over estimated useful lives as depreciation expense in the Statement of Activities.

This is the amount of capital asset purchases for the current year.

19,520

This is the amount of depreciation for the current year.

(56,403)

Issuing long-term obligations is reported as a financing source in governmental funds and thus contributes to the change in fund balance. However, issuance increases liabilities in the Statement of Net Position but does not affect the Statement of Activities. This is the amount issued in the current year.

(256,255)

Interest is reported in the governmental funds when paid or otherwise due, but is accrued in the Statement of Activities as the liability is incurred.

(57,530)

Other

(53,882)

Change in Net Position of Governmental Activities

\$ 876,493

Continued

**SANITARY AND IMPROVEMENT DISTRICT NO. 295  
OF SARPY COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**JUNE 30, 2015**

**3. Warrants**

Warrants bear interest at 7% per annum from the date registered with the County Treasurer. General Fund warrants mature in three years after date of issue, five years for Construction Fund warrants, or earlier if called for payment. Warrants mature as follows:

Fiscal Year	General Fund		Construction Fund		Total
	Principal	Interest	Principal	Interest	
2016	\$ 5,978	736	-	139,878	146,592
2017	22,691	4,690	-	140,232	167,613
2018	80,520	16,540	-	139,849	236,909
2019	-	-	1,822,107	139,323	1,961,430
2020	-	-	175,735	51,505	227,240
	<b>\$ 109,189</b>	<b>21,966</b>	<b>1,997,842</b>	<b>610,787</b>	<b>2,739,784</b>

General fund warrants of \$5,978 originally schedule to mature in 2017 were called for payment in July 2015.

Warrant activity in 2015 follows:

Beginning Balance	Issued	Redeemed	Ending Balance
\$ 1,850,776	256,255	--	2,107,031

**4. Risk Management**

The District is exposed to various risks of loss including those related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters, which risks are insured to limits considered adequate by the District. There have been no significant reductions in insurance coverage or settlement amounts exceeding insurance coverage for the current year or since inception.

**SUPPLEMENTARY SCHEDULES**

**SANITARY AND IMPROVEMENT DISTRICT NO. 295  
OF SARPY COUNTY, NEBRASKA**

**SCHEDULE 1 - REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS  
(NOTE 1.H.iv) (UNAUDITED)**

	YEAR ENDED JUNE 30, 2015		
	(Budgetary Basis)		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Property taxes	\$ 6,150	6,085	( 65)
Collection fees - County Treasurer	( 120)	( 59)	61
Delinquent tax allowance	( 30)	--	30
State motor vehicle allocation	10	10	--
Special assessments (net)	111,700	152,296	40,596
Interest on special assessments (net)	--	2,347	2,347
Water and sewer facility fees	64,500	38,700	( 25,800)
<b>Total revenues</b>	<b>182,210</b>	<b>199,379</b>	<b>17,169</b>
<b>Expenditures</b>			
Outlay for capital assets	1,057,000	88,132	968,868
Operating expenditures	63,000	84,692	( 21,692)
Debt service - warrant principal and interest	208,000	83,431	124,569
<b>Total expenditures</b>	<b>1,328,000</b>	<b>256,255</b>	<b>1,071,745</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>( 1,145,790)</b>	<b>( 56,876)</b>	<b>1,088,914</b>
<b>Other financing sources</b>			
Warrants issued	1,248,000	256,255	( 991,745)
<b>Excess of revenues and other sources over expenditures and other uses of financial resources</b>	<b>102,210</b>	<b>199,379</b>	<b>97,169</b>
Fund balances at beginning of year	7,539	7,539	--
<b>Fund balances at end of year</b>	<b>\$ 109,749</b>	<b>206,918</b>	<b>97,169</b>

**SANITARY AND IMPROVEMENT DISTRICT NO. 295  
OF SARPY COUNTY, NEBRASKA**

**SCHEDULE 2 (UNAUDITED)**

**YEAR ENDED JUNE 30, 2015**

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

Gross income from all sources	\$ 1,175,569
Amount spent for access to the facilities and use of the services of the library system of one or more neighboring cities or villages	None
Amount spent for sewage disposal	None
Amount expended on water system and mains	None
Gross amount of sewage processed	Not applicable
Cost per thousand gallons of processing sewage	Not applicable
Amount expended for	
a. Maintenance and repairs	\$ 24,454
b. New equipment	None
c. New construction	\$ 19,520
d. Property purchased	None
Number of employees	None
Salaries and fees paid employees	None
Total amount of taxes levied upon property within the District	\$ 6,150



FrankelZacharia<sup>LLC</sup>

Certified Public Accountants

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

Board of Trustees  
Sanitary and Improvement District No. 295  
of Sarpy County, Nebraska

We have audited, 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, the financial statements of the governmental activities and each fund of Sanitary and Improvement District No. 295 of Sarpy County, Nebraska (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon, dated January 7, 2016.

**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, 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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## **Compliance and Other Matters**

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

## **District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Frankel Zacharia LLC*

January 7, 2016

**SANITARY AND IMPROVEMENT DISTRICT NO. 295  
OF SARPY COUNTY, NEBRASKA**

**SCHEDULE OF FINDINGS AND RESPONSES**

**YEAR ENDED JUNE 30, 2015**

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**SIGNIFICANT DEFICIENCY**

2015 – 001 Financial Reporting

*Criteria:* Internal controls should be in operation that provide reasonable assurance of the District's ability to report financial data reliably in accordance with accounting principles generally accepted in the United States of America (GAAP).

*Condition:* The District utilizes an outside audit firm to prepare its financial statements, including footnotes.

*Cause:* The District does not have the expertise to prepare financial statements, including footnotes, in accordance with GAAP.

*Effect:* The District cannot on its own comply with regulatory requirements to prepare annual financial statements.

*Response:* The Board of Trustees has determined that it is not cost-beneficial to create a system of internal control 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.