



**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARP COUNTY, NEBRASKA**

**ANNUAL FINANCIAL STATEMENTS AND
ACCOMPANYING INDEPENDENT AUDITOR'S REPORTS**

JUNE 30, 2010

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

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December 15, 2010

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
**Sanitary and Improvement District No. 67
of Sarpy County, Nebraska**

We have audited the accompanying financial statements of the governmental activities and each fund of Sanitary and Improvement District No. 67 of Sarpy County, Nebraska (the "District"), as of June 30, 2010 and for the year then ended, which collectively comprise the District's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the financial statements were prepared on a cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investment balances of the governmental activities and each fund of the District as of June 30, 2010 and the respective receipts and disbursements arising from cash transactions for the year then ended on the cash basis of accounting described in Note 1, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* and should be considered in assessing the results of our audit.

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The required supplementary information, as listed in the accompanying table of contents, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information included on pages 15 - 18 is presented for purpose of additional analysis and is not a required part of the basic financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit the information and do not express an opinion on it.

Orizon CPAs LLC
ORIZON CPAs LLC

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

STATEMENT OF NET ASSETS - CASH BASIS

JUNE 30, 2010

ASSETS		<u>Governmental Activities</u>
Cash with County Treasurer	\$	6,595
Investments with County Treasurer		<u>264,859</u>
TOTAL ASSETS	\$	<u>271,454</u>
NET ASSETS		
Restricted:		
Debt service	\$	158,016
Unrestricted		<u>113,438</u>
TOTAL NET ASSETS	\$	<u>271,454</u>

See Notes to Financial Statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

STATEMENT OF ACTIVITIES - CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2010

	Net (Disbursements) Receipts and Changes in Net Assets	Cash Disbursements	Program Cash Receipts Capital Grants and Contributions
Governmental activities:			
General services	\$ (64,204)	\$ (64,204)	
Capital improvements	(44,368)	(49,730)	\$ 5,362
Principal and interest on indebtedness	(119,330)	(119,330)	
Net program (disbursements) receipts	(227,902)	\$ (233,264)	\$ 5,362
General receipts:			
Property taxes	203,168		
Intergovernmental	3,477		
Interest on special assessments	541		
Investment earnings	404		
Total general receipts	207,590		
Change in net assets	(20,312)		
Net assets - beginning of year	291,766		
Net assets - end of year	\$ 271,454		

See Notes to Financial Statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

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

FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Debt Service Fund	Total Government Funds
RECEIPTS:			
Property taxes	\$ 90,824	\$ 112,344	\$ 203,168
Special assessments		5,362	5,362
State motor vehicle tax allocation	318	393	711
Homestead exempt allocation	1,243	1,523	2,766
Interest on special assessments		541	541
Interest on investments	71	333	404
Total receipts	92,456	120,496	212,952
DISBURSEMENTS:			
Banking fees	265		265
Treasurer's fees	1,748	2,282	4,030
Insurance	4,674		4,674
Legal fees	15,000		15,000
Audit and accounting fees	7,000		7,000
Repairs and maintenance	11,593		11,593
Utilities	15,851		15,851
Engineering fees	5,724		5,724
Publications	67		67
Capital outlay		49,730	49,730
Bond principal		70,000	70,000
Interest on bonds		49,330	49,330
Total expenditures	61,922	171,342	233,264
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	30,534	(50,846)	(20,312)
FUND BALANCE - beginning of year	82,904	208,862	291,766
FUND BALANCE - end of year	\$ 113,438	\$ 158,016	\$ 271,454
FUND BALANCE - CASH BASIS:			
Cash with County Treasurer	\$ 7,355	\$ (760)	\$ 6,595
Investments with County Treasurer	119,969	144,890	264,859
Due from (to) other funds	(13,886)	13,886	
TOTAL FUND BALANCE - CASH BASIS - JUNE 30, 2010	\$ 113,438	\$ 158,016	\$ 271,454

See Notes to Financial Statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sanitary and Improvement District No. 67 of Sarpy County, Nebraska (the "District") is a governmental subdivision authorized under the statutes of the State of Nebraska. It was formed for the purposes of installation and maintenance of streets and utility systems and contracting for street lighting.

Except for the use of the cash basis of accounting as discussed below, the District complies with accounting principles generally accepted in the United States of America ("GAAP"). The District's reporting entity applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements and applicable Financial Accounting Standards Board ("FASB") and Accounting Principles Board ("APB") opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. Governments have the option of following subsequently issued FASB statements subject to this same limitation. The District has elected not to follow the subsequently issued FASB statements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Reporting Entity

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

Basis of Presentation - Fund Accounting

Government-wide Financial Statements – Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis display information about the reporting government as a whole. They include all funds of the reporting entity. The statements present the District's financial statements as governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Alternatively, business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District does not operate any business-type activities.

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

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation - Fund Accounting, Continued

The governmental funds of the reporting entity are described below:

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

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

Measurement Focus and Basis of Accounting

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

Measurement Focus

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

Basis of Accounting

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

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

Investments

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

Long-term Debt

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

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Classification

Government-wide Statements:

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

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by 1) external groups, such as creditors, grantors, contributors or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements:

Governmental fund equity is reported as fund balance within each respective fund.

Internal and Interfund Balances and Activities

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

Government-wide Financial Statements:

Amounts reported in the fund financial statements as interfund receivables and payables, if any, would be eliminated in the governmental activities column of the Statement of Net Assets.

Fund Financial Statements:

Interfund activity, if any, within and among the governmental fund category is reported as follows in the fund financial statements:

- a. Interfund loans – amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b. Interfund reimbursements – repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
- c. Interfund transfers – flow of assets from one fund to another where repayment is not expected are reported as cash receipts and disbursements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

2. BUDGET PROCESS AND PROPERTY TAXES

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

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

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

- a. The Board of Trustees considers a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at a public meeting to obtain taxpayer comments.
- c. Prior to September 20, the budget is legally enacted by a resolution of the Board of Trustees.
- d. An encumbrance system is not used by the District and all appropriations lapse at the end of the fiscal year.
- e. The budget is adopted on a per-fund basis and all adjustments or supplemental appropriations must be approved by the Board of Trustees. No such adjustments or supplemental appropriations were made to the 2009-2010 budget.

The property tax requirement resulting from the budget process is utilized to establish the tax levy in accordance with State statutes, which tax levy attaches as an enforceable lien on property within the District as of December 31. Taxes are due as of that date. One-half of the real estate taxes become delinquent the following April 1, with the second one-half becoming delinquent August 1. The District levied taxes for 2009-2010 at the rate of \$0.6000 per \$100 on an estimated property valuation of \$34,400,500.

3. DEPOSITS AND INVESTMENTS

Deposit and investment risks include:

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

The District has not adopted specific policies for the above risks, but requires compliance with the provisions of State statutes.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

3. DEPOSITS AND INVESTMENTS, CONTINUED

According to State statutes, Sanitary and Improvement Districts are required to maintain their cash with the County Treasurer. At June 30, 2010, the County Treasurer has represented to the District that the District's cash maintained by the County Treasurer is insured or collateralized in the County Treasurer's name.

The District may by State statute invest in U.S. Government obligations, certificates of deposit and other time deposits. The District's investments of \$264,859 consist primarily of U.S. Treasury bills with an original maturity of less than one year. As of June 30, 2010, all of the District's investments were uninsured and unregistered investments for which the securities were held by the County Treasurer in the District's name.

4. SPECIAL ASSESSMENTS

On December 2, 1999, the District levied special assessments totaling \$125,364 to property owners within the District benefiting from the related street improvements costing the same amount. These assessments are due in ten annual installments and bear interest at the rate of 10% per annum. As of June 30, 2010, there were no unpaid special assessments.

5. LONG-TERM DEBT

The following is a summary of bond transactions of the District for the year ended June 30, 2010:

Balance at June 30, 2009	\$ 930,000
Principal paid	<u>(70,000)</u>
Balance at June 30, 2010	<u>\$ 860,000</u>

The following individual general obligation bond issues are outstanding at June 30, 2010

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Maturity Date</u>
October 15, 1998	5.20 to 5.75%	\$ 860,000	2018

Aggregate principal and interest payments applicable to the District's bonds subsequent to June 30, 2010 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 75,000	\$ 45,578	\$ 120,578
2012	80,000	41,528	121,528
2013	85,000	37,154	122,154
2014	90,000	32,428	122,428
2015	95,000	27,339	122,339
2016-19	<u>435,000</u>	<u>51,523</u>	<u>486,523</u>
TOTAL	<u>\$ 860,000</u>	<u>\$ 235,550</u>	<u>\$ 1,095,550</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

5. LONG-TERM DEBT, CONTINUED

On November 1, 2010, subsequent to year-end, the District issued \$810,000 in general obligation refunding bonds. At an average coupon rate of 2.29%, the proceeds will be used to refund, \$785,000 of current Series 1998 bonds, and to pay for issuance costs. As a result of this refunding, the District decreased its total debt service payments over the next ten years by approximately \$70,000.

6. RELATED PARTY TRANSACTIONS

The District reimbursed Normandy Hills Homeowners Association for \$3,250 ground maintenance services provided by John Macrander, District Chairman.

7. INTERFUND BALANCES

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from			
Repair and maintenance expense	Debt Service Fund	General Fund	\$13,886

8. COMMITMENTS

The District formed an inter-local agreement with Sanitary and Improvement District No. 242 to share costs of park improvements. The District's share is 80% and District No. 242's share is 20%. Total costs paid by the District during the year ended June 30, 2010 were \$9,559.

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors or omissions, injuries or acts of God. These risks are transferred to independent issuance carriers and no self-insurance program is maintained by the District. District management believes adequate coverage exists for potential exposures as of June 30, 2010. There have been no claims that have exceeded this coverage for any of the past three years.

10. EXCESS OF DISBURSEMENTS OVER APPROPRIATIONS IN INDIVIDUAL FUNDS

The Debt Service Fund had disbursements in excess of appropriations totaling \$29,786 for the year ended June 30, 2010 as a result of capital improvements to the streets being more than anticipated.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

BUDGETARY COMPARISON SCHEDULE - CASH BASIS - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2010

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS:			
Property taxes	\$ 92,881	\$ 90,824	\$ (2,057)
State motor vehicle tax allocation	250	318	68
Homestead exempt allocation	900	1,243	343
Interest on investments	3,000	71	(2,929)
Total receipts	97,031	92,456	(4,575)
DISBURSEMENTS:			
Banking fees	600	265	335
Treasurer's fees	1,821	1,748	73
Insurance	4,800	4,674	126
Homeowners fees	2,500		2,500
Legal fees	15,000	15,000	
Audit and accounting fees	8,000	7,000	1,000
Repairs and maintenance	35,000	11,593	23,407
Utilities	16,000	15,851	149
Engineering fees	6,000	5,724	276
Publications	600	67	533
Total disbursements	90,321	61,922	28,399
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	6,710	30,534	23,824
OTHER FINANCING SOURCES AND USES:			
Transfer to debt service fund	(59,200)		59,200
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	\$ (52,490)	30,534	\$ 83,024
FUND BALANCE - beginning of year		82,904	
FUND BALANCE - end of year		\$ 113,438	

See Note to Required Supplementary Information.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

BUDGETARY COMPARISON SCHEDULE - CASH BASIS - DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2010

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS:			
Property taxes	\$ 113,522	\$ 112,344	\$ (1,178)
Special assessments	6,000	5,362	(638)
State motor vehicle tax allocation	385	393	8
Homestead exempt allocation	1,800	1,523	(277)
Interest on special assessments		541	541
Interest on investments		333	333
Total receipts	121,707	120,496	(1,211)
DISBURSEMENTS:			
Treasurer's fees	2,226	2,282	(56)
Capital outlay	20,000	49,730	(29,730)
Bond principal	70,000	70,000	
Interest on bonds and warrants	49,330	49,330	
Total disbursements	141,556	171,342	(29,786)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(19,849)	(50,846)	(30,997)
OTHER FINANCING SOURCES AND USES:			
Transfer from general fund	59,200		(59,200)
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	\$ 39,351	(50,846)	\$ (90,197)
FUND BALANCE - beginning of year		208,862	
FUND BALANCE - end of year		\$ 158,016	

See Note to Required Supplementary Information.

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY COMPARISON SCHEDULES**

FOR THE YEAR ENDED JUNE 30, 2010

1. BUDGETARY ACCOUNTING

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

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

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

**INFORMATION REQUIRED BY SECTION 31-740,
REISSUE REVISED STATUTES OF NEBRASKA**

FOR THE YEAR ENDED JUNE 30, 2010

Gross revenue from all sources in previous year	\$ 209,239
Amount spent for access to facilities and use of the services of the library system of one or more neighboring cities or villages	None
Amount spent for sewage disposal	None
Amount expended for water mains	None
Gross amount of sewage processed	None
Cost per thousand gallons of processing sewage	None
Amount expended for maintenance and repairs	\$ 11,593
Amount expended for new equipment	None
Amount expended for new construction work	\$ 49,730
Amount expended for property	None
Number of employees	None
Salaries and fees paid employees	None
Total amount of taxes levied upon the property within the District	\$ 206,403

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

BOARD OF TRUSTEES AND RELATED BONDS

JUNE 30, 2010

TRUSTEES

John Macrander, Chairman
Darlene Macrander, Clerk
Jeannie McDonald, Trustee
Warren Whitacre, Trustee
Dennis Ryan, Trustee

BONDS

State Surety \$ 5,000
State Surety \$20,000

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF DOUGLAS COUNTY, NEBRASKA**

**SCHEDULE OF BONDS OUTSTANDING
OCTOBER 15, 1998, GENERAL OBLIGATION BOND ISSUE**

JUNE 30, 2010

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
10/15/2010	\$ 75,000	5.20%	\$ 23,764	\$ 98,764	
4/15/2011			21,814	21,814	\$ 120,578
10/15/2011	80,000	5.25%	21,814	101,814	
4/15/2012			19,714	19,714	121,528
10/15/2012	85,000	5.35%	19,714	104,714	
4/15/2013			17,440	17,440	122,154
10/15/2013	90,000	5.45%	17,440	107,440	
4/15/2014			14,988	14,988	122,428
10/15/2014	95,000	5.50%	14,988	109,988	
4/15/2015			12,351	12,351	122,339
10/15/2015	100,000	5.60%	12,351	112,351	
4/15/2016			9,551	9,551	121,902
10/15/2016	105,000	5.65%	9,551	114,551	
4/15/2017			6,585	6,585	121,136
10/15/2017	110,000	5.70%	6,585	116,585	
4/15/2018			3,450	3,450	120,035
10/15/2018	<u>120,000</u>	5.75%	<u>3,450</u>	<u>123,450</u>	<u>123,450</u>
	<u>\$ 860,000</u>		<u>\$ 235,550</u>	<u>\$ 1,095,550</u>	<u>\$ 1,095,550</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF DOUGLAS COUNTY, NEBRASKA**

SCHEDULE OF CAPITAL ASSETS

JUNE 30, 2010

	<u>Balance</u> <u>July 01, 2009</u>	<u>Increase</u>	<u>Balance</u> <u>June 30, 2010</u>
Improvements/infrastructure	\$ 1,278,168	\$ 49,730	\$ 1,327,898
Equipment	2,545		2,545

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December 15, 2010

**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. 67
of Sarpy County, Nebraska**

We have audited the financial statements of the governmental activities and each fund of Sanitary and Improvement District No. 67, Sarpy County, Nebraska, (the "District") as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2010. Our report disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America and that the financial statements do not include Management's Discussion and Analysis in the required supplementary information. 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 the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District'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 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.

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, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses as 2010-1 and 2010-2 that we consider to be significant deficiencies in internal control over financial reporting. *A significant deficiency* is a deficiency, or 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.

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, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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*. However, the Debt Service Fund did exceed its budgeted expenditures.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the District's responses and, accordingly, we express no opinion on them.

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

Orizon CPAs LLC
ORIZON CPAs LLC

**SANITARY AND IMPROVEMENT DISTRICT NO. 67
OF SARPY COUNTY, NEBRASKA**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2010

A. FINANCIAL STATEMENT FINDINGS

2010-1 SIGNIFICANT DEFICIENCY

Financial Statement Preparation

Condition: The District's management does not appear to possess the expertise to prepare its financial statements or detect and correct a potential misstatement in the financial statements or notes presented in accordance with accounting principles generally accepted in the United States of America.

Criteria: The District's management should possess the expertise to prepare, detect and correct a potential misstatement in the presentation of the financial statements or notes in accordance with accounting principles generally accepted in the United States of America.

Effect: Intentional or unintentional errors could be made and not be detected within a timely period by the District's management in the normal course of performing their assigned functions.

Recommendation: A remedy for this situation would be for the District to engage a person with enough accounting experience to assist the auditors with the preparation of the District's financial statements.

Response: At this time, the Board of Trustees of the District believes that the benefit of eliminating this significant deficiency does not outweigh the cost of engaging a duly qualified person to assist with the preparation of the financial statements.

2010-2 SIGNIFICANT DEFICIENCY

Recordkeeping

Condition: The minutes of the meetings of the Board of Trustees of the District do not contain sufficient information in order to allow the District's management to timely detect or correct a potential misstatement in the information that underlies the financial statements or notes in the course of performing their assigned functions. The minutes do not reflect the approval of warrants paid by the District or details of other significant transactions.

Criteria: The minutes of the meetings of the Board of Trustees of the District should contain sufficient information to allow the Board to timely detect or correct potential misstatements in the information that underlies the financial statements or notes in the course of performing their assigned functions.

Effect: Intentional or unintentional errors could be made and not be detected within a timely period by the District's management in the normal course of performing their assigned functions.

Recommendation: A remedy for this situation would be for the District to record additional information in the minutes of the meetings of the Board of Trustees that would allow the Board members to timely detect or correct potential misstatements in the financial statements.

Response: The Board of Trustees will record the necessary information in the minutes of their future meetings.