



SANITARY AND IMPROVEMENT DISTRICT  
NO. 82  
OF SARPY COUNTY, NEBRASKA  
FINANCIAL STATEMENTS  
JUNE 30, 2010

SANITARY AND IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
JUNE 30, 2010

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MASSMAN NELSON REINIG PC

Certified Public Accountants

13310 I Street | Omaha, Nebraska 68137

402 330 7099 Fax 402 330 0809

Michael L Massman CPA  
George E Nelson CPA  
James A Reinig CPA

Keli D Palfini CPA  
Jason T McGill CPA

INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Sanitary and Improvement District No. 82  
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. 82 of Sarpy County, Nebraska (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 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 the 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.

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. 82 of Sarpy County, Nebraska as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2010, on our consideration of the Sanitary and Improvement District No. 82'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 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 16 through 18 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The other supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The other supplementary schedules have 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 them.

  
Certified Public Accountants

Omaha, Nebraska  
August 11, 2010

SANITARY & IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

ASSETS

Current assets:	
Cash on deposit, County Treasurer	\$ 41,780
Taxes receivable	17,928
Investments	24,978
Interest receivable - investments	9
Total current assets	<u>84,695</u>
 Noncurrent assets:	
Capital assets, net of accumulated depreciation	104,495
Bond issue costs, net of accumulated amortization	1,900
Total noncurrent assets	<u>106,395</u>
 Total assets	<u>191,090</u>

LIABILITIES

Current liabilities:	
Accounts payable	397
Bonds payable - current portion	25,000
Total current liabilities	<u>25,397</u>
 Noncurrent liabilities:	
Bonds payable	<u>75,000</u>
 Total liabilities	<u>100,397</u>

NET ASSETS

Invested in capital assets, net of related debt	4,495
Restricted for debt service	66,421
Unrestricted	<u>19,777</u>
 Total net assets	<u>\$ 90,693</u>

See the accompanying notes to the financial statements

SANITARY & IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

Expenditures:

General government:

Professional and administrative fees	\$ 8,150
Utilities and other	2,887
Interest	3,750
Depreciation	9,977
Amortization	1,267
	26,031

Revenues:

Taxes assessed	37,680
Property tax credit allocation	1,145
State motor vehicle tax allocation	128
Interest on taxes	3
Miscellaneous	(1,631)
	37,325

Increase in net assets	11,294
Net assets, beginning of year	79,399
Net assets, end of year	\$ 90,693

See the accompanying notes to the financial statements

SANITARY AND IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2010

ASSETS

	Governmental Funds		
	General Fund	Debt Service Fund	Total
Assets:			
Cash on deposit, County Treasurer	\$ 9,882	\$ 31,898	\$ 41,780
Taxes receivable	4,689	13,239	17,928
Investments	-	24,978	24,978
Interest receivable - investments	-	9	9
Bond issue cost, net of accumulated amortization of \$2,850	-	1,900	1,900
Due from debt service fund	5,353	-	5,353
	<u>\$ 19,924</u>	<u>\$ 72,024</u>	<u>\$ 91,948</u>
Total assets			

LIABILITIES AND FUND EQUITY

Liabilities:			
Accounts payable	\$ 147	\$ 250	\$ 397
Due to general fund	-	5,353	5,353
	<u>147</u>	<u>5,603</u>	<u>5,750</u>
Total liabilities			
Fund equity:			
Fund balances:			
Reserved for debt services	-	66,421	66,421
Unreserved	19,777	-	19,777
	<u>19,777</u>	<u>66,421</u>	<u>86,198</u>
Total fund equity			
	<u>\$ 19,924</u>	<u>\$ 72,024</u>	<u>\$ 91,948</u>
Total liabilities and fund equity			

See the accompanying notes to the financial statements

SANITARY AND IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010

Total fund balances - governmental funds	\$	86,198
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the fund financial statements:

Capital assets	\$	636,337	
Accumulated depreciation		<u>(531,842)</u>	
			104,495

Other liabilities are not due and payable in the current period and therefore not reported in governmental funds:

Bond payable		<u>(100,000)</u>
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Net assets of governmental activities	\$	<u><u>90,693</u></u>
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The accompanying notes are an integral part of these financial statements

SANITARY AND IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
COMBINED STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Governmental Funds		
	General	Debt Service	Total
Revenues:			
Taxes assessed	\$ 9,855	\$ 27,825	\$ 37,680
Property tax credit allocation	299	845	1,144
State motor vehicle tax allocation	34	95	129
Interest on taxes	1	2	3
Miscellaneous	(437)	(1,194)	(1,631)
	<u>9,752</u>	<u>27,573</u>	<u>37,325</u>
Expenditures:			
Amortization	-	1,267	1,267
Audit and budget	3,400	-	3,400
Collection fee - County Treasurer	188	531	719
Interest on bonds	-	3,750	3,750
Legal fees	4,030	-	4,030
Engineering fees	365	-	365
Publication costs	93	-	93
Repairs and maintenance	200	-	200
Utilities	1,730	-	1,730
Bond agent	-	500	500
	<u>10,006</u>	<u>6,048</u>	<u>16,054</u>
Excess (deficiency) of revenues over (under) expenditures	(254)	21,525	21,271
Other financing sources (uses):			
Retirement of bond principal	-	(25,000)	(25,000)
Deficiency of revenues under expenditures and other financing uses	(254)	(3,475)	(3,729)
Fund balance, beginning of year	<u>20,031</u>	<u>69,896</u>	<u>89,927</u>
Fund balance, end of year	<u>\$ 19,777</u>	<u>\$ 66,421</u>	<u>\$ 86,198</u>

See the accompanying notes to the financial statements

SANITARY AND IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances - total government funds	\$ (3,729)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in the current year for total capital assets.</p>	(9,977)
<p>Repayment of bond principal is reported as an expenditure in governmental funds. In the statement of net assets, the repayment reduces long term liabilities. This is the amount of repayments in the current year.</p>	<u>25,000</u>
Change in net assets of governmental activities	<u>\$ 11,294</u>

See the accompanying notes to the financial statements

SANITARY AND IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Sanitary and Improvement District No. 82 of Sarpy County, Nebraska (the District) is presented to assist in understanding the District's basic financial statements. The financial statements and notes are representations of the District's management who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

District Activities

The District is organized as a political subdivision and governed under the State of Nebraska. The District has a tax base made up of a commercial development, conducting its activity in Sarpy County, Nebraska.

The Financial Reporting Entity

The Board of Trustees of the District has financial accountability and control over all the activities related to Sanitary and Improvement District No. 82. The Board of Trustees is elected by the property owners of the District and has decision-making authority, the authority to levy taxes, the power to designate management, and the ability to significantly influence operations. The Board also has primary financial accountability for fiscal matters of the District. The District is engaged in a single governmental program and is not included in any other governmental "reporting entity" as defined by the GASB pronouncements. In addition, there are no component units as defined by the Governmental Accounting Standards Board Statement 14, which are included in the District's reporting entity.

Basis of Presentation

The basic financial statements of the District include the government-wide and the fund financial statements.

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net assets and the statement of activities, which report financial information for all nonfiduciary activities of the District. Individual funds are not displayed, and internal activity between or within funds is eliminated.

The government-wide Statement of Net Assets recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets are restricted when constraints placed on them are either externally imposed or are imposed by law through constitutional provisions or enabling legislature. Internally imposed designations resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The government-wide Statement of Activities reflects the expenses of the District's governmental activities, offset by general revenues to determine the change in net assets for the year.

SANITARY AND IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2010

1. Summary of Significant Accounting Policies - Continued

Basis of Presentation - Continued

Fund Financial Statements:

The fund financial statements provide additional and detailed information about the District. The emphasis of the fund financial statements is on the determination of financial position and changes in financial position rather than upon net income. The following is a description of the District's two governmental funds:

General Fund – This fund is the operating fund of the District. 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 the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

In the government-wide financial statements, the activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. On an accrual basis, revenues are recognized when earned. Expenditures are recorded when liabilities are incurred, regardless of the timing of related cash flows.

In the fund financial statements, both funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, that is, when they become both measurable and available. Available means collectable within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized in the period the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due.

Property tax revenues are recognized when susceptible to accrual. Revenues on special assessments and miscellaneous revenues are recognized as the amounts are collected. Investment earnings are recorded as earned since they are measurable and available.

Budgets and Budgetary Accounting

The District is required by Nebraska law to adopt an annual operating budget for all the funds over which the District controls. The budget is adopted using the cash basis of accounting, which differs significantly from accounting principles generally accepted in the United States of America. Under the cash basis of accounting, revenues and expenditures are recorded when cash is received or paid. Payment is deemed to have been made when warrants are issued. Budgetary comparisons presented for both the General Fund and Debt Service Fund in this report are on non-GAAP budgetary basis.

SANITARY AND IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2010

1. Summary of Significant Accounting Policies - Continued

Budgets and Budgetary Accounting - Continued

The District adheres to the following procedures in preparing and adopting the budget:

- a. On or before early September, the Board of Trustees proposes an operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Prior to September 20, the Board of Trustees formally approves the budget document following a public hearing, with notice given five days in advance.
- c. As of September 20, the budget document must be on file with the County Board and the Auditor of Public Accounts.
- d. Appropriations for the General Fund and the Debt Service Fund lapse at the end of the fiscal year.
- e. Expenditures and transfers cannot exceed appropriations at the fund level. When expenditures and transfers are required for functions that have not been budgeted, authorization to amend the budget and to incur the expenditures is permitted following a public hearing. No significant supplemental appropriations were made for the fiscal year ended June 30, 2010.
- f. A majority vote by the Board of Trustees may authorize transfer of budgeted amounts from the General Fund to the Debt Service Fund.

Encumbrances

The District does not employ encumbrance accounting.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Taxes Receivable

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

SANITARY AND IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2010

1. Summary of Significant Accounting Policies - Continued

Capital Assets and Depreciation

Capital assets of the District, which primarily include infrastructure assets, are recorded at historical cost. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The estimated useful lives for significant capital assets are as follows:

Paving and sewer systems	25 – 40 years
Underground power and water systems	25 – 30 years
Improvements	25 – 30 years

Amortization

Bond issue costs are amortized over the terms of the bonds, using the interest method of amortization.

2. Budget Basis of Accounting

Nebraska budgetary procedures require the preparation of budgets on a cash basis, rather than on the modified accrual basis of accounting used in the preparation of the accompanying financial statements. Accordingly, required budget comparisons for both the General Fund and the Debt Service Fund are presented on a non-GAAP budgetary basis in the accompanying financial statements of the District. The adjustments necessary to reconcile the differences between the two methods of accounting are summarized as follows:

	<u>General</u>	<u>Fund Debt Service</u>	<u>Total</u>
Excess (deficiency) of receipts over (under) disbursements on a budgetary basis	\$ (292)	\$ 22,784	\$ 22,492
Change in property tax revenue from recognition on a cash basis	444	1,256	1,700
Change in other revenue from recognition on a cash basis	(437)	(1,248)	(1,685)
Change in total expenditures from recognition on a cash basis	<u>31</u>	<u>(1,267)</u>	<u>(1,236)</u>
Excess (deficiency) of revenues over (under) expenditures and other sources on a modified accrual (GAAP) basis	<u>\$ (254)</u>	<u>\$ 21,525</u>	<u>\$ 21,271</u>

3. Concentration of Credit Risk

Cash and cash equivalents include investments in highly liquid debt instruments that are available to meet working capital requirements and other current obligations.

SANITARY AND IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2010

3. Concentration of Credit Risk - Continued

At June 30, 2010, the cash on deposit, \$41,780, is equal to the carrying amount of the District's deposits. The deposit balance with the County Treasurer is covered by federal depository insurance or with sufficient assets pledged to the County, which are held by the County in its own name, rather than in the name of the District. In addition, the District at June 30, 2010 has investments amounting to \$24,978, in obligations of the U.S. Treasury and are carried at amortized cost, which approximates fair value.

The cost of all cash and investments registered in the District's name is as follows:

	2010	
	Cost	Cost and Accrued Interest
Cash on deposit, County Treasurer	\$ 41,780	\$ 41,780
U.S. Treasury Bills held by County Treasurer	24,978	24,987
	\$ 66,758	\$ 66,767

All of the taxes receivable, special assessments receivable and accrued interest on special assessments are due from the property owners within the District. The District is located in the Sarpy County, Nebraska area.

4. Capital Assets

All capital assets are carried at their original cost. A summary is presented below:

	June 30, 2009	Additions	Deletions	June 30, 2010
	Costs:			
Street Grading - Section I	\$ 48,617	\$ -	\$ -	\$ 48,617
Sanitary Sewer	119,275	-	-	119,275
Piping and Storm Sewer	116,266	-	-	116,266
Sanitary Sewer Connection	8,517	-	-	8,517
Road	343,662	-	-	343,662
	636,337	-	-	636,337
Accumulated depreciation:				
Street Grading - Section I	43,901	1,215	-	45,116
Sanitary Sewer	119,275	-	-	119,275
Piping and Storm Sewer	116,266	-	-	116,266
Sanitary Sewer Connection	6,145	171	-	6,316
Road	236,278	8,591	-	244,869
	521,865	9,977	-	531,842
Capital assets, net of accumulated depreciation	\$ 114,472	\$ (9,977)	\$ -	\$ 104,495

The District recorded depreciation expense of \$9,977 for the year ended June 30, 2010.

SANITARY AND IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2010

5. Bonds Payable

Bonds payable totaling \$125,000 issued on July 1, 2008, with a balance of \$100,000 at June 30, 2010 are due serially beginning July 1, 2010 through July 1, 2013. The maturities for each year are \$25,000. Interest is payable semi-annually on this issue at 3.05% to 3.70%.

A summary of changes in outstanding bonds payable is as follows:

	<u>Balance</u> <u>June 30, 2009</u>	<u>New</u> <u>Issues</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
July 1, 2008 issue	\$ 125,000	\$ -	\$ 25,000	\$ 100,000

The following is a disclosure of total debt service to maturity:

<u>Year ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 25,000	\$ 3,018	\$ 28,018
2012	25,000	2,225	27,225
2013	25,000	1,368	26,368
2014	25,000	463	25,463
	<u>\$ 100,000</u>	<u>\$ 7,074</u>	<u>\$ 107,074</u>

6. Bond Issue Costs

Costs incurred by the District relating to issuing or refunding bonds payable are capitalized and amortized over the life of the bond issue. Amortization expense is computed using the interest method, which is computed by multiplying the bond issue costs by the ratio, the numerator is the face value of the bond issue outstanding during the year; the denominator is the summation of the face value of the bond issue outstanding for all years of the bond issue. Amortization expense for the year ended June 30, 2010 amounted to \$1,267.

7. Insurance

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. The district does not carry commercial insurance to cover the risk from such losses. There have been no significant losses or settlements for the current year or the past three years due to the lack of commercial insurance coverage.

SANITARY AND IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2010

8. Interfund Receivables and Payables

Interfund balances at June 30, 2010, consisted of the following individual fund receivables and payables:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
Debt Service Fund	General Fund	\$ 5,353

This interfund balance resulted from the transfer of funds from General Fund to the Debt Service Fund and bond agent fees, paid from the General Fund, for the Debt Service Fund. The balance is not scheduled to be collected in the subsequent year.

9. Other

Management has evaluated subsequent events through August 11, 2010, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SANITARY AND IMPROVEMENT DISTRICT NO. 82

OF SARPY COUNTY, NEBRASKA

STATEMENT OF COMPARISON: BUDGETED AND ACTUAL CASH RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

GENERAL FUND

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Favorable (Unfavorable)</u>
Receipts:			
Operating:			
Taxes collected	\$ 9,662	\$ 9,223	\$ (439)
Property tax credit allocation	-	299	299
State motor vehicle tax allocation	30	34	4
Other:			
Miscellaneous	-	1	1
Total receipts	<u>9,692</u>	<u>9,557</u>	<u>(135)</u>
Disbursements:			
Operating:			
Audit and budget	3,400	3,400	-
Publication costs	100	93	7
Repairs and maintenance	-	200	(200)
Utilities	1,800	1,723	77
Engineering fees	500	402	98
Legal and abstract expense	4,200	4,031	169
Total disbursements	<u>10,000</u>	<u>9,849</u>	<u>151</u>
Excess (deficiency) of receipts over (under) disbursements from operations	(308)	(292)	16
Other sources (uses):			
Warrants issued	-	9,849	9,849
Warrants retired	-	(9,849)	(9,849)
Transfers	(5,000)	-	5,000
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (5,308)</u>	<u>\$ (292)</u>	<u>\$ 5,016</u>

SANITARY AND IMPROVEMENT DISTRICT NO. 82

OF SARPY COUNTY, NEBRASKA

STATEMENT OF COMPARISON: BUDGETED AND ACTUAL CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010

DEBT SERVICE FUND

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Favorable (Unfavorable)</u>
Receipts:			
Operating:			
Taxes collected	\$ 27,279	\$ 26,038	\$ (1,241)
Property tax credit allocation	-	845	845
State motor vehicle tax allocation	100	95	(5)
Other:			
Miscellaneous	350	56	(294)
Transfers	5,000	-	(5,000)
Total receipts	<u>32,729</u>	<u>27,034</u>	<u>(5,695)</u>
Disbursements:			
Operating:			
Interest on bonds	3,750	3,750	-
Paying agent fees	1,000	500	500
Total disbursements	<u>4,750</u>	<u>4,250</u>	<u>500</u>
Excess (deficiency) of receipts over (under) disbursements from operations	27,979	22,784	(5,195)
Other sources (uses):			
Bonds retired	<u>(25,000)</u>	<u>(25,000)</u>	-
Excess (deficiency) of receipts over (under) disbursements	<u>\$ 2,979</u>	<u>\$ (2,216)</u>	<u>\$ (5,195)</u>

SANITARY AND IMPROVEMENT DISTRICT NO. 82  
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. The 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.

OTHER SUPPLEMENTARY SCHEDULES

SANITARY AND IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
SCHEDULE OF TAXES RECEIVABLE  
JUNE 30, 2010  
SUPPLEMENTARY SCHEDULE

	Valuation	Receivable at June 30, 2009	Tax*	Collected 2009-10	Collected over Property Tax Accrual	Receivable at June 30, 2010
Real estate and personal property	\$ 4,786,607					
General fund		\$ 4,681	\$ 9,855	\$ (9,223)	\$ (624)	\$ 4,689
Debt service fund		13,217	27,825	(26,038)	(1,765)	13,239
		<u>\$ 17,898</u>	<u>\$ 37,680</u>	<u>\$ (35,261)</u>	<u>\$ (2,389)</u>	<u>\$ 17,928</u>

\*Computed on the basis of 20.59 and 58.13 cents per hundred for the general fund and debt service fund, respectively, on an actual valuation of \$4,786,607 for real estate and personal property.

SANITARY AND IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
SCHEDULE OF INVESTMENTS  
JUNE 30, 2010  
SUPPLEMENTARY SCHEDULE

<u>Description</u>	<u>Maturity Dates</u>	<u>Yield</u>	<u>Par</u>	<u>Cost</u>	<u>Market Value</u>	<u>Accrued Interest</u>
<u>Debt Service</u> U.S. T-Bills	10/14/10	0.18 %	\$ 25,000	\$ 24,978	\$ 24,987	\$ 9

SANITARY AND IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
INFORMATION REQUIRED BY SECTION 31-740  
REVISED STATUTES OF NEBRASKA, 1943, REISSUED 1997  
JUNE 30, 2010  
SUPPLEMENTARY SCHEDULE

Gross income from all sources	\$	37,325
Amount spent for sewage disposal		NONE
Amount expended on water mains		NONE
Gross amount of sewage processed		NONE
Cost per thousand gallons of processing sewage		N/A
Amount expended for:		
Maintenance and repair	\$	200
New equipment		-
New construction work		-
Property purchased		-
Start-up costs		-
Number of employees		-
Salaries and fees paid employees		-
Total amount of taxes levied upon property within the district	\$	37,680

SANITARY AND IMPROVEMENT DISTRICT NO. 82  
OF SARPY COUNTY, NEBRASKA  
TRUSTEES AND RELATED BONDS  
JUNE 30, 2010  
SUPPLEMENTARY SCHEDULE

<u>Board of Trustees</u>		<u>Insurer</u>	<u>Amount</u>
<u>Name</u>	<u>Office</u>		
Donald Dittus	Chairman	Old Republic Surety Co.	\$ 5,000
Donald Warner	Clerk	Old Republic Surety Co.	20,000

MASSMAN NELSON REINIG PC

Certified Public Accountants

13310 I Street Omaha, Nebraska 68137

402 330 7099 Fax 402 330 0809

Michael L. Massman CPA  
George E. Nelson CPA  
James A. Reinig CPA

Keli D. Palfini CPA  
Jason T. McGill CPA

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. 82  
of Sarpy County, Nebraska

We have audited the accompanying financial statements of the governmental activities of Sanitary and Improvement District No. 82 of 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 August 11, 2010. 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 opinions 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 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.

1. Comment: In conjunction with the audit of the financial statements, it was necessary to propose material adjustments for the financial statement to be in conformity with accounting principles generally accepted in the United States of America, specifically the conversion to the accrual method.

Recommendation: We recommend that the Board read, review, discuss and approve the auditing journal entries to make the accrual financial statements be in conformity with accounting principles generally accepted in the United States of America.

Board response: The Board will review the proposed adjustments at one of the Board meetings.

2. Comment: The Auditing Standards Board (ASB) recently issued guidance to auditors related to an entity's internal controls over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. Statement of Auditing Standard No. 112 emphasizes that the auditor cannot be part of the system of internal control over financial reporting. In our judgment, the Board's trustee charged with governance, in the course of his assigned duties, lacks the capable skills to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles (GAAP) and to correct any misstatements if present.

Recommendation: In our judgment, those charge with governance need to understand the importance of this communication. However, due to the lack of resources available to the Board to correct this material weakness in financial reporting, we recommend the Board mitigate this weakness by having a heightened awareness of all transactions being reported.

Board response: The Board of Trustees realizes the importance of the financial statements and heightened its awareness of all transactions being reported.

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. However, we believe that the significant deficiencies described above are material weaknesses:

#### 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 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 that are required to be reported under *Government Auditing Standards*.

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

  
Certified Public Accountants

Omaha, Nebraska  
August 11, 2010

MASSMAN NELSON REINIG PC

Certified Public Accountants

13310 I Street | Omaha, Nebraska 68137

402 330 7099 Fax 402 330 0809

Michael L. Massman CPA  
George E. Nelson CPA  
James A. Reinig CPA

Keli D. Palfini CPA  
Jason T. McGill CPA

August 11, 2010

To the Board of Trustees  
Sanitary and Improvement District No. 82  
of Sarpy County

We have audited the financial statements of the governmental activities of Sanitary and Improvement District No. 82 of Sarpy County for the year ended June 30, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 30, 2010. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Sanitary and Improvement District No. 82 of Sarpy County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2010. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting Sanitary and Improvement District No. 82's financial statements was:

Management's estimate of the taxes receivable is based on the taxes receivable balance maintained at the County Treasurer's office. We evaluated the key factors and assumptions used to develop the taxes receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. In conjunction with the audit of the financial statements, it was necessary to propose material adjustments for the financial statement to be in conformity with accounting principles generally accepted in the United States of America, specifically the conversion to the accrual method. Management has corrected all such misstatements.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated August 11, 2010.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Upon completion of the audit, we found it necessary to communicate the following significant internal control deficiencies to the Board of Trustees.

The Auditing Standard Board (ASB) recently issued guidance to auditors related to an entity's internal controls over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. Statement of Auditing Standard No. 112 emphasizes that the auditor cannot be part of the system of internal control over financial reporting. In our judgment, the Board's trustee charged with governance, in the course of his assigned duties, lacks the capable skills to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles (GAAP) and to correct any misstatements if present.

To the Board of Trustees  
Sanitary and Improvement District No. 82  
of Sarpy County

Page 3

This information is intended solely for the use of the Board of Trustees and management of Sanitary and Improvement District No. 82 of Sarpy County and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Massman*

*Nelson Reinig PC*

Massman Nelson Reinig PC