



**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

**FINANCIAL STATEMENTS AND
ACCOMPANYING INDEPENDENT AUDITORS' REPORT**

YEAR ENDED JUNE 30, 2010

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS.	
STATEMENT OF NET ASSETS	3
STATEMENT OF ACTIVITIES	4
FUND FINANCIAL STATEMENTS.	
BALANCE SHEET – GOVERNMENTAL FUNDS	5
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS	6
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	7
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	8
NOTES TO FINANCIAL STATEMENTS	9 - 17
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL	18 - 19
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY COMPARISON SCHEDULES	20
OTHER SUPPLEMENTARY INFORMATION.	
INFORMATION REQUIRED BY SECTION 31-740, REISSUE REVISED STATUTES OF NEBRASKA	21
SUMMARY OF TAXES RECEIVABLE	21
TRUSTEES AND RELATED BONDS	21
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	22 – 23
SCHEDULE OF FINDINGS AND RESPONSES	24

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January 3, 2011

INDEPENDENT AUDITORS' REPORT

**Honorable Mayor and Members of the City Council
City of Gretna, Nebraska**

**Board of Trustees
Sanitary and Improvement District No. 206
of Sarpy County, Nebraska**

We have audited the accompanying financial statements of the governmental activities and each fund of Sanitary and Improvement District No. 206 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 also 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.

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, 2010, and the respective changes in financial position 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 January 3, 2011 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 a part of, the basic financial statements

The Schedules of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual – General and Debt Service Fund on pages 18-19 are not a required part of the basic financial statements, but are supplementary information required by the GAAP. 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 page 21 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

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**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Governmental Activities
ASSETS:	
Cash on deposit - County Treasurer	\$ 105,419
Taxes receivable	94,404
Special assessment receivable	10,256
Accrued interest on special assessments	10,220
Investments	494,667
Accrued interest on investments	200
Bond issue costs, net of amortization	141,029
Capital assets	3,011,845
Accumulated depreciation on capital assets	(920,334)
Total assets	2,947,706
 LIABILITIES	
Accounts payable	15,010
Payable to SID No 260	40,042
Accrued interest	54,441
Current portion of long-term liabilities	65,000
Bonds payable	2,515,000
Warrants payable	89,553
Total liabilities	2,779,046
 NET ASSETS	
Invested in capital assets, net of related debt	(491,454)
Restricted for debt service	569,345
Unrestricted	90,769
Total net assets	\$ 168,660

See the accompanying notes to the basic financial statements

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

<u>Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Governmental Activities</u>
Governmental activities expenses.			
General	\$ 116,658		\$ (116,658)
Debt service	10,369		(10,369)
Depreciation expense	101,194		(101,194)
Interest on long-term debt	141,305		(141,305)
Total government	\$ 369,526		(369,526)
General revenues			
Property taxes			205,600
State motor vehicle tax allocation			708
Homestead exemption			910
Miscellaneous			4,883
Interest income			1,873
Total general revenues			213,974
Change in net assets			(155,552)
Net assets - beginning of year			324,212
Net assets - end of year			\$ 168,660

See the accompanying notes to the basic financial statements

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash on deposit - County Treasurer	\$ 76,654	\$ 28,765	\$ 105,419
Taxes receivable	19,930	74,474	94,404
Special assessment receivable		10,256	10,256
Accrued interest on special assessments		10,220	10,220
Investments		494,667	494,667
Accrued interest on investments		200	200
Due from other fund	9,195		9,195
Total assets	\$ 105,779	\$ 618,582	\$ 724,361
LIABILITIES			
Accounts payable	\$ 15,010		\$ 15,010
Payable to SID No 260		\$ 40,042	40,042
Accrued interest on registered warrants		3,640	3,640
Due to other fund		9,195	9,195
Deferred revenue		20,476	20,476
Total liabilities	15,010	73,353	88,363
FUND BALANCE.			
Restricted for			
Debt service fund		545,229	545,229
Unrestricted	90,769		90,769
Total fund balance	90,769	545,229	635,998
Total liabilities and fund balances	\$ 105,779	\$ 618,582	\$ 724,361

See the accompanying notes to the basic financial statements

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

JUNE 30, 2010

Total fund balance - governmental funds		\$ 635,998
Amounts reported for governmental activities in the statement of net assets are different because		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		2,091,511
Interest payable on long-term debt does not require current financial recourse. Therefore, interest payable is not reported as a liability in governmental fund balance sheet.		(50,801)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet		
Current portion of long-term liabilities	\$ 65,000	
Bonds payable	2,515,000	
Warrants payable	<u>89,553</u>	(2,669,553)
Bond issue costs are not current financial resources and therefore are not reported in the governmental funds balance sheet		141,029
Deferred income related to special assessments is required under modified accrual in the governmental funds balance sheet but not under full accrual accounting in the government-wide statement of net assets		<u>20,476</u>
Total net assets - governmental activities		<u>\$ 168,660</u>

See the accompanying notes to the basic financial statements

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2010

	General	Debt Service	Total Governmental
REVENUES			
Taxes assessed	\$ 43,211	\$ 162,302	\$ 205,513
State motor vehicle tax allocation	153	555	708
Homestead exemption	192	718	910
Miscellaneous	4,883		4,883
Interest income	19	747	766
Total revenues	48,458	164,322	212,780
EXPENDITURES			
Legal and accounting fees	17,064		17,064
Trustee bonds and insurance	2,811		2,811
Collection fees - County Treasurer	867	3,140	4,007
Maintenance and engineering	90,247		90,247
Electricity	2,600		2,600
Trustee fees	1,477		1,477
Payroll tax expense	92		92
Fiscal agent fees	1,500		1,500
Debt service			
Payment of long-term debt		60,000	60,000
Interest charges		142,337	142,337
Total expenditures	116,658	205,477	322,135
DEFICIENCY OF REVENUES OVER EXPENDITURES	(68,200)	(41,155)	(109,355)
OTHER FINANCING SOURCES			
Issuance of warrants		5,859	5,859
DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	(68,200)	(35,296)	(103,496)
FUND BALANCE - beginning of year	158,969	580,525	739,494
FUND BALANCE - end of year	\$ 90,769	\$ 545,229	\$ 635,998

See the accompanying notes to the basic financial statements

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances - governmental funds	\$ (103,496)
Amounts reported for governmental activities in the statement of activities differ because	
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds	(101,194)
The issuance of long-term debt (e g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	46,913
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as an expenditure in governmental funds	1,031
Special assessments and related interest are recorded as modified accrual for governmental funds and full accrual for government-wide statements resulting in this difference.	<u>1,194</u>
Change in net assets - governmental activities	<u>\$ (155,552)</u>

See the accompanying notes to the basic financial statements

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Sanitary and Improvement District No 206 of Sarpy County, Nebraska (the "District") is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the trustees of the District, who are responsible for their integrity and objectivity. These accounting policies conform in all material respects to accounting principles generally accepted in the United States of America, as promulgated by the American Institute of Certified Public Accountants' Industry Audit Guide, Audits of State and Local Government Units, and have been consistently applied in the preparation of the financial statements.

History and Business Activity

The District is a governmental subdivision, created pursuant to Nebraska law, for limited purposes, including the construction of roads, utilities and similar improvements. The Board of Trustees, consisting of five members, has the power to provide financing for such improvements and has authority to issue warrants for construction work and services, contract with financial institutions for conversion of warrants to cash, and to levy both special assessments and general taxes against property in the District to payoff warrants and bonds issued by the District.

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Reporting Entity

The accompanying financial statements present the District's primary governmental unit and do not include any component units because the District does not exercise financial accountability over any separate units. Financial accountability is based primarily on operational or financial relationships with the District.

Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation, Continued

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

General Fund

General Fund is the main operating fund of the District. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund

Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from taxes levied by the District. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus/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 financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes and interest income. All other governmental fund revenues are recognized when received.

Investments

Investments are carried at cost, which approximates market, and any premium or discount on investments are amortized on the straight-line method from date of purchase to date of maturity. These deposits were covered with sufficient assets pledged to the Sarpy County by the financial institutions at June 30, 2010.

Capital Assets

Capital assets are carried at cost plus interest on warrants while construction is in progress. Depreciation is provided using the straight-line method over estimated lives ranging from 20 to 40 years.

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Bond Issue Costs

Effective July 1, 2003, bond issue costs are being amortized on the straight-line method over the life of the bond issue

Budget and Budgetary Accounting

The District is required to adopt an annual operating budget for all the funds over which the District controls. The budget is adopted using a cash basis of accounting which differs significantly from generally accepted accounting principles. Under the cash basis of accounting, revenues and expenditures are recorded when cash is received or paid. Payment is deemed to have been made when warrants are issued.

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

- a) In September of each year, the Trustees consider an operating budget for all funds for the fiscal year commencing July 1.
- b) Notice of place and time of public hearings must be published prior to the public hearings.
- c) Public hearings are conducted to obtain taxpayer comment.
- d) After publication and hearing, the budget is legally adopted by majority vote of the Board. The District is required to file a copy of the adopted budget with the County Clerk and the Nebraska Auditor of Public Accounts in accordance with the Nebraska Budget Act.
- e) The budget is adopted on a per-fund basis and budgetary control is exercised at the fund level.
- f) The Board of Trustees may authorize supplemental appropriations during the year. No such appropriations were made during the fiscal year ended June 30, 2010.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. 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 are restricted and unrestricted net assets are available.

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

In the 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.

In the governmental 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

Subsequent Events

The District has evaluated subsequent events as of January 3, 2011, the date the financial statements were available to be issued.

2. SPECIAL ASSESSMENTS RECEIVABLE

Special assessments were levied in the amount of \$1,545,105 on April 18, 2001, 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 10% per annum until delinquent and 12% per annum thereafter until paid. Unpaid special assessments as of June 30, 2010 were \$10,256, plus interest of \$10,220.

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

YEAR ENDED JUNE 30, 2010

3. INVESTMENTS

The District is allowed to invest funds as permitted by Nebraska Statute 77-2341, R R S , 2003, and generally include U.S. government obligations, certificates of deposit, and time deposits. During the year ended June 30, 2010, the District invested in U S Treasury bills

	<u>Face Value</u>	<u>Cost</u>	<u>Accrued Interest</u>
U S Treasury bill, held by U S. Bank, matures July 15, 2010.	\$ 265,000	\$ 264,000	\$ 118
U S Treasury bill, held by U S. Bank, matures October 14, 2010	<u>230,000</u>	<u>229,797</u>	<u>82</u>
	<u>\$ 495,000</u>	<u>\$ 494,667</u>	<u>\$ 200</u>

All investments activities are conducted through the District's agent, the County Treasurer. U.S Treasury bills are bought and held in safekeeping through the County Treasurer in the County's name.

Investment risks that the District may be subject to consist of

Interest Rate Risk - Since the District's investments are short-term, this risk is minimized at June 30, 2010

Custodial Credit Risk - Since investments are held in the County's name, the District is exposed to this risk at June 30, 2010

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

YEAR ENDED JUNE 30, 2010

4. CAPITAL ASSETS

At June 30, 2010, capital assets consist of the following

	<u>July 1, 2009</u>	<u>Additions</u>	<u>June 30, 2010</u>
Infrastructure:			
Sanitary sewer	\$ 778,704		\$ 778,704
Paving and storm sewer	1,277,550		1,277,550
Water system	666,863		666,863
Power system	129,924		129,924
Park and improvements	<u>158,804</u>	<u> </u>	<u>158,804</u>
	3,011,845		3,011,845
Accumulated depreciation	<u>(819,140)</u>	<u>\$ (101,194)</u>	<u>(920,334)</u>
	<u>\$ 2,192,705</u>	<u>\$ (101,194)</u>	<u>\$ 2,091,511</u>

Depreciation expenses totaled \$101,194 for the year ended June 30, 2010. Park land not being depreciated totals \$34,098

5. REGISTERED WARRANTS

At June 30, 2010, the District has registered warrants outstanding for construction costs. The warrants bear interest at 7%. No interest on warrants for construction costs has been capitalized for the year ended June 30, 2010

Aggregate maturities of registered warrants are as follows.

	<u>Debt Service Fund</u>
2011	\$ 0
2012	31,006
2013	47,213
2014	5,475
2015	<u>5,859</u>
	<u>\$ 89,553</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

YEAR ENDED JUNE 30, 2010

6. GENERAL OBLIGATION BONDS PAYABLE

Bonds totaling \$2,250,000 were issued January 15, 2004 and are due serially beginning January 15, 2005. Interest is payable semi-annually on January 15 and July 15 at rates ranging from 4.05% to 5.50%.

Bonds totaling \$675,000 were issued May 1, 2008 and are due serially beginning May 1, 2009. Interest is payable semi-annually on November 1 and May 1 at rates ranging from 4.00% to 5.40%.

A summary of changes in bond payable is as follows.

Balance July 1, 2009	\$ 2,640,000
Bon payments	<u>(60,000)</u>
Balance June 30, 2010	<u>\$ 2,580,000</u>

Aggregate maturities of bonds payable and interest is as follows for the year ending June 30

<u>January 15, 2004 Issue</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 65,000	\$ 97,610	\$ 162,610
2012	65,000	94,978	159,978
2013	70,000	92,215	162,215
2014	70,000	89,135	159,135
2015	75,000	85,985	160,985
2016 – 2020	435,000	372,308	807,308
2021 – 2025	555,000	249,362	804,362
2026 – 2029	<u>570,000</u>	<u>80,510</u>	<u>650,510</u>
	<u>1,905,000</u>	<u>1,162,103</u>	<u>3,067,103</u>
 <u>May 1, 2008 Issue</u>			
2011		36,380	36,380
2012		36,380	36,380
2013	5,000	36,380	41,380
2014		36,180	36,180
2015		36,180	36,180
2016 – 2020		180,900	180,900
2021 – 2025		180,900	180,900
2026 – 2029	120,000	180,900	300,900
2031 – 2033	<u>550,000</u>	<u>63,450</u>	<u>613,450</u>
	<u>675,000</u>	<u>787,650</u>	<u>1,462,650</u>
	<u>\$ 2,580,000</u>	<u>\$ 1,949,753</u>	<u>\$ 4,529,753</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

YEAR ENDED JUNE 30, 2010

6. GENERAL OBLIGATION BONDS PAYABLE, CONTINUED

Bonds maturing on or after January 15, 2010 and May 1, 2014 are subject to redemption in whole or in part, at any time on or after January 15, 2009 and May 1, 2013 at par and accrued interest, to the date set for redemption, with no redemption premium

7. TAX LEVY

The District levied taxes for 2009-2010 at the rate of \$ 900 per \$100 on an estimated 100% property valuation of \$22,880,707

Property taxes are levied in September and attach as an enforceable lien on the assessed property as of December 31. The first half payment becomes delinquent April 1 of the following year and the second half payment becomes delinquent August 1 of the following year. The Sarpy County Treasurer bills and collects all property taxes for the District.

8. COMMITMENTS

The District has entered into an agreement with Omaha Public Power District ("OPPD") under which OPPD is to furnish street lighting to the District. The cost to the District for this service for fiscal 2011 is estimated to be approximately \$1,500.

9. RISK MANAGEMENT

The District is exposed to various risks of loss, including those related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Significant losses are covered by commercial insurance for all programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

10. INTERFUND BALANCES

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Bond Activity	General Fund	Debt Service Fund	\$ 9,195

11. SUBSEQUENT EVENT

On October 1, 2010, the District was annexed by the City of Gretna. Once annexed, all the financial attributes and obligations of the District became part of the City of Gretna.

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CASH BASIS - GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
RECEIPTS:			
Taxes collected	\$ 43,473	\$ 44,663	\$ 1,190
State motor vehicle tax allocation	150	153	3
Interest income		19	19
Homestead exemption		192	192
Miscellaneous		4,883	4,883
Total receipts	<u>43,623</u>	<u>49,910</u>	<u>6,287</u>
DISBURSEMENTS			
Legal and accounting fees	15,500	15,540	(40)
Trustee fees	1,500	1,477	23
Fiscal agent fees	1,000	1,060	(60)
Maintenance and engineering	50,500	88,910	(38,410)
Electricity	1,500	850	650
Trustee bonds and insurance	3,000	2,811	189
Collection fees - County Treasurer	852	867	(15)
Payroll tax expense		92	(92)
Total disbursements	<u>73,852</u>	<u>111,607</u>	<u>(37,755)</u>
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	(30,229)	(61,697)	(31,468)
OTHER FINANCING USES			
Payment of registered warrants	(987)	(710)	277
Transfer out	(75,000)		75,000
Total other financing uses	<u>(75,987)</u>	<u>(710)</u>	<u>75,277</u>
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS AND OTHER FINANCING USES	<u>\$ (106,216)</u>	<u>(62,407)</u>	<u>\$ 43,809</u>
BUDGETARY FUND BALANCE - beginning of year		<u>139,061</u>	
BUDGETARY FUND BALANCE - end of year		<u>\$ 76,654</u>	

See the accompanying note to supplementary schedule

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CASH BASIS - DEBT SERVICE FUND**

FOR THE YEAR ENDED JUNE 30, 2010

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS:			
Taxes collected	\$ 162,453	\$ 161,896	\$ (557)
State motor vehicle tax allocation	400	555	155
Homestead exemption		718	718
Interest income	6,000	974	(5,026)
Special assessment	5,000		(5,000)
Total receipts	173,853	164,143	(9,710)
DISBURSEMENTS			
Interest on registered warrants	6,000	5,859	141
Principal bond payments	60,000	60,000	
Interest on bonds	136,240	136,240	
Collection fees - County Treasurer	3,185	3,140	45
Total disbursements	205,425	205,239	186
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	(31,572)	(41,096)	(9,524)
OTHER FINANCING SOURCES (USES)			
Proceeds from warrants issued	6,000	5,859	(141)
Payment of registered warrants	(60,000)		60,000
Transfer in	75,000		(75,000)
Total other financing sources (uses)	21,000	5,859	(15,141)
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	\$ (10,572)	(35,237)	\$ (24,665)
BUDGETARY FUND BALANCE - beginning of year		518,627	
BUDGETARY FUND BALANCE - end of year		\$ 483,390	

See the accompanying note to supplementary schedule.

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

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

YEAR ENDED JUNE 30, 2010

1. BUDGETARY ACCOUNTING

The schedules of revenues, expenditures, and changes in fund balances - budget and actual - presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because 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 ("GAAP"), a reconciliation of resultant basis, timing, perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year ended June 30, 2010 is presented as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources (budgetary basis)	\$ (62,407)	\$ (35,237)
Adjustments:		
To adjust revenues for receivables	(1,452)	(179)
To adjust expenditures for payables and accruals	(5,051)	238
To adjust for variance in recognition of items for other financing sources (uses)	710	
Excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources (GAAP basis)	<u>\$ (68,200)</u>	<u>\$ (35,296)</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 206
SARPY COUNTY, NEBRASKA**

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

YEAR ENDED JUNE 30, 2010

Gross revenues from all sources	\$ 213,974
Gross revenues from all sources from previous year	\$ 205,899
Amount spent for access to facilities and use of the services of the library system of neighboring city or village	None
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	None
Amount expended for	
Maintenance and repairs	\$ 80,379
New equipment	None
New construction work (incl water mains)	None
Property purchased	None
Number of employees	One
Salaries and fees paid employees	\$ 1,477
Total amount of taxes levied upon the property within the District, after adjustments	\$ 199,241

SUMMARY OF TAXES RECEIVABLE

Receivable at June 30, <u>2009</u>	Tax <u>Levied</u>	<u>Collected</u>	Receivable at June 30, <u>2009</u>
<u>\$ 95,450</u>	<u>\$ 199,241</u>	<u>\$ 200,287</u>	<u>\$ 94,404</u>

TRUSTEE AND RELATED BONDS

Trustees		Bonds	
Name	Office	Insurer	Amount
Bob Self	Chairman	Universal Surety	\$ 5,000
Erin Haley	Clerk	Universal Surety	\$20,000
Becky Wagner	Trustee	-	None
David Lane	Trustee	-	None

ORIZON CPAs LLC
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January 3, 2011

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

**Honorable Mayor and Members of the City Council
City of Gretna, Nebraska**

**Board of Trustees
Sanitary and Improvement District No. 206
of Sarpy County, Nebraska**

We have audited the basic financial statements of Sanitary and Improvement District No. 206 of Sarpy County, Nebraska (the "District") as of and for the year ended June 30, 2010, and have issued our report thereon dated January 3, 2011. Our report disclosed 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 described above.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2010-1.

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 response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the SID Board of Trustees, City of Gretna, 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. 206
OF SARPY COUNTY, NEBRASKA**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010**

2010-1 NONCOMPLIANCE

Organizational Governance

Condition: At June 30, 2010, the District had four trustees serving on the Board of Trustees

Criteria: A district's board of trustees should consist of five or more owners of real estate located in the district, as required by state statute

Recommendation: A remedy for this situation would be for the District to elect an additional property owner to the Board of Trustees

Response: The District has been annexed by the City of Gretna on October 1, 2010, effectively dissolving the District and responsibilities of the Board of Trustees