RECEIVED
DEC 2010
Debra J. Houghtaling
COUNTY CLERK
SARPY COUNTY
NEBR.

SANITARY AND IMPROVEMENT DISTRICT NO. 209 OF SARPY COUNTY, NEBRASKA

BASIC FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS' AUDIT REPORT

JUNE 30, 2010

SANITARY AND IMPROVEMENT DISTRICT NO. 209 OF SARPY COUNTY, NEBRASKA

INDEX

		Page
Independent Accountants' Audit Report		1-2
Basic Financial Statements		
Governmental Funds Balance Sheet/Statement of Net Assets		3
Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Statement of Activities		4
Notes to Basic Financial Statements		5-12
REQUIRED SUPPLEMENTARY INFORMATION		
	Schedule	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund	1	13
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Debt Service Fund	2	14
SUPPLEMENTAL INFORMATION		
Information Required by Section 31-740, Reissue Revised Statute of Nebraska, 1998	3	15
District Trustees and Related Bonds	4	16
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards*		17-18

13616 California Street, Suite 300
Omaha, NE 68154-5336
p: 402.496.8800
f: 402.496.2711
www.lutzcpa.com

Lutz & Company, PC
Accountants & Consultants

SHAREHOLDERS
James D. Honz, Gary K. Witt, Ronald J. Nebbia, Mark F. Duren, W. Reed Samson, Jeffrey L. Snyder, Patrick C. Knowles, Sandra A. Lane, Shawn A. Wederquist, Steven P. Kenney, William W. Kenedy, Susan S. Krause, Michael B. Mowat, Thomas J. Helligso, David F. Horner, Kelly J. Martinson, Peter A. Froelicher, James J. Tichota, Stacy L. Watson, Scott A. Carrico

INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Board of Trustees
Sanitary and Improvement District No. 209
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. 209 of Sarpy County, Nebraska, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the index. These financial statements are the responsibility of the District's Trustees. Our responsibility is to express opinions on these basic 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 significant estimates made by the Trustees, 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. 209 of Sarpy County, Nebraska, as of June 30, 2010, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The District's management has elected to omit management's discussion and analysis from the basic financial statements. The management's discussion and analysis information 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2010, on our consideration of Sanitary and Improvement District No. 209 of Sarpy County, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Information Required by Section 31-740, Reissue Revised Statute of Nebraska, 1998 and District Trustees and Related Bonds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2010, taken as a whole.

Lutz & Company, P.C.

December 1, 2010

SANITARY AND IMPROVEMENT DISTRICT NO. 209 OF SARPY COUNTY, NEBRASKA

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS

JUNE 30, 2010

	General Fund	Debt Service Fund	Total	Reconciliation (Note 6)	Statement of Net Assets
ASSETS					
Cash on Deposit-County Treasurer	$ 1,675	$ 22,230	$ 23,905	$	$ 23,905
Investments		74,934	74,934		74,934
Property Taxes Receivable (Note 2)	19,969	27,457	47,426		47,426
Accrued Interest Receivable on Investments		27	27		27
Bond Issue Costs, Net of Accumulated Amortization of $109				52,886	52,886
Capital Assets, Net of Accumulated Depreciation (Note 3)				863,431	863,431
TOTAL ASSETS	**$ 21,644**	**$124,648**	**$146,292**	**$ 916,317**	**$1,062,609**
LIABILITIES					
Accounts Payable	$ 9,844	$ 5,595	$ 15,439	$	$ 15,439
Registered Warrants Payable (Note 4)	93,815		93,815		93,815
Accrued Interest Payable					
Registered Warrants (Note 4)	14,006		14,006		14,006
Bonds (Note 5)		1,334	1,334		1,334
Bonds Payable (Note 5)					
Due Within One Year				25,000	25,000
Due After One Year				765,000	765,000
Deferred Revenue				47,426	47,426
Total Liabilities	117,665	6,929	124,594	837,426	962,020
COMMITMENTS (Note 7)					
FUND BALANCE (DEFICIT)/NET ASSETS					
Unreserved, Reported in General Fund	(96,021)		(96,021)	96,021	
Restricted, Debt Service Fund		117,719	117,719	(117,719)	
Total Fund Balance (Deficit)	(96,021)	117,719	21,698	(21,698)	
TOTAL LIABILITIES AND FUND BALANCE	**$ 21,644**	**$124,648**	**$146,292**		
NET ASSETS (DEFICIT)					
Invested in Capital Assets, Net of Related Debt				78,891	78,891
Unrestricted				(96,021)	(96,021)
Restricted for Debt Service				117,719	117,719
TOTAL NET ASSETS				**$ 100,589**	**$ 100,589**

See Notes to Basic Financial Statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 209 OF SARPY COUNTY, NEBRASKA

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

FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Debt Service Fund	Total	Reconciliation (Note 6)	Statement of Activities
REVENUES					
Property Taxes (Note 2)	$ 42,544	$ 58,498	$ 101,042	$ (1,958)	$ 99,084
Interest on					
Property Taxes	5	6	11		11
Investments		218	218		218
State Motor Vehicle Taxes Allocation	148	195	343		343
Total Revenues	42,697	58,917	101,614	(1,958)	99,656
EXPENDITURES/EXPENSES					
Current:					
Collection Fees-County Treasurer	831	1,092	1,923		1,923
Amortization of Bond Issue Costs				85,090	85,090
Bond Maintenance Costs	250		250		250
Depreciation (Note 3)				35,466	35,466
Fiscal Agent Fees	895		895		895
Insurance	650		650		650
Interest on Registered Warrants (Note 4)	7,146		7,146		7,146
Maintenance	865		865		865
Professional Fees	17,989		17,989		17,989
Utilities	5,744		5,744		5,744
Bonds Payable (Note 5)					
Principal		820,000	820,000	(820,000)	
Interest		37,252	37,252		37,252
Total Expenditures/Expenses	34,370	858,344	892,714	(699,444)	193,270
Excess (Deficiency) of Revenues Over Expenditures/Expenses	8,327	(799,427)	(791,100)	697,486	(93,614)
OTHER FINANCING SOURCES (USES)					
Bonds Issued (Note 5)		790,000	790,000	(790,000)	
Change in Payables		(52,995)	(52,995)	52,995	
Total Other Financing Sources (Uses)		737,005	737,005	(737,005)	
Excess (Deficiency) of Revenues and Transfers in Over (Under) Expenditures/ Expenses and Transfers Out	8,327	(62,422)	(54,095)	54,095	
Change in Net Assets				(93,614)	(93,614)
Fund Balance (Deficit)/Net Assets, Beginning of Year	(104,348)	180,141	75,793		194,203
Fund Balance (Deficit)/Net Assets, End of Year	**$ (96,021)**	**$117,719**	**$ 21,698**		**$100,589**

See Notes to Basic Financial Statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 209 OF SARPY COUNTY, NEBRASKA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

1. Summary of Significant Accounting Policies

The accounting policies of Sanitary and Improvement District No. 209 of Sarpy County, Nebraska conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the District's significant policies.

Reporting Entity

Sanitary and Improvement District No. 209 of Sarpy County, Nebraska (the District), was formed on July 16, 1999, is a governmental subdivision authorized under the statutes of the State of Nebraska. The District operates under an elected Board of Trustees which governs all activities related to streets, utility systems, and other public improvements within the jurisdiction of the District. The accompanying basic financial statements present the District's primary government unit and no component units because the District does not have any component units.

The District implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB Statement No. 34), GASB Statement 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement 34, and GASB Statement No. 38, Certain *Financial Statement Disclosures* which changes note disclosure requirements for governmental entities.

The GASB determined that fund reporting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB determined that fund financial statements are needed to allow users of financial reports to assess a government's operational accountability. The new GASB model integrates fund-based financial reporting as complimentary components of a single comprehensive financial reporting model.

Combined Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Assets and the Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Statement of Activities are part of the combined financial statements. They report information on all of the District's activities with the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, special assessments and other intergovernmental revenues. The District has no business type activities that rely, to a significant extent, on fees and charges for support.

1. **Summary of Significant Accounting Policies** - Continued

Combined Financial Statements - Continued

The combined financial statements provide reports on the financial condition and results of operations for the District. The District reports the two major governmental funds' financial condition and results of operations in separate columns.

Use of Estimates

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

Fund Accounting

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

Governmental Funds. Governmental funds are those through which most general governmental functions of the District are financed. These funds are accounted for using the current financial resources measurement focus. Under this measurement focus, only current assets and liabilities are included on the balance sheets, and the operating statements present sources and uses of available financial resources during a given period. The following major governmental funds are used by the District:

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

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

1. **Summary of Significant Accounting Policies** - Continued

Basis of Accounting

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

Budgets and Budgetary Accounting

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

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

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

Investments

The District is allowed to invest funds as permitted by Nebraska Statute 77-2341, R.R.S., 1990, and allowable investments generally include U.S. government obligations, certificates of deposit, and time deposits. The District's investments during the year ended June 30, 2010, consisted of U.S. Treasury bills.

1. **Summary of Significant Accounting Policies** - Continued

Investments - Cont.

All investment activities are conducted through the County Treasurer. Treasury bills are bought and held in safekeeping by the County Treasurer in the District's name.

Investments are stated at fair value.

Property Taxes

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

Capital Assets

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

	Years
Storm and Sanitary Sewer Systems	50
Street Improvements	20

Deferred Revenue

The District reports unearned deferred revenue in the Governmental Fund Balance Sheet/Statement of Net Assets. Deferred and unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In general, monies received within thirty-one days after year-end are considered to have been for prior year services.

Costs of Utilities

These costs include the cost of systems for which the District does not obtain title such as electrical systems (OPPD), water distribution systems (City of Papillion) and/or gas distribution systems (Black Hills Energy). These costs are expensed as incurred.

Bond Issue Costs

Bond issue costs are amortized, using the straight-line method, over the life of the bond issue.

Credit Risk

The District's credit risk relates to receivables for property taxes which are due from property owners within the boundaries of the District and cash on deposit with the Sarpy County Treasurer.

1. Summary of Significant Accounting Policies - Continued

Subsequent Events Subsequent events are events or transactions that occur after the Governmental Funds Balance Sheet/Statement of Net Assets date but before the financial statements are available to be issued and may require potential recognition or disclosure in the financial statements. Management has considered such events or transactions through December 1, 2010 noting no items requiring disclosure.

2. Property Taxes

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

For 2009-2010 the District levied taxes at the rate of $0.95 ($0.40 in the general fund and $0.55 in the debt service fund) per $100 based on a property valuation of $10,635,918.

3. Capital Assets

Capital assets at June 30, 2010, consist of the following:

	Costs at June 30, 2009	Additions	Deletions	Costs at June 30, 2010
Storm Sewer Systems	$ 357,038	$	$	$ 357,038
Sanitary Sewer Systems	313,593			313,593
Street Improvements	441,059			441,059
	$1,111,690	$	$	1,111,690
Less Accumulated Depreciation				248,259
Capital Assets, Net of Accumulated Depreciation				$ 863,431

4. Warrants Payable

Warrants registered with Sarpy County bear interest at 7% per annum. Interest accrues on the warrants from the date of registration to the date they are called for payment.

General fund warrants are due 3 years from the date of issuance. Debt service fund warrants are due 5 years from the date of issuance.

4. Warrants Payable - Continued

The following is a summary of warrant transactions during the year ended June 30, 2010:

	General Fund	Debt Service Fund
Balance, June 30, 2009	$110,225	$
Warrants Issued	18,789	
Warrants Retired	(35,199)	
Balance, June 30, 2010	$ 93,815	$

Aggregate maturities of warrants outstanding during the next five years are as follows:

	-----General Fund-----		---Debt Service Fund---	
Year Ending June 30,	Amount of Warrants	Interest Rate	Amount of Warrants	Interest Rate
2011	$51,507	7%	$	
2012	23,519	7%		
2013	18,789	7%		
	$93,815		$	

There were no unregistered warrants at June 30, 2010.

5. Long-Term Debt

The District's long-term debt consists of general obligation bonds which are reflected in the debt service fund.

General obligation bonds totaling $1,000,000 issued on March 1, 2004, with a balance of $0 at June 30, 2010, are due serially beginning March 1, 2005 through March 1, 2024. Interest is payable semi-annually on this issue at 3.7% to 5.2% per annum. This bond was refinanced during the fiscal year ended June 30, 2010.

General obligation bonds totaling $790,000 issued on June 15, 2010, with a balance of $790,000 at June 30, 2010, and due serially beginning June 15, 2011 through June 15, 2030. Interest is payable semi-annually on this issue at 1.50% to 5.05% per annum.

The following is a summary of bonds payable transactions of the District for the year ending June 30, 2010:

Bonds Outstanding, June 30, 2009	$ 820,000
Bonds Issued	790,000
Bond Payments	(820,000)
Bonds Outstanding, June 30, 2010	$ 790,000

5. Long-Term Debt - Continued

Aggregate maturities of long-term debt and interest due on long-term debt, for the next five fiscal years and thereafter are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	$ 25,000	$ 32,550	$ 57,550
2012	30,000	32,175	62,175
2013	30,000	31,635	61,635
2014	30,000	30,990	60,990
2015	30,000	30,240	60,240
Thereafter	645,000	275,428	920,428
Total	$790,000	$433,018	$1,223,018

6. Reconciliation of Net Assets and Change in Net Assets

Net Assets	
Total fund balance per balance sheet	$ 21,698
Amounts reported for governmental activities in the statement of net asset are different because:	
Capital assets used in governmental activities and bond issue costs are not financial resources and therefore are not reported in the funds.	916,317
Bonds payable which are not due and payable in the current period and therefore are not reported in the funds.	(790,000)
Property tax revenue not earned reported as deferred revenue.	(47,426)
Net assets of governmental activities	$ 100,589
Change in Net Assets	
Net change in fund balance	$(791,100)
Current year property tax levy not yet earned at year end.	(1,958)
Certain expenditures do not require the use of current financial resources and therefore are not reported as expenditures of in governmental funds.	(120,556)
Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets.	820,000
Change in net assets of governmental activities	$ (93,614)

7. Commitments

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (BUDGETARY BASIS) – DEBT SERVICE FUND

SUPPLEMENTAL INFORMATION

INFORMATION REQUIRED BY SECTION 31-740
REISSUE REVISED STATUTE OF NEBRASKA, 1998

DISTRICT TRUSTEES AND RELATED BONDS

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

SANITARY AND IMPROVEMENT DISTRICT NO. 209 OF SARPY COUNTY, NEBRASKA

SCHEDULE 1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2010

	Actual on GAAP Basis	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance-Favorable (Unfavorable)
REVENUES/RECEIPTS					
Property Taxes	$ 42,544	$ 231	$ 42,775	$ 41,267	$ 1,508
Interest on Taxes	5		5		5
State Motor Vehicle Taxes Allocation	148		148		148
Total Revenues/Receipts	42,697	231	42,928	41,267	1,661
EXPENDITURES/DISBURSEMENTS					
Collection Fees-County Treasurer	831		831		(831)
Bond Maintenance Costs	250	280	530	1,000	470
Engineering		103	103		(103)
Fiscal Agent Fees	895		895	1,000	105
Insurance	650		650	1,000	350
Interest on Registered Warrants	7,146	1,998	9,144	8,000	(1,144)
Maintenance	865	(585)	280	3,000	2,720
Professional Fees	17,989	(6,259)	11,730	9,500	(2,230)
Utilities	5,744	(1,143)	4,601	5,000	399
Total Expenditures/Disbursements	34,370	(5,606)	28,764	28,500	(264)
Excess of Revenues/Receipts over Expenditures/Disbursements	8,327	5,837	14,164	12,767	1,397
OTHER FINANCING SOURCES (USES)					
Issuance of Warrants		18,789	18,789	25,000	(6,211)
Warrants Retired		(35,199)	(35,199)	(30,000)	(5,199)
Total Other Financing Uses		(16,410)	(16,410)	(5,000)	(11,410)
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/ DISBURSEMENTS AND OTHER USES	8,327	(10,573)	(2,246)	$ 7,767	$(10,013)
Fund Balance (Deficit), Beginning of Year	(104,348)	108,269	3,921		
Fund Balance (Deficit), End of Year	**$ (96,021)**	**$ 97,696**	**$ 1,675**		

See Independent Accountants' Audit Report.

SANITARY AND IMPROVEMENT DISTRICT NO. 209 OF SARPY COUNTY, NEBRASKA

SCHEDULE 2

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2010

	Actual on GAAP Basis	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
REVENUES/RECEIPTS					
Property Taxes	$ 58,498	$ (2,191)	$ 56,307	$ 56,743	$ (436)
Interest on Taxes	6		6		6
Interest on Investments	218	64	282	1,000	(718)
State Motor Vehicle Taxes Allocation	195		195		195
Total Revenues/Receipts	58,917	(2,127)	56,790	57,743	(953)
EXPENDITURES/DISBURSEMENTS					
Collection Fees-County Treasurer	1,092		1,092		(1,092)
Bonds Payable					
Principal	820,000		820,000	40,000	(780,000)
Interest	37,252	11,101	48,353	37,820	(10,533)
Total Expenditures/Disbursements	858,344	11,101	869,445	77,820	(791,625)
Deficiency of Revenues/Receipts over Expenditures/Disbursements	(799,427)	(13,228)	(812,655)	(20,077)	(792,578)
OTHER FINANCING SOURCES (USES)					
Bonds Issued	790,000	(47,400)	742,600		742,600
Changes in Payables	(52,995)	52,995			
Total Other Financing Sources	737,005	5,595	742,600		742,600
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/ DISBURSEMENTS AND OTHER USES	(62,422)	(7,633)	(70,055)	**$(20,077)**	**$ (49,978)**
Fund Balance (Deficit), Beginning of Year	180,141	(12,922)	167,219		
Fund Balance (Deficit), End of Year	**$117,719**	**(20,555)**	**$ 97,164**		

See Independent Accountants' Audit Report.

SANITARY AND IMPROVEMENT DISTRICT NO. 209 OF SARPY COUNTY, NEBRASKA

SCHEDULE 3

INFORMATION REQUIRED BY SECTION 31-740
REISSUE REVISED STATUTE OF NEBRASKA, 1998

JUNE 30, 2010

Total Receipts From All Sources	$ 842,318
Amount Spent For Sewage Disposal	None
Amount Expended on Water System	None
Gross Amount of Sewage Processed	None
Cost Per Thousand Gallons of Processing Sewage	None
Amount Expended For	
A. Maintenance and Repair	$865
B. New Equipment	None
C. New Construction Work	None
D. Property Purchased	None
Number of Employees	None
Total Amount of Taxes Levied Upon the Property Within the District	$101,042

See Independent Accountants' Audit Report.

SANITARY AND IMPROVEMENT DISTRICT NO. 209 OF SARPY COUNTY, NEBRASKA

SCHEDULE 4

DISTRICT TRUSTEES AND RELATED BONDS

JUNE 30, 2010

Trustees		Bonds	
Name	**Office**	**Insurer**	**Amount**
Gerald Quick	Chairman	Western Surety Company	$5,000
Richard Hickman	Clerk	Western Surety Company	$20,000
Thomas Berg	Trustee		
Gregory Classen	Trustee		
Harlan Metschke	Trustee		

See Independent Accountants' Audit Report.

13616 California Street, Suite 300
Omaha, NE 68154-5336
p: 402.496.8800
f: 402.496.2711
www.lutzcpa.com

SHAREHOLDERS

James D. Honz
Gary K.Witt
Ronald J. Nebbia
Mark F. Duren
W. Reed Samson
Jeffrey L. Snyder
Patrick C. Knowles
Sandra A. Lane
Shawn A. Wederquist
Steven P. Kenney
William W. Kenedy
Susan S. Krause
Michael B. Mowat
Thomas J. Helligso
David F. Horner
Kelly J. Martinson
Peter A. Froelicher
James J. Tichota
Stacy L. Watson
Scott A. Carrico

INDEPENDENT ACCOUNTANTS' 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. 209
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. 209 of Sarpy County, Nebraska, as of and for the year ended June 30, 2010, which collectively comprise Sanitary and Improvement District No. 209 of Sarpy County, Nebraska's basic financial statements, and have issued our report thereon dated December 1, 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 Sanitary and Improvement District No. 209 of Sarpy County, Nebraska's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sanitary and Improvement District No. 209 of Sarpy County, Nebraska's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sanitary and Improvement District No. 209 of Sarpy County, Nebraska's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Sanitary and Improvement District No. 209 of Sarpy County, Nebraska's ability to initiate, authorize, record, process, or report financial data reliability in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Sanitary and Improvement District No. 209 of Sarpy County, Nebraska's financial statements that is more than inconsequential will not be prevented or detected by the Sanitary and Improvement District No. 209 of Sarpy County, Nebraska's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Sanitary and Improvement District No. 209 of Sarpy County, Nebraska's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 209 of Sarpy County, Nebraska's, basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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. Except as noted below, the results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District had a shortfall budgeted in debt service fund revenues/receipts of approximately $1,000 without amending the budget.

The District exceeded budgeted general fund and debt service fund expenditures/disbursements by approximately $300 each and $791,600, respectively, without amending the budget. The difference in the debt service fund was the result of refinancing their bond during the year.

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

Lutz & Company, P.C.

December 1, 2010