

**Sanitary and Improvement District No. 209  
of Sarpy County, Nebraska**

**Basic Financial Statements and  
Independent Auditors' Report**

**June 30, 2011**

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# Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

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## INDEPENDENT AUDITORS' 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, 2011, 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, 2011, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, on July 1, 2010.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 12 through 13 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 Information Required by Section 31-740, Reissue Revised Statute of Nebraska, 1998 and District Trustee and Related Bonds 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'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 15, 2011, 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.

*Luty & Company P.C.*

December 15, 2011

# Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

## Governmental Funds Balance Sheet/Statement of Net Assets

June 30, 2011

|   | <u>General<br/>Fund</u> | <u>Debt Service<br/>Fund</u> | <u>Total</u>      | <u>Reconciliation<br/>Note (6)</u> | <u>Statement<br/>of Net Assets</u> |
|---|-------------------------|------------------------------|-------------------|------------------------------------|------------------------------------|
| <b>ASSETS</b>   |                         |                              |                   |                                    |                                    |
| Cash on Deposit   |                         |                              |                   |                                    |                                    |
| County Treasurer  | \$ 2,192                | \$ 19,843                    | \$ 22,035         | \$ -                               | \$ 22,035                          |
| Investments   | -                       | 69,974                       | 69,974            | -                                  | 69,974                             |
| Receivables   |                         |                              |                   |                                    |                                    |
| Property Taxes (Note 2)   | 19,758                  | 25,696                       | 45,454            | -                                  | 45,454                             |
| Accrued Investment Interest                                     | -                       | 11                           | 11                | -                                  | 11                                 |
| Bond Issue Costs, Net of Accumulated<br>Amortization of \$2,759 | -                       | -                            | -                 | 50,236                             | 50,236                             |
| Capital Assets, Net of<br>Accumulated Depreciation (Note 3)     | -                       | -                            | -                 | 827,965                            | 827,965                            |
| <b>TOTAL ASSETS</b>   | <b>\$ 21,950</b>        | <b>\$ 115,524</b>            | <b>\$ 137,474</b> | <b>\$ 878,201</b>                  | <b>\$ 1,015,675</b>                |
| <b>LIABILITIES</b>  |                         |                              |                   |                                    |                                    |
| Registered Warrants   |                         |                              |                   |                                    |                                    |
| Payable (Note 4)  | \$ 86,821               | \$ -                         | \$ 86,821         | \$ -                               | \$ 86,821                          |
| Accrued Interest on   |                         |                              |                   |                                    |                                    |
| Registered Warrants (Note 4)                                    | 11,435                  | -                            | 11,435            | -                                  | 11,435                             |
| Bonds (Note 5)  | -                       | 1,319                        | 1,319             | -                                  | 1,319                              |
| Bonds Payable (Note 5)  |                         |                              |                   |                                    |                                    |
| Due Within One Year   | -                       | -                            | -                 | 30,000                             | 30,000                             |
| Due After One Year  | -                       | -                            | -                 | 735,000                            | 735,000                            |
| Deferred Revenue  | -                       | -                            | -                 | 45,454                             | 45,454                             |
| <b>Total Liabilities</b>  | <b>98,256</b>           | <b>1,319</b>                 | <b>99,575</b>     | <b>810,454</b>                     | <b>910,029</b>                     |
| <b>FUND BALANCE (DEFICIT)/NET ASSETS</b>                        |                         |                              |                   |                                    |                                    |
| Unassigned, Reported in   |                         |                              |                   |                                    |                                    |
| General Fund  | (76,306)                | -                            | (76,306)          | 76,306                             |                                    |
| Restricted, Debt Service Fund                                   | -                       | 114,205                      | 114,205           | (114,205)                          |                                    |
| <b>Total Fund Balance (Deficit)</b>                             | <b>(76,306)</b>         | <b>114,205</b>               | <b>37,899</b>     | <b>(37,899)</b>                    |                                    |
| <b>TOTAL LIABILITIES AND FUND<br/>BALANCE</b>                   | <b>\$ 21,950</b>        | <b>\$ 115,524</b>            | <b>\$ 137,474</b> |                                    |                                    |
| <b>NET ASSETS (DEFICIT)</b>                                     |                         |                              |                   |                                    |                                    |
| Invested in Capital Assets, Net of<br>Related Debt              |                         |                              |                   | 67,747                             | 67,747                             |
| Unassigned  |                         |                              |                   | (76,306)                           | (76,306)                           |
| Restricted for Debt Service                                     |                         |                              |                   | 114,205                            | 114,205                            |
| <b>TOTAL NET ASSETS (DEFICIT)</b>                               |                         |                              |                   | <b>\$ 105,646</b>                  | <b>\$ 105,646</b>                  |

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, 2011

|  | <u>General<br/>Fund</u> | <u>Debt Service<br/>Fund</u> | <u>Total</u>     | <u>Reconciliation<br/>Note (6)</u> | <u>Statement<br/>of Net Assets</u> |
|--|-------------------------|------------------------------|------------------|------------------------------------|------------------------------------|
| <b>REVENUES/RECEIPTS</b>   |                         |                              |                  |                                    |                                    |
| Property Taxes (Note 2)  | \$ 42,007               | \$ 54,609                    | \$ 96,616        | \$ 1,972                           | \$ 98,588                          |
| Interest on  |                         |                              |                  |                                    |                                    |
| Property Taxes (Note 2)  | 2                       | 2                            | 4                | -                                  | 4                                  |
| Investments  | -                       | 106                          | 106              | -                                  | 106                                |
| Collection in District   | -                       | 250                          | 250              | -                                  | 250                                |
| State Motor Vehicle Tax Allocation   | 112                     | 150                          | 262              | -                                  | 262                                |
| <b>Total Revenue/Receipts</b>  | <b>42,121</b>           | <b>55,117</b>                | <b>97,238</b>    | <b>1,972</b>                       | <b>99,210</b>                      |
| <b>EXPENDITURES/EXPENSES</b>   |                         |                              |                  |                                    |                                    |
| Current:   |                         |                              |                  |                                    |                                    |
| Collection Fees- County Treasurer  | 821                     | 1,096                        | 1,917            | -                                  | 1,917                              |
| Amortization of Bond Issue Costs   | -                       | -                            | -                | 2,650                              | 2,650                              |
| Depreciation (Note 3)  | -                       | -                            | -                | 35,466                             | 35,466                             |
| Fiscal Agent Fees  | 1,198                   | -                            | 1,198            | -                                  | 1,198                              |
| Insurance  | 538                     | -                            | 538              | -                                  | 538                                |
| Interest on  |                         |                              |                  |                                    |                                    |
| Registered Warrants (Note 4)   | 6,262                   | -                            | 6,262            | -                                  | 6,262                              |
| Maintenance  | 320                     | -                            | 320              | -                                  | 320                                |
| Professional Fees  | 6,267                   | -                            | 6,267            | -                                  | 6,267                              |
| Utilities  | 7,000                   | -                            | 7,000            | -                                  | 7,000                              |
| Bonds Payable (Note 5)   |                         |                              |                  |                                    |                                    |
| Principal  | -                       | 25,000                       | 25,000           | (25,000)                           | -                                  |
| Interest   | -                       | 32,535                       | 32,535           | -                                  | 32,535                             |
| <b>Total Expenditures/Expenses</b>   | <b>22,406</b>           | <b>58,631</b>                | <b>81,037</b>    | <b>13,116</b>                      | <b>94,153</b>                      |
| Excess (Deficiency) of Revenues/Receipts<br>Over Expenditures/Expenses                                       | 19,715                  | (3,514)                      | 16,201           | (11,144)                           | 5,057                              |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                         |                              |                  |                                    |                                    |
| Warrants Issued (Note 4)   | -                       | 5,595                        | 5,595            | (5,595)                            | -                                  |
| Warrants Retired (Note 4)  | -                       | (5,595)                      | (5,595)          | 5,595                              | -                                  |
| <b>Total Other Financing<br/>Sources (Uses)</b>  | <b>-</b>                | <b>-</b>                     | <b>-</b>         | <b>-</b>                           | <b>-</b>                           |
| Excess (Deficiency) of Revenues and<br>Transfers in Over (Under) Expenditures/<br>Expenses and Transfers Out | 19,715                  | (3,514)                      | 16,201           | (16,201)                           | -                                  |
| Change in Net Assets   |                         |                              |                  | 5,057                              | 5,057                              |
| Fund Balance (Deficit)/Net Assets,<br>Beginning of Year  | (96,021)                | 117,719                      | 21,698           | -                                  | 100,589                            |
| <b>Fund Balance (Deficit)/Net Assets,<br/>End of Year</b>  | <b>\$ (76,306)</b>      | <b>\$ 114,205</b>            | <b>\$ 37,899</b> | <b>\$ -</b>                        | <b>\$ 105,646</b>                  |

See Notes to Basic Financial Statements.

# Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2011

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### 1. Summary of Significant Accounting Policies

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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.

On July 1, 2010, the District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which provides additional guidance on fund balance classifications and clarifies existing guidance on governmental fund type definitions. GASB No. 54 requires the District to identify amounts that are considered nonspendable and provides for additional classification of spendable amounts as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

#### ***Basic 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 basic 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.

The basic 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.

# Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2011

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### ***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.

### ***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.

# Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2011

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### ***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, 2011.)

### ***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, 2011, consisted of U.S. Treasury bills.

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.

# Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2011

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### ***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:

|                                  | <u>Years</u> |
|----------------------------------|--------------|
| 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.

### ***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 15, 2011 noting no items requiring disclosure.

# Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2011

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### 2. Property Taxes

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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 2010-2011 the District levied taxes at the rate of \$0.92 (\$0.40 in the general fund and \$0.52 in the debt service fund) per \$100 based on a property valuation of \$10,501,714.

### 3. Capital Assets

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Capital assets at June 30, 2011, consist of the following:

|   | <b>Costs at<br/>June 30, 2010</b> | <b>Additions</b> | <b>Deletions</b> | <b>Costs at<br/>June 30, 2011</b> |
|---|-----------------------------------|------------------|------------------|-----------------------------------|
| Storm Sewer Systems                             | \$ 357,038                        | \$ -             | \$ -             | \$ 357,038                        |
| Sanitary Sewer Systems                          | 313,593                           | -                | -                | 313,593                           |
| Street Improvements                             | 441,059                           | -                | -                | 441,059                           |
|   | <u>\$ 1,111,690</u>               | <u>\$ -</u>      | <u>\$ -</u>      | 1,111,690                         |
| Less Accumulated Depreciation                   |                                   |                  |                  | <u>283,725</u>                    |
| Capital Assets, Net of Accumulated Depreciation |                                   |                  |                  | <u>\$ 827,965</u>                 |

### 4. Warrants Payable

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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.

The following is a summary of warrant transactions during the year ended June 30, 2011:

|                        | <b>General<br/>Fund</b> | <b>Debt<br/>Service Fund</b> |
|------------------------|-------------------------|------------------------------|
| Balance, June 30, 2010 | \$ 93,815               | \$ -                         |
| Warrants Issued        | 25,168                  | 5,595                        |
| Warrants Retired       | (32,162)                | (5,595)                      |
| Balance, June 30, 2011 | <u>\$ 86,821</u>        | <u>\$ -</u>                  |

# Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2011

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Aggregate maturities of warrants outstanding are as follows:

| Year Ending<br>June 30: | -----General Fund----- |                  | ----Debt Service Fund---- |                  |
|-------------------------|------------------------|------------------|---------------------------|------------------|
|                         | Amount<br>of Warrants  | Interest<br>Rate | Amount<br>of Warrants     | Interest<br>Rate |
| 2012                    | \$ 42,864              | 7%               | \$ -                      |                  |
| 2013                    | 18,789                 | 7%               | -                         |                  |
| 2014                    | 25,168                 | 7%               | -                         |                  |
|                         | <u>\$ 86,821</u>       |                  | <u>\$ -</u>               |                  |

### 5. Long-Term Debt

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

General obligation bonds totaling \$790,000 issued on June 15, 2010, with a balance of \$765,000 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, 2011:

|                                  |                   |
|----------------------------------|-------------------|
| Bonds Outstanding, June 30, 2010 | \$ 790,000        |
| Bonds Retired                    | (25,000)          |
| Bonds Outstanding, June 30, 2011 | <u>\$ 765,000</u> |

Aggregate maturities of long-term debt and interest due on long-term debt are as follows:

| Year Ending June 30: | Principal         | Interest          | Total               |
|----------------------|-------------------|-------------------|---------------------|
| 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              |
| 2016                 | 30,000            | 29,370            | 59,370              |
| 2017-2021            | 175,000           | 129,320           | 304,320             |
| 2022-2026            | 220,000           | 88,205            | 308,205             |
| 2027-2030            | 220,000           | 28,533            | 248,533             |
|                      | <u>\$ 765,000</u> | <u>\$ 400,468</u> | <u>\$ 1,165,468</u> |

# Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

## Notes to Basic Financial Statements

June 30, 2011

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### 6. Reconciliation of Net Assets and Change in Net Assets

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**Net Assets**

|  |                   |
|--|-------------------|
| Total fund balance per balance sheet   | \$ 37,899         |
| Amounts reported for governmental activities in the statement of net assets are different because:   |                   |
| Capital assets and bond issue costs used in governmental activities are not financial resources and therefore are not reported in the funds. | 878,201           |
| Bonds payable are not due and payable in the current period and therefore are not reported in the funds.                                     | (765,000)         |
| Property tax revenue not yet earned at year end is reported as deferred revenue.   | (45,454)          |
| Net assets of governmental activities  | <u>\$ 105,646</u> |

**Changes in Net Assets**

|  |                 |
|--|-----------------|
| Net change in fund balance   | \$ 16,201       |
| Current year property tax levy earned at year end.   | 1,972           |
| Certain expenditures do not require the use of current financial resources and therefore are not reported as expenditures of in governmental funds.  | (38,116)        |
| Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets. | 25,000          |
| Change in net assets of governmental activities  | <u>\$ 5,057</u> |

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**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Revenue, Expenditures and Changes in Fund Balance-  
Budget and Actual (Budgetary Basis) – General Fund**

**Schedule of Revenue, 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**

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**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***

# Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

Schedule 1

## Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund

For the Year Ended June 30, 2011

|   | Actual on<br>GAAP<br>Basis | Adjustments<br>to Budgetary<br>Basis | Actual on<br>Budgetary<br>Basis | Budget            | Variance-<br>Favorable<br>(Unfavorable) |
|---|----------------------------|--------------------------------------|---------------------------------|-------------------|---|
| <b>REVENUES/RECEIPTS</b>  |                            |                                      |                                 |                   |   |
| Property Taxes  | \$ 42,007                  | \$ 211                               | \$ 42,218                       | \$ 40,747         | \$ 1,471                                |
| Interest on   |                            | -                                    |                                 |                   |   |
| Property Taxes  | 2                          | -                                    | 2                               | -                 | 2                                       |
| State Motor Vehicle Tax Allocation  | 112                        | 1                                    | 113                             | -                 | 113                                     |
| <b>Total Revenues/Receipts</b>  | <b>42,121</b>              | <b>212</b>                           | <b>42,333</b>                   | <b>40,747</b>     | <b>1,586</b>                            |
| <b>EXPENDITURES/DISBURSEMENTS</b>   |                            |                                      |                                 |                   |   |
| Collection Fees- County Treasurer   | 821                        | -                                    | 821                             | -                 | (821)                                   |
| Bond Maintenance Costs  | -                          | -                                    |                                 | 500               | 500                                     |
| Fiscal Agent Fee  | 1,198                      | -                                    | 1,198                           | 1,000             | (198)                                   |
| Insurance   | 538                        | -                                    | 538                             | 700               | 162                                     |
| Interest on Registered Warrants   | 6,262                      | 2,571                                | 8,833                           | 6,600             | (2,233)                                 |
| Maintenance   | 320                        | 585                                  | 905                             | 1,000             | 95                                      |
| Professional Fees   | 6,267                      | 6,260                                | 12,527                          | 12,500            | (27)                                    |
| Utilities   | 7,000                      | 3,000                                | 10,000                          | 4,500             | (5,500)                                 |
| <b>Total Expenditures/Disbursements</b>   | <b>22,406</b>              | <b>12,416</b>                        | <b>34,822</b>                   | <b>26,800</b>     | <b>(8,022)</b>                          |
| Excess (Deficiency) of Revenues/Receipts<br>over Expenditures/Disbursements   | 19,715                     | (12,204)                             | 7,511                           | 13,947            | (6,436)                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                            |                                      |                                 |                   |   |
| Warrants Issued   | -                          | 25,168                               | 25,168                          | 20,200            | 4,968                                   |
| Warrants Retired  | -                          | (32,162)                             | (32,162)                        | (35,500)          | 3,338                                   |
| <b>Total Other Financing Sources (Uses)</b>   | <b>-</b>                   | <b>(6,994)</b>                       | <b>(6,994)</b>                  | <b>(15,300)</b>   | <b>8,306</b>                            |
| <b>EXCESS (DEFICIENCY) OF REVENUES/<br/>RECEIPTS AND OTHER SOURCES<br/>OVER EXPENDITURES/DISBURSEMENTS<br/>AND OTHER USES</b> |                            |                                      |                                 |                   |   |
|   | 19,715                     | (19,198)                             | 517                             | <b>\$ (1,353)</b> | <b>\$ 1,870</b>                         |
| Fund Balance (Deficit), Beginning of Year   | (96,021)                   | 97,696                               | 1,675                           |                   |   |
| <b>Fund Balance (Deficit), End of Year</b>  | <b>\$ (76,306)</b>         | <b>\$ 78,498</b>                     | <b>\$ 2,192</b>                 |                   |   |

See Independent Auditors' Report.

# Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

Schedule 2

## Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Debt Service Fund

For the Year Ended June 30, 2011

|   | Actual on<br>GAAP<br>Basis | Adjustments<br>to Budgetary<br>Basis | Actual on<br>Budgetary<br>Basis | Budget            | Variance-<br>Favorable<br>(Unfavorable) |
|---|----------------------------|--------------------------------------|---------------------------------|-------------------|---|
| <b>REVENUES/RECEIPTS</b>  |                            |                                      |                                 |                   |   |
| Property Taxes  | \$ 54,609                  | \$ 1,760                             | \$ 56,369                       | \$ 52,971         | \$ 3,398                                |
| Interest on   |                            |                                      |                                 |                   |   |
| Property Taxes  | 2                          | -                                    | 2                               | -                 | 2                                       |
| Investments   | 106                        | 17                                   | 123                             | 500               | (377)                                   |
| Collection in District  | 250                        | -                                    | 250                             | -                 | 250                                     |
| State Motor Vehicle Tax Allocation  | 150                        | -                                    | 150                             | -                 | 150                                     |
| <b>Total Revenues/Receipts</b>  | <b>55,117</b>              | <b>1,777</b>                         | <b>56,894</b>                   | <b>53,471</b>     | <b>3,423</b>                            |
| <b>EXPENDITURES/DISBURSEMENTS</b>   |                            |                                      |                                 |                   |   |
| Collection Fees- County Treasurer   | 1,096                      | -                                    | 1,096                           | -                 | (1,096)                                 |
| Bond Maintenance Costs  | -                          | 1,525                                | 1,525                           | -                 | (1,525)                                 |
| Professional Fees   | -                          | 4,070                                | 4,070                           | -                 | (4,070)                                 |
| Bonds Payable   |                            |                                      |                                 |                   |   |
| Principal Payments  | 25,000                     | -                                    | 25,000                          | 25,000            | -                                       |
| Interest  | 32,535                     | 15                                   | 32,550                          | 32,550            | -                                       |
| <b>Total Expenditures/Disbursements</b>   | <b>58,631</b>              | <b>5,610</b>                         | <b>64,241</b>                   | <b>57,550</b>     | <b>(6,691)</b>                          |
| Excess (Deficiency) of Revenues/Receipts<br>over Expenditures/Disbursements   | (3,514)                    | (3,833)                              | (7,347)                         | (4,079)           | (3,268)                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                            |                                      |                                 |                   |   |
| Warrants Issued   | 5,595                      | -                                    | 5,595                           | -                 | 5,595                                   |
| Warrants Retired  | (5,595)                    | -                                    | (5,595)                         | -                 | (5,595)                                 |
| <b>Total Other Financing Sources (Uses)</b>   | <b>-</b>                   | <b>-</b>                             | <b>-</b>                        | <b>-</b>          | <b>-</b>                                |
| <b>EXCESS (DEFICIENCY) OF REVENUES/<br/>RECEIPTS AND OTHER SOURCES<br/>OVER EXPENDITURES/DISBURSEMENTS<br/>AND OTHER USES</b> |                            |                                      |                                 |                   |   |
|   | (3,514)                    | (3,833)                              | (7,347)                         | <b>\$ (4,079)</b> | <b>\$ (3,268)</b>                       |
| Fund Balance (Deficit), Beginning of Year   | 117,719                    | (20,555)                             | 97,164                          |                   |   |
| <b>Fund Balance (Deficit), End of Year</b>  | <b>\$ 114,205</b>          | <b>\$ (24,388)</b>                   | <b>\$ 89,817</b>                |                   |   |

See Independent Auditors' 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, 2011

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|   |    |        |
|---|----|--------|
| Total Receipts From All Sources                                       | \$ | 99,227 |
| Amount Spent for Sewage Disposal                                      |    | None   |
| Amount Expended on Water System                                       |    | None   |
| Gross Amount of Sewage Proceed  |    | None   |
| Cost Per Thousand Gallons of Processing Sewage                        |    | None   |
| Amount Expended For   |    |        |
| Maintenance and Repair  | \$ | 320    |
| New Equipment   |    | None   |
| New Construction Work   |    | None   |
| Property Purchased  |    | None   |
| Number of Employees   |    | None   |
| Total Amount of Taxes Levied Upon the Property<br>Within the District | \$ | 96,616 |

# Sanitary and Improvement District No. 209 of Sarpy County, Nebraska

Schedule 4

## District Trustees and Related Bonds

June 30, 2011

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| <u>Trustees</u> |               | <u>Bonds</u>           |               |
|-----------------|---------------|------------------------|---------------|
| <u>Name</u>     | <u>Office</u> | <u>Insurer</u>         | <u>Amount</u> |
| 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       |                        |               |

**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**

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, 2011, 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 15, 2011. 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 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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 or significant deficiencies, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be control deficiencies in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 209 of Sarpy County, Nebraska'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain instances of noncompliance that are summarized below:

The District exceeded budgeted general and bond fund expenditures/disbursements by approximately \$8,000 and \$6,700, respectively without amending the budget.

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.

*Luty & Company P.C.*

December 15, 2011

