

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA**

**BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
(WITH INDEPENDENT AUDITORS' REPORT THEREON)**

YEAR ENDED JUNE 30, 2012

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA**

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	5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	6
Statement of Revenues, Expenditures and Changes in Fund Balances	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Notes to Basic Financial Statements	9-16
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – General Fund	17
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – Debt Service Fund	18
Notes to Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	19-20
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Bonds Payable (June 1, 2005)	21
Schedule of Bonds Payable (January 15, 2008)	22
Schedule of Bonds Payable (September 1, 2010)	23
Information Required by Section 31-740	
Reissued Revised Statutes of Nebraska, 2008	24
Trustees and Related Bonds	25
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	26-27

HANCOCK & DANA PC

ACCOUNTANTS & CONSULTANTS

12829 WEST DODGE ROAD

SUITE 100

OMAHA, NEBRASKA 68154-2155

(402) 391-1065 FAX (402) 334-9498

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Sanitary and Improvement District No. 210
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. 210 of Sarpy County, Nebraska (a political subdivision) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sanitary and Improvement District No. 210 of Sarpy County, Nebraska as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2013 on our consideration of Sanitary and Improvement District No. 210 of Sarpy County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITORS' REPORT- continued

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 17 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sanitary and Improvement District No. 210 of Sarpy County, Nebraska's basic financial statements as a whole. The other supplementary information on pages 21 through 25 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Management has not presented Management's Discussion and Analysis, that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

HANCOCK & DANA PC

Hancock & Dana PC

Omaha, Nebraska
January 8, 2013

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA
Statement of Net Assets
June 30, 2012**

ASSETS

Cash on deposit - County Treasurer	\$ 413,950
Taxes receivable	144,667
Special assessments receivable	1,023,828
Interest receivable on special assessments	593,640
Capital assets, net of accumulated depreciation	2,807,061
Bond issue costs, net of accumulated amortization	276,951
Total Assets	\$ <u>5,260,097</u>

LIABILITIES

Accounts payable	18,053
Accrued interest	81,248
Noncurrent liabilities	
Warrants payable	
Due within one year	172,407
Due in more than one year	424,650
Bonds payable	
Due within one year	115,000
Due in more than one year	3,370,000
Total Liabilities	\$ <u>4,181,358</u>

NET ASSETS

Invested in capital assets, net of related debt	(822,844)
Restricted for debt service	2,067,958
Unrestricted	(166,375)
Total Net Assets	\$ <u>1,078,739</u>

See accompanying notes to basic financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA
Statement of Activities
For the year ended June 30, 2012**

GOVERNMENTAL ACTIVITIES:

EXPENSES - GENERAL GOVERNMENT

Professional and administrative expenses	\$ 36,771
Maintenance and street lighting	39,494
Depreciation	130,347
Amortization	17,939
Interest	210,082
	<u>434,633</u>

GENERAL REVENUES

Property taxes, net of uncollectible taxes	317,950
Interest	88,343
Miscellaneous	886
	<u>407,179</u>

Change in net assets **(27,454)**

Net assets - beginning of year	<u>1,106,193</u>
Net assets - end of year	<u><u>\$ 1,078,739</u></u>

See accompanying notes to basic financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA
Balance Sheet
Governmental Funds
June 30, 2012**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash on deposit - County Treasurer	\$ 6,715	\$ 407,235	\$ 413,950
Taxes receivable	38,080	106,587	144,667
Special assessments receivable	-	1,023,828	1,023,828
Total Assets	<u>\$ 44,795</u>	<u>\$ 1,537,650</u>	<u>\$ 1,582,445</u>
LIABILITIES			
Accounts payable	\$ 17,553	\$ 500	\$ 18,053
Special assessments deferred revenue	-	1,023,828	1,023,828
Total Liabilities	<u>17,553</u>	<u>1,024,328</u>	<u>1,041,881</u>
FUND BALANCES			
Restricted for debt service	-	513,322	513,322
Unassigned	27,242	-	27,242
Total Fund Balances	<u>27,242</u>	<u>513,322</u>	<u>540,564</u>
Total Liabilities and Fund Balances	<u>\$ 44,795</u>	<u>\$ 1,537,650</u>	<u>\$ 1,582,445</u>

See accompanying notes to basic financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2012**

Total Fund Balances - Governmental Funds **\$ 540,564**

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds:

Capital assets	\$ 4,008,330	
Accumulated depreciation	<u>(1,201,269)</u>	2,807,061

Other assets are not financial resources and, therefore, not reported in the governmental funds:

Bond issue costs	358,732	
Accumulated amortization	<u>(81,781)</u>	276,951

Deferred revenue on special assessments in the governmental funds has been recorded as revenue in the government-wide statements. 1,023,828

Interest is accrued as revenue on unpaid special assessments in the government-wide statements whereas interest on special assessments is recorded as revenue in the governmental funds when collected. 593,640

Long-term liabilities are not due and payable in the current period and, therefore, not reported in the governmental funds:

Warrants payable	(597,057)	
Bonds payable	(3,485,000)	
Accrued interest	<u>(81,248)</u>	<u>(4,163,305)</u>

Net Assets of Governmental Activities **\$ 1,078,739**

See accompanying notes to basic financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2012**

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Taxes assessed	\$ 83,710	\$ 234,390	\$ 318,100
Interest on taxes	132	266	398
Special assessments	-	26,038	26,038
Interest on special assessments	-	12,685	12,685
Interest on investments	-	91	91
State motor vehicle tax allocation	251	635	886
Total Revenues	84,093	274,105	358,198
EXPENDITURES			
Current:			
Collection fees - County Treasurer	1,726	4,902	6,628
Financing fees	-	1,459	1,459
Insurance	825	-	825
Professional fees	26,305	-	26,305
Paying agent fees	-	1,553	1,553
Repairs and maintenance	17,759	-	17,759
Street lighting	20,935	-	20,935
Uncollectible taxes	53	97	150
Water	800	-	800
Debt service:			
Warrant principal payments	74,177	-	74,177
Warrant interest payments	14,701	27,424	42,125
Bond principal payments	-	100,000	100,000
Bond interest payments	-	169,443	169,443
Total Expenditures	157,281	304,878	462,159
Excess of revenues under expenditures	(73,188)	(30,773)	(103,961)
OTHER FINANCING SOURCES			
Proceeds from issuance of warrants	71,099	30,633	101,732
Total Other Financing Sources	71,099	30,633	101,732
Net change in fund balances	(2,089)	(140)	(2,229)
Fund balances - beginning of year	29,331	513,462	542,793
Fund balances - end of year	\$ 27,242	\$ 513,322	\$ 540,564

See accompanying notes to basic financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
For the year ended June 30, 2012**

Net Change in Fund Balances - Total Governmental Funds **\$ (2,229)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays, net of refunds, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays, net of refunds, in the current year. (130,347)

Repayment of principal on noncurrent liabilities is reported as an expenditure in the governmental funds. In the statement of net assets, the repayment reduces long-term liabilities.

Warrant principal payments	74,177
Bond principal payments	100,000

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These expenses consist of:

Amortization of bond issue costs	(17,939)
Change in accrued interest	1,485

Warrants issued are reported as an other financing source in the governmental funds, but as an increase in noncurrent liabilities on the government-wide statements. This is the amount reported as issuance of warrants in the governmental funds in the current year. (101,732)

Collections on special assessments and interest thereon have been reported as revenues in the governmental funds but are reported as decreases in receivables in the statement of net assets. This is the amount of collections on special assessments and the change in accrued interest thereon. 49,131

Change in Net Assets of Governmental Activities **\$ (27,454)**

See accompanying notes to basic financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Sanitary and Improvement District No. 210 of Sarpy County, Nebraska comply with the rules and regulations of the State of Nebraska, and conform in all material respects to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies.

DEFINITION OF DISTRICT – The District is a governmental subdivision created with the filing of the Petition and Articles of Association with the Secretary of State, State of Nebraska. The District was formed for the purpose of installing sewers, water, and public road systems within the District and contracting for water, fire protection, and lighting for roads. The District is located in western Sarpy County and is commonly known as Eagle View.

REPORTING ENTITY – The Board of Trustees has governance responsibilities over all activities related to streets, utility systems and other public improvements within the jurisdiction of the District. The accompanying financial statements present the District's primary government 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 including budget adoption, taxing authority, funding, and appointment of the respective governing board.

The Sarpy County Treasurer is the ex-officio treasurer of the District. All cash transactions and funds are required to be administered and recorded by the County Treasurer.

BASIS OF PRESENTATION – The basic financial statements of the District include the government-wide and the fund financial statements.

Government-Wide Financial Statements – The government-wide financial statements include the statement of net assets and the statement of activities, which report financial information for all nonfiduciary activities of the District. Individual funds are not displayed and internal activity between or within funds are eliminated. Governmental activities include programs supported primarily by taxes and other intergovernmental revenue. The District has no business type activities that rely, to a significant extent, on fees and charges for support.

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

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The following is a description of the District's two governmental funds:

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, general long-term principal, interest and related costs.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

In the governmental fund financial statements, the funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Measurable means that 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. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred except for debt service expenditures and other long-term liabilities, which are recorded only when due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt are reported as an other financing source in governmental funds.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue criteria are met, the liability for deferred revenue is removed from the governmental funds balance sheet and revenue is recognized.

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

INVESTMENTS – Investments are stated at amortized cost, which approximates market. Premiums or discounts on investments are amortized on the straight-line method from date of purchase to date of maturity.

CAPITAL ASSETS – Within the government-wide financial statements, capital assets, including primarily infrastructure, are recorded at historical cost. The District defines capital assets as assets with an individual cost of more than \$500 and an estimated useful life in excess of one year. Capital assets are depreciated using the straight-line method over their estimated useful lives in the government-wide statements.

The estimated useful lives are as follows:

Storm Sewer and Paving	30 years
Sanitary Sewer	25 years
Water	25 years
Underground Power	25 years
Silt Basin Removal and Sanitary Sewer	25 years
Sanitary Sewer, Storm Sewer and Paving	30 years
Legal, Financing and Engineering Fees	25 years

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; and natural disasters. The District has purchased a commercial general liability insurance policy and bonds on its chairman and clerk to minimize the adverse effects of certain types of losses. There have been no significant reductions in insurance coverage and no significant claims or settlements for the current year or the three prior years. The District has retained the risk of loss for property damage to its public improvements.

CREDIT RISK – Receivables for property taxes and special assessments are due from property owners within the boundaries of the District located in Sarpy County, Nebraska.

AMORTIZATION – Bond issue costs are amortized over the term of the bonds (20 years) using the straight-line method in the government-wide financial statements. The amount of bond issue costs presented in the government-wide financial statements is net of accumulated amortization of \$81,781 at June 30, 2011. Bond issue costs are recorded as expenditures in the governmental funds.

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

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

SUBSEQUENT EVENTS – The District has evaluated subsequent events through January 8, 2013, the date which the financial statements were available to be issued.

NOTE B – INVESTMENTS

The District is allowed to invest funds as permitted by Nebraska Statutes and allowable investments generally include U.S. government obligations, certificates of deposit and time deposits. During the year ended June 30, 2012, the District invested only in U.S. Treasury Bills. The District does not have a formal investment policy in place. All investment activities are conducted through the County Treasurer and investments are held in the County's name.

At June 30, 2012, the District held no investments and, accordingly, was not subject to interest rate risk or custodial credit risk as of that date.

NOTE C – SPECIAL ASSESSMENTS

SPECIAL ASSESSMENT LEVY OF NOVEMBER 15, 2000 – Special assessments in the amount of \$643,394 were levied against certain properties within the District in connection with the construction of improvements. Special assessments are due in ten annual installments through November, 2010 and bear interest at 8% per annum until delinquent and 10% per annum thereafter until paid. The balance due on this levy at June 30, 2012 amounted to \$109,874. All amounts due were delinquent.

SPECIAL ASSESSMENT LEVY OF MARCH 26, 2003 – Special assessments in the amount of \$640,933 were levied against certain properties within the District in connection with the construction of improvements. Special assessments are due in ten annual installments through March, 2013 and bear interest at 7% per annum until delinquent and 9% per annum thereafter until paid. The balance due on this levy at June 30, 2012 amounted to \$113,208.

SPECIAL ASSESSMENT LEVY OF DECEMBER 17, 2003 – Special assessments in the amount of \$665,496 were levied against certain properties within the District in connection with the construction of improvements. Special assessments are due in ten annual installments through December, 2013 and bear interest at 7% per annum until delinquent and 9% per annum thereafter until paid. The balance due on this levy at June 30, 2012 amounted to \$114,085.

SPECIAL ASSESSMENT LEVY OF FEBRUARY 15, 2006 – Special assessments in the amount of \$833,803 were levied against certain properties within the District in connection with the construction of improvements. Special assessments are due in ten annual installments through February, 2016 and bear interest at 7% per annum until delinquent and 9% per annum thereafter until paid. The balance due on this levy at June 30, 2012 amounted to \$686,661.

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 is as follows:

	<u>Balance June 30, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2012</u>
Governmental Activities:				
Depreciable Capital Assets:				
Storm Sewer and Paving	\$ 1,410,261	\$ -	\$ -	\$ 1,410,261
Sanitary Sewer	182,624	-	-	182,624
Water	456,932	-	-	456,932
Underground Power	226,557	-	-	226,557
Silt Basin Removal and Sanitary Sewer	195,611	-	-	195,611
Sanitary Sewer, Storm Sewer and Paving	563,872	-	-	563,872
Legal, Financing and Engineering Fees	<u>551,838</u>	<u>-</u>	<u>-</u>	<u>551,838</u>
	<u>3,587,695</u>	<u>-</u>	<u>-</u>	<u>3,587,695</u>
Governmental Activities:				
Accumulated Depreciation:				
Storm Sewer and Paving	365,437	47,008	-	412,445
Sanitary Sewer	84,007	7,305	-	91,312
Water	157,281	18,278	-	175,559
Underground Power	79,050	9,063	-	88,113
Silt Basin Removal and Sanitary Sewer	69,118	7,822	-	76,940
Sanitary Sewer, Storm Sewer and Paving	150,366	18,796	-	169,162
Legal, Financing and Engineering Fees	<u>165,663</u>	<u>22,075</u>	<u>-</u>	<u>187,738</u>
	<u>1,070,922</u>	<u>130,347</u>	<u>-</u>	<u>1,201,269</u>
Net Depreciable Capital Assets	<u>2,516,773</u>	<u>(130,347)</u>	<u>-</u>	<u>2,386,426</u>
Non-depreciable Capital Assets:				
Capital Facilities Charges	360,030	-	-	360,030
Park Lot	49,350	-	-	49,350
Easements	<u>11,255</u>	<u>-</u>	<u>-</u>	<u>11,255</u>
	<u>420,635</u>	<u>-</u>	<u>-</u>	<u>420,635</u>
Capital Assets, net	<u>\$ 2,937,408</u>	<u>\$ (130,347)</u>	<u>\$ -</u>	<u>\$ 2,807,061</u>

NOTE E – NONCURRENT LIABILITIES

WARRANTS PAYABLE

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.

Warrants registered with the 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.

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE E – NONCURRENT LIABILITIES - Continued

The summary of warrant activity is as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Balance Outstanding, June 30, 2011	\$ 178,279	\$ 391,223	\$ 569,502
Warrants Issued	71,099	30,633	101,732
Warrant Principal Payments	(74,177)	-	(74,177)
Balance Outstanding, June 30, 2012	<u>\$ 175,201</u>	<u>\$ 421,856</u>	<u>\$ 597,057</u>

Warrants are scheduled to mature as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Fiscal year ending June 30, 2013	\$ 53,664	\$ 118,743	\$ 172,407
2014	50,438	112,154	162,592
2015	71,099	119,858	190,957
2016	-	40,468	40,468
2017	-	30,633	30,633
	<u>\$ 175,201</u>	<u>\$ 421,856</u>	<u>\$ 597,057</u>

At June 30, 2012, all warrants were registered with the County.

BONDS PAYABLE

BOND ISSUE OF JUNE 1, 2005 – The \$1,355,000 “General Obligation Bonds, Series 2005” bond issue is scheduled to mature in annual increments of \$60,000 - \$110,000 through June 1, 2025. At June 30, 2012, the outstanding balance was \$1,025,000. Bonds bear interest payable semi-annually each December 1 and June 1, until maturity at a rate of 4.20% graduating to 5.05% depending on maturity date.

Bonds maturing on or after June 1, 2011 are subject to redemption in whole or in part anytime after June 1, 2010 at par plus accrued interest to the date set for redemption, with no redemption premium.

BOND ISSUE OF JANUARY 15, 2008 – The \$1,375,000 “General Obligation Bonds, Series 2008” bond issue is scheduled to mature in annual increments of \$40,000 - \$215,000 through January 15, 2028. At June 30, 2012, the outstanding balance was \$1,245,000. Bonds bear interest payable semi-annually each July 15 and January 15, until maturity at a rate of 3.85% graduating to 5.20% depending on maturity date.

Bonds maturing on or after January 15, 2014 are subject to redemption in whole or in part anytime after January 15, 2013 at par plus accrued interest to the date set for redemption, with no redemption premium.

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE E – NONCURRENT LIABILITIES - Continued

BOND ISSUE OF SEPTEMBER 1, 2010 – The \$1,225,000 "General Obligation Bonds, Series 2010" bond issue is scheduled to mature in annual increments of \$15,000 - \$300,000 through September 1, 2030. At June 30, 2012, the outstanding balance was \$1,215,000. Bonds bear interest payable semiannually each September 1 and March 1 at a rate of 1.65% graduating to 5.05% depending on maturity date.

Bonds maturing on or after September 1, 2016 are subject to redemption in whole or in part anytime after September 1, 2015 at par plus accrued interest to the date set for redemption, with no redemption premium.

The following is a summary of bonds payable transactions of the District:

Balance, June 30, 2011	\$ 3,585,000
Bond Principal Payments	(100,000)
Balance, June 30, 2012	<u>\$ 3,485,000</u>

Aggregate maturities of the bonds payable and interest due on this debt, for the next five years and thereafter, are as follows:

	PRINCIPAL	INTEREST	TOTAL
June 30, 2013	\$ 115,000	\$ 165,704	\$ 280,704
June 30, 2014	115,000	161,370	276,370
June 30, 2015	130,000	156,810	286,810
June 30, 2016	130,000	151,605	281,605
June 30, 2017	145,000	146,139	291,139
June 30, 2018-2022	845,000	627,611	1,472,611
June 30, 2023-2027	1,100,000	401,258	1,501,258
June 30, 2028-2031	905,000	105,615	1,010,615
	<u>\$ 3,485,000</u>	<u>\$ 1,916,112</u>	<u>\$ 5,401,112</u>

NOTE F – PROPERTY TAXES

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.

The District has levied taxes for the year ended June 30, 2012 as follows:

GENERAL FUND (Cents per \$100 Valuation)	DEBT SERVICE FUND	ASSESSED VALUATION	TAXES LEVIED
25.00	70.00	\$ 33,484,305	\$ 318,100

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE G – FUND BALANCES - GOVERNMENTAL FUNDS

Fund balances of the governmental funds are classified as follows:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees. The Board of Trustees is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Trustees.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board of Trustees may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)**

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA
Required Supplementary Information - Unaudited
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the year ended June 30, 2012**

	<u>Budget - Original/ Final</u>	<u>(Budgetary Basis) Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes assessed	\$ 83,710	\$ 86,166	\$ 2,456
Interest on taxes	20	132	112
Homestead exemption	-	1,547	1,547
State motor vehicle tax allocation	200	250	50
Property tax credit	-	2,227	2,227
Total Revenues	<u>83,930</u>	<u>90,322</u>	<u>6,392</u>
EXPENDITURES			
Current:			
Collection fees - County Treasurer	1,641	1,726	(85)
Engineering fees	3,000	4,451	(1,451)
Insurance	1,000	825	175
Professional fees	25,000	28,130	(3,130)
Repairs and maintenance	15,000	16,342	(1,342)
Street lighting	18,000	20,551	(2,551)
Water	-	800	(800)
	<u>63,641</u>	<u>72,825</u>	<u>(9,184)</u>
Debt service:			
Warrant principal payments	72,000	74,177	(2,177)
Warrant interest payments	15,000	14,701	299
	<u>87,000</u>	<u>88,878</u>	<u>(1,878)</u>
Total Expenditures	<u>150,641</u>	<u>161,703</u>	<u>(11,062)</u>
Excess of revenues under expenditures	<u>(66,711)</u>	<u>(71,381)</u>	<u>(4,670)</u>
OTHER FINANCING SOURCES			
Issuance of warrants	62,000	71,099	9,099
Net change in fund balances	(4,711)	(282)	4,429
Fund balances - beginning of year	6,997	6,997	-
Fund balances - end of year	<u>\$ 2,286</u>	<u>\$ 6,715</u>	<u>\$ 4,429</u>

See accompanying notes to schedules of revenues, expenditures and changes in fund balances - budget and actual.

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA
Required Supplementary Information - Unaudited
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Debt Service Fund
For the year ended June 30, 2012**

	<u>Budget - Original/ Final</u>	<u>(Budgetary Basis) Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes assessed	\$ 234,390	\$ 206,107	\$ (28,283)
Interest on taxes	50	266	216
Special assessments	20,000	26,038	6,038
Interest on special assessments	10,000	12,685	2,685
Interest on investments	500	110	(390)
Homestead exemption	-	4,077	4,077
State motor vehicle tax allocation	500	635	135
Property tax credit	-	6,237	6,237
Total Revenues	<u>265,440</u>	<u>256,155</u>	<u>(9,285)</u>
EXPENDITURES			
Current:			
Collection fees - County Treasurer	9,596	4,902	4,694
Financing fees	5,000	1,459	3,541
Paying agent fees	2,500	1,750	750
	<u>17,096</u>	<u>8,111</u>	<u>8,985</u>
Debt service:			
Bond principal payments	100,000	100,000	-
Bond interest payments	169,443	169,443	-
Warrant principal payments	350,000	-	350,000
Warrant interest payments	50,000	27,424	22,576
	<u>669,443</u>	<u>296,867</u>	<u>372,576</u>
Total expenditures	<u>686,539</u>	<u>304,978</u>	<u>381,561</u>
Excess of revenues under expenditures	<u>(421,099)</u>	<u>(48,823)</u>	<u>372,276</u>
OTHER FINANCING SOURCES			
Issuance of warrants	57,500	30,633	(26,867)
Net change in fund balances	<u>(363,599)</u>	<u>(18,190)</u>	<u>345,409</u>
Fund balances - beginning of year	425,425	425,425	-
Fund balances - end of year	<u>\$ 61,826</u>	<u>\$ 407,235</u>	<u>\$ 345,409</u>

See accompanying notes to schedules of revenues, expenditures and changes in fund balances - budget and actual.

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA**

**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2012

BUDGETS AND BUDGETARY ACCOUNTING

The District is required to adopt an annual operating budget for all the funds over which the District controls. Budgets are adopted by the District for the general and debt service funds. The budget is adopted using a cash basis of accounting which differs significantly from generally accepted accounting principles (GAAP). 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. Accordingly, adjustments are necessary to convert the revenues and expenditures as reported on the governmental fund statements to the budgetary basis for comparison with budgetary data in the accompanying schedules of revenues, expenditures and changes in fund balances - budget and actual. Fund balance on the budgetary basis consists of cash on deposit with the County Treasurer and the original purchase cost of investments. Encumbrance accounting is not used by the District.

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) Appropriations lapse at year-end, however, the Board of Trustees may authorize supplemental appropriations during the year. No such appropriations were made during the fiscal year ended June 30, 2012.

In fiscal 2012, the District incurred general fund expenditures of approximately \$11,000 in excess of those budgeted for this fund. However, total expenditures for the general and debt service funds did not exceed the total budgeted for these funds.

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA**

**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2012

RECONCILIATION OF BUDGET BASIS TO GAAP

A reconciliation for the year ended June 30, 2012, which discloses the nature and amount of adjustments necessary to convert the budgetary basis to a GAAP basis, is presented below:

	General Fund	Debt Service Fund
Net change in fund balances:		
Balance on a budgetary basis	\$ (282)	\$ (18,190)
Adjustments:		
Revenue for receivables	(6,282)	17,853
Expenditures for payables	<u>4,475</u>	<u>197</u>
Balance on a GAAP basis	\$ <u><u>(2,089)</u></u>	\$ <u><u>(140)</u></u>

OTHER SUPPLEMENTARY INFORMATION

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA**

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2012

Issue date: June 1, 2005
Optional call date: June 1, 2010

<u>BOND NUMBERS</u>	<u>INTEREST RATES</u>	<u>MATURITY DATES</u>	<u>AMOUNT</u>
67 – 78	4.20%	June 1, 2013	\$ 60,000
79 – 90	4.30%	June 1, 2014	60,000
91 – 103	4.40%	June 1, 2015	65,000
104 – 116	4.50%	June 1, 2016	65,000
117 – 130	4.60%	June 1, 2017	70,000
131 – 144	4.65%	June 1, 2018	70,000
145 – 159	4.70%	June 1, 2019	75,000
160 – 175	4.75%	June 1, 2020	80,000
176 – 192	5.05%	June 1, 2021	85,000
193 – 210	5.05%	June 1, 2022	90,000
211 – 229	5.05%	June 1, 2023	95,000
230 – 249	5.05%	June 1, 2024	100,000
250 – 271	5.05%	June 1, 2025	<u>110,000</u>
			<u>1,025,000</u>
		From Page 22	<u>1,245,000</u>
		From Page 23	<u>1,215,000</u>
			<u>\$ 3,485,000</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA**

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2012

Issue date: January 15, 2008
Optional call date: January 15, 2013

<u>BOND NUMBERS</u>	<u>INTEREST RATES</u>	<u>MATURITY DATES</u>	<u>AMOUNT</u>
27 – 34	3.85%	January 15, 2013	\$ 40,000
35 – 42	4.00%	January 15, 2014	40,000
43 – 51	4.10%	January 15, 2015	45,000
52 – 60	4.20%	January 15, 2016	45,000
61 – 70	4.30%	January 15, 2017	50,000
71 – 81	4.45%	January 15, 2018	55,000
82 – 93	4.55%	January 15, 2019	60,000
94 – 105	4.65%	January 15, 2020	60,000
106 – 118	4.75%	January 15, 2021	65,000
119 – 131	4.90%	January 15, 2022	65,000
132 – 145	5.20%	January 15, 2023	70,000
146 – 160	5.20%	January 15, 2024	75,000
161 – 176	5.20%	January 15, 2025	80,000
177 – 192	5.20%	January 15, 2026	80,000
193 – 232	5.20%	January 15, 2027	200,000
233 – 275	5.20%	January 15, 2028	<u>215,000</u>
		To Page 21	\$ <u>1,245,000</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA**

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2012

Issue date: September 1, 2010
Optional call date: September 1, 2015

<u>BOND NUMBERS</u>	<u>INTEREST RATES</u>	<u>MATURITY DATES</u>	<u>AMOUNT</u>
3 – 5	1.65%	September 1, 2012	\$ 15,000
6 – 8	2.00%	September 1, 2013	15,000
9 – 12	2.30%	September 1, 2014	20,000
13 – 16	2.70%	September 1, 2015	20,000
17 – 21	3.05%	September 1, 2016	25,000
22 – 26	3.35%	September 1, 2017	25,000
27 – 31	3.60%	September 1, 2018	25,000
32 – 37	3.80%	September 1, 2019	30,000
38 – 43	4.00%	September 1, 2020	30,000
44 – 49	4.15%	September 1, 2021	30,000
50 – 56	4.30%	September 1, 2022	35,000
57 – 63	4.40%	September 1, 2023	35,000
64 – 70	4.55%	September 1, 2024	35,000
71 – 76	4.65%	September 1, 2025	30,000
77 – 107	5.05%	September 1, 2026	155,000
108 – 117	5.05%	September 1, 2027	50,000
118 – 128	5.05%	September 1, 2028	55,000
129 – 185	5.05%	September 1, 2029	285,000
186 – 245	5.05%	September 1, 2030	300,000
		To Page 21	\$ <u>1,215,000</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA**

**INFORMATION REQUIRED BY SECTION 31-740
REISSUED REVISED STATUTES OF NEBRASKA, 2008**

JUNE 30, 2012

Gross income from all sources	\$	407,179
Amount spent for access to facilities and use of services of library system of neighboring cities and villages		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:		
a. Maintenance and repair	\$	17,759
b. New equipment		None
c. New construction work		None
d. Property purchased		None
Number of employees		None
Salaries and fees paid employees		None
Total amount of taxes levied upon property within the District	\$	318,100

**SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA**

TRUSTEES AND RELATED BONDS

JUNE 30, 2012

<u>TRUSTEES</u>		<u>BONDS</u>	
<u>NAME</u>	<u>OFFICE</u>	<u>INSURER</u>	<u>AMOUNT</u>
Michael B. McKinley	Chairman	Western Surety Company	\$ 5,000
Robert E. Wright	Clerk	Western Surety Company	\$ 20,000
Michael F. Rogers	Trustee	None	
Joseph P. Rogers	Trustee	None	

HANCOCK & DANA PC

ACCOUNTANTS & CONSULTANTS

12829 WEST DODGE ROAD

SUITE 100

OMAHA, NEBRASKA 68154-2155

(402) 391-1065 FAX (402) 334-9498

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

To the Board of Trustees
Sanitary and Improvement District No. 210
of Sarpy County, Nebraska

We have audited the financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 210 of Sarpy County, Nebraska, as of and for the year ended June 30, 2012, which collectively comprise Sanitary and Improvement District No. 210 of Sarpy County's basic financial statements and have issued our report thereon dated January 8, 2013. 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

Management of Sanitary and Improvement District No. 210 of Sarpy County, Nebraska is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Sanitary and Improvement District No. 210 of Sarpy County'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. 210 of Sarpy County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sanitary and Improvement District No. 210 of Sarpy County'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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**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 - *Continued***

Preparation of Financial Statements

The District does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Sanitary and Improvement District No. 210 of Sarpy County's response to this finding is that the aforementioned circumstance is not unusual in a governmental entity of their size and that the costs of correcting this deficiency would exceed the benefits to be derived therefrom. The District's management has also informed us that they are willing to accept the degree of risk associated with this condition.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 210 of Sarpy County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Sanitary and Improvement District No. 210 of Douglas County's response to the finding identified in our audit is described above. We did not audit Sanitary and Improvement District No. 210 of Douglas County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees 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.

HANCOCK & DANA PC

Hancock & Dana PC

Omaha, Nebraska
January 8, 2013