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, 2013

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

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1-3
BASIC FINANCIAL STATEMENTS	
Government–Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Notes to Basic Financial Statements	10-18
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – General Fund	19
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – Debt Service Fund	20
Notes to Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	21-22
SUPPLEMENTARY INFORMATION	
Schedule of Bonds Payable (September 1, 2010)	23
Schedule of Bonds Payable (March 1, 2013)	24
Information Required by Section 31-740 Reissued Revised Statutes of Nebraska, 2008	25
Trustees and Related Bonds	26
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*	27-29

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITORS' REPORT- continued

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, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 19 through 22 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.

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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

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. The supplementary information on pages 23 through 26, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITORS' REPORT- continued

The 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. Such 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013, on our consideration of Sanitary and Improvement District No. 210 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sanitary and Improvement District No. 210 of Sarpy County, Nebraska's internal control over financial reporting and compliance.

HANCOCK & DANA PC
Hancock + Dana PC

Omaha, Nebraska
December 18, 2013

SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA
Statement of Net Position
June 30, 2013

ASSETS		
Cash on deposit - County Treasurer	$	464,970
Taxes receivable		132,335
Special assessments receivable		915,308
Interest receivable on special assessments		609,186
Capital assets, net of accumulated depreciation		2,676,714
Bond issue costs, net of accumulated amortization		416,014
Total Assets	**$**	**5,214,527**
LIABILITIES		
Accounts payable		10,274
Accrued interest		64,031
Noncurrent liabilities		
Warrants payable		
Due within one year		34,463
Due in more than one year		159,810
Bonds payable		
Due within one year		80,000
Due in more than one year		3,820,000
Total Liabilities	**$**	**4,168,578**
NET POSITION		
Net investment in capital assets		(807,272)
Restricted for debt service		2,032,832
Unrestricted		(179,611)
Total Net Position	**$**	**1,045,949**

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, 2013

GOVERNMENTAL ACTIVITIES:

EXPENSES - GENERAL GOVERNMENT		
Professional and administrative expenses	$	40,653
Maintenance and street lighting		53,692
Depreciation		130,347
Amortization		19,289
Interest		191,027
		435,008
GENERAL REVENUES		
Property taxes, net of uncollectible taxes		317,116
Interest		84,513
Miscellaneous		589
		402,218
Change in net position		**(32,790)**
Net position - beginning of year		**1,078,739**
Net position - end of year	**$**	**1,045,949**

See accompanying notes to basic financial statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 210
OF SARPY COUNTY, NEBRASKA
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash on deposit - County Treasurer	$ 8,374	$ 456,596	$ 464,970
Taxes receivable	34,826	97,509	132,335
Special assessments receivable	-	915,308	915,308
Total Assets	**$ 43,200**	**$ 1,469,413**	**$ 1,512,613**
LIABILITIES			
Accounts payable	$ 10,274	$ -	$ 10,274
Special assessments deferred revenue	-	915,308	915,308
Total Liabilities	10,274	915,308	925,582
FUND BALANCES			
Restricted for debt service	-	554,105	554,105
Unassigned	32,926	-	32,926
Total Fund Balances	32,926	554,105	587,031
Total Liabilities and Fund Balances	**$ 43,200**	**$ 1,469,413**	**$ 1,512,613**

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 Position
June 30, 2013

Total Fund Balances - Governmental Funds		**$ 587,031**
Amounts reported for governmental activities in the statement of net position 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	(1,331,616)	2,676,714
Other assets are not financial resources and, therefore, not reported in the governmental funds:		
Bond issue costs	436,836	
Accumulated amortization	(20,822)	416,014
Deferred revenue on special assessments in the governmental funds has been recorded as revenue in the government-wide statements.		915,308
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.		609,186
Long-term liabilities are not due and payable in the current period and, therefore, not reported in the governmental funds:		
Warrants payable	(194,273)	
Bonds payable	(3,900,000)	
Accrued interest	(64,031)	(4,158,304)
Net Position of Governmental Activities		**$ 1,045,949**

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, 2013

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Taxes assessed	$ 83,486	$ 233,760	$ 317,246
Interest on taxes	78	217	295
Special assessments	-	108,521	108,521
Interest on special assessments	-	68,673	68,673
State motor vehicle tax allocation	155	433	588
Total Revenues	83,719	411,604	495,323
EXPENDITURES			
Current:			
Collection fees - County Treasurer	1,660	8,191	9,851
Financing fees	-	1,109	1,109
Insurance	850	-	850
Professional fees	26,889	-	26,889
Paying agent fees	-	1,954	1,954
Repairs and maintenance	30,846	-	30,846
Street lighting	21,125	-	21,125
Uncollectible taxes	44	86	130
Water	1,720	-	1,720
Debt service:			
Warrant principal payments	69,639	471,309	540,948
Warrant interest payments	13,972	31,459	45,431
Bond issue costs	-	158,352	158,352
Bond principal payments	-	55,000	55,000
Bond interest payments	-	162,814	162,814
Total Expenditures	166,745	890,274	1,057,019
Excess of revenues under expenditures	**(83,026)**	**(478,670)**	**(561,696)**
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of warrants	88,710	49,453	138,163
Proceeds from issuance of bonds	-	2,700,000	2,700,000
Payments on bonds refunded	-	(2,230,000)	(2,230,000)
Total Other Financing Sources (Uses)	88,710	519,453	608,163
Net change in fund balances	**5,684**	**40,783**	**46,467**
Fund balances - beginning of year	**27,242**	**513,322**	**540,564**
Fund balances - end of year	**$ 32,926**	**$ 554,105**	**$ 587,031**

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, 2013

Net Change in Fund Balances - Total Governmental Funds	**$ 46,467**
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)
Proceeds from bonds issued are reported as an other financing source in the governmental funds, but as an increase in noncurrent liabilities in the statement of net position. The related bond issue costs are reported as an expenditure in the governmental funds but as an increase in assets in the statement of net position.	
Proceeds from bonds issued	(2,700,000)
Bond issue costs	158,352
The payments on bonds refunded are reported as an other financing use in the governmental funds. In the statement of net position, the proceeds reduce long-term liabilities. This is the amount of the payments on bonds refunded in the current year.	2,230,000
Repayment of principal on noncurrent liabilities is reported as an expenditure in the governmental funds. In the statement of net position, the repayment reduces long-term liabilities.	
Warrant principal payments	540,948
Bond principal payments	55,000
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	(19,289)
Change in accrued interest	17,217
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.	(138,163)
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 position. This is the amount of collections on special assessments and the change in accrued interest thereon.	(92,975)
Change in Net Position of Governmental Activities	**$ (32,790)**

See accompanying notes to basic financial statements.

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

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

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 – For the fiscal year ended June 30, 2013, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes accounting and financial reporting standards for deferred outflows of resources or deferred inflows of resources and net position together with related disclosures. At June 30, 2013, the District did not have any deferred outflows of resources or deferred inflows of resources, as defined by GASB Statement No. 63. However, see Note F for a description of the District's net position, as required by GASB Statement No. 63.

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 position 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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 $20,822 at June 30, 2013. Bond issue costs are recorded as expenditures in the governmental funds.

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

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

SUBSEQUENT EVENTS – The District has evaluated subsequent events through December 18, 2013, the date which the financial statements were available to be issued.

NOTE B – 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, 2013 amounted to $96,350. 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, 2013 amounted to $110,797. All amounts due were delinquent.

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, 2013 amounted to $95,071.

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, 2013 amounted to $613,090.

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

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE C – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 is as follows:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
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	551,838	-	-	551,838
	3,587,695	-	-	3,587,695
Governmental Activities:				
Accumulated Depreciation:				
Storm Sewer and Paving	412,445	47,009	-	459,454
Sanitary Sewer	91,312	7,305	-	98,617
Water	175,559	18,277	-	193,836
Underground Power	88,113	9,062	-	97,175
Silt Basin Removal and Sanitary Sewer	76,940	7,824	-	84,764
Sanitary Sewer, Storm Sewer and Paving	169,162	18,796	-	187,958
Legal, Financing and Engineering Fees	187,738	22,074	-	209,812
	1,201,269	130,347	-	1,331,616
Net Depreciable Capital Assets	2,386,426	(130,347)	-	2,256,079
Non-depreciable Capital Assets:				
Capital Facilities Charges	360,030	-	-	360,030
Park Lot	49,350	-	-	49,350
Easements	11,255	-	-	11,255
	420,635	-	-	420,635
Capital Assets, net	$ 2,807,061	$ (130,347)	$ -	$ 2,676,714

NOTE D – 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.

NOTE D – NONCURRENT LIABILITIES - Continued

The summary of warrant activity is as follows:

	General Fund	Debt Service Fund	Total
Balance Outstanding, June 30, 2012	$ 175,202	$ 421,856	$ 597,058
Warrants Issued	88,710	49,453	138,163
Warrant Principal Payments	(69,639)	(471,309)	(540,948)
Balance Outstanding, June 30, 2013	$ 194,273	$ -	$ 194,273

General fund warrants are scheduled to mature as follows:

Fiscal year ending June 30, 2014	$ 34,463
2015	71,100
2016	88,710
	$ 194,273

At June 30, 2013, 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 was scheduled to mature in annual increments of $60,000 - $110,000 through June 1, 2025. Interest was 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. These bonds were called for payment on March 7, 2013 with the issuance of bonds on March 1, 2013, as described below.

BOND ISSUE OF JANUARY 15, 2008 – The $1,375,000 "General Obligation Bonds, Series 2008" bond issue was scheduled to mature in annual increments of $40,000 - $215,000 through January 15, 2028. Interest was payable semi-annually each July 15 and January 15, until maturity at a rate of 4.00% graduating to 5.20% depending on maturity date. These bonds were called for payment on March 7, 2013 with the issuance of bonds on March 1, 2013, as described below.

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, 2013, the outstanding balance was $1,200,000. Bonds bear interest payable semiannually each September 1 and March 1 at a rate of 2.00% 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.

NOTE D – NONCURRENT LIABILITIES - Continued

BOND ISSUE OF MARCH 1, 2013 – The $2,700,000 "General Obligation and Refunding Bonds, Series 2013" bond issue is scheduled to mature in annual increments of $65,000 - $175,000 through September 1, 2028 and increments of $250,000 - $285,000 commencing September 1, 2031 through September 1, 2033. At June 30, 2013, the outstanding balance was $2,700,000. Bonds bear interest payable semiannually each September 1 and March 1 at a rate of 1.10% graduating to 3.85% depending on maturity date.

Bonds maturing on or after September 1, 2018 are subject to redemption in whole or in part anytime after September 1, 2017 at par plus accrued interest to the date set for redemption, with no redemption premium.

The purpose of the bond issue was to provide funds to redeem outstanding 2005 and 2008 bonds and to pay for the costs and expenses of issuance and sale. The refunding will result in an increase in total debt service payments over the next twenty years of approximately $298,500 and an economic gain (difference between the present value of the old and new debt service payments) of approximately $209,000.

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

Balance Outstanding, June 30, 2012	$ 3,485,000
Proceeds from Issuance of Bonds	2,700,000
Payments on Bonds Refunded	(2,230,000)
Bond Principal Payments	(55,000)
Balance Outstanding, June 30, 2013	$ 3,900,000

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, 2014	$ 80,000	$ 136,793	$ 216,793
June 30, 2015	105,000	135,481	240,481
June 30, 2016	105,000	133,770	238,770
June 30, 2017	110,000	131,759	241,759
June 30, 2018	120,000	129,358	249,358
June 30, 2019-2023	745,000	595,277	1,340,277
June 30, 2024-2028	1,020,000	448,701	1,468,701
June 30, 2029-2033	1,330,000	198,420	1,528,420
June 30, 2034	285,000	5,486	290,486
	$ 3,900,000	$ 1,915,045	$ 5,815,045

NOTE E – 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, 2013 as follows:

GENERAL FUND	DEBT SERVICE FUND	ASSESSED VALUATION	TAXES LEVIED
(Cents per $100 Valuation)			
25.00	70.00	$ 33,394,666	$ 317,246

NOTE F – NET POSITION AND FUND BALANCES

Net position in the government-wide financial statements is classified into three components:

Net investment in capital assets – capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – represents constraints on resources that are either externallyimposed by creditors, grantors, contributors or laws and regulations of other governments imposed by law through state statute.

Unrestricted net position – all other assets that do not meet the definition of "restricted" or "net investment in capital assets".

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.

NOTE F – NET POSITION AND FUND BALANCES - Continued

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 unasssigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

NOTE G – PENDING GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was issued in April 2012 and will be effective for the financial statements of the District for the year ending June 30, 2014. This statement provides further guidance on the accounting and reporting of deferred outflows of resources, deferred inflows of resources and certain items previously reported as assets and liabilities. More specifically, the adoption of this statement by the District in fiscal 2014 will result in (1) the write-off of bond issue costs of $416,014 at June 30, 2013 on the government-wide statement of net position with a corresponding decrease in net position and (2) the reclassification of special assessments deferred revenue of $915,308 at June 30, 2013 on the governmental funds balance sheet from a liability to a deferred inflow of resources.

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, 2013

	Budget - Original/ Final	(Budgetary Basis) Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes assessed	$ 83,486	$ 82,899	$ (587)
Interest on taxes	-	78	78
Homestead exemption	-	1,677	1,677
State motor vehicle tax allocation	250	155	(95)
Property tax credit	-	2,120	2,120
Total Revenues	83,736	86,929	3,193
EXPENDITURES			
Current:			
Collection fees - County Treasurer	1,637	1,660	(23)
Engineering fees	5,000	7,387	(2,387)
Insurance	1,000	485	515
Professional fees	25,000	27,233	(2,233)
Repairs and maintenance	25,000	28,912	(3,912)
Street lighting	20,000	22,972	(2,972)
Water	1,000	1,720	(720)
	78,637	90,369	(11,732)
Debt service:			
Warrant principal payments	70,000	69,639	361
Warrant interest payments	15,000	13,972	1,028
	85,000	83,611	1,389
Total Expenditures	163,637	173,980	(10,343)
Excess of revenues under expenditures	**(79,901)**	**(87,051)**	**(7,150)**
OTHER FINANCING SOURCES			
Issuance of warrants	77,000	88,710	11,710
Net change in fund balances	**(2,901)**	**1,659**	**4,560**
Fund balances - beginning of year	**6,715**	**6,715**	**-**
Fund balances - end of year	**$ 3,814**	**$ 8,374**	**$ 4,560**

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, 2013

	Budget - Original/ Final	(Budgetary Basis) Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes assessed	$ 233,760	$ 232,119	$ (1,641)
Interest on taxes	100	217	117
Special assessments	20,000	108,521	88,521
Interest on special assessments	10,000	68,673	58,673
Interest on investments	100	-	(100)
Homestead exemption	-	4,696	4,696
State motor vehicle tax allocation	500	433	(67)
Property tax credit	-	5,937	5,937
Total Revenues	264,460	420,596	156,136
EXPENDITURES			
Current:			
Collection fees - County Treasurer	9,584	8,191	1,393
Financing fees	3,000	1,109	1,891
Paying agent fees	2,000	2,454	(454)
	14,584	11,754	2,830
Debt service:			
Bond principal payments	115,000	2,285,000	(2,170,000)
Bond interest payments	165,704	162,814	2,890
Bond issue costs	-	158,352	(158,352)
Warrant principal payments	150,000	471,309	(321,309)
Warrant interest payments	35,000	31,459	3,541
	465,704	3,108,934	(2,643,230)
Total expenditures	480,288	3,120,688	(2,640,400)
Excess of revenues under expenditures	**(215,828)**	**(2,700,092)**	**(2,484,264)**
OTHER FINANCING SOURCES			
Issuance of warrants	45,000	49,453	4,453
Issuance of bonds	-	2,700,000	2,700,000
Total other financing sources	45,000	2,749,453	2,704,453
Net change in fund balances	**(170,828)**	**49,361**	**220,189**
Fund balances - beginning of year	**407,235**	**407,235**	**-**
Fund balances - end of year	**$ 236,407**	**$ 456,596**	**$ 220,189**

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, 2013

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, 2013.

In fiscal 2013, the District incurred general and debt service fund expenditures of approximately $2,650,700 in excess of those budgeted for these funds. The budget was not amended to include these additional expenditures.

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, 2013

RECONCILIATION OF BUDGET BASIS TO GAAP

A reconciliation for the year ended June 30, 2013, 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	$ 1,659	$ 49,361
Adjustments:		
Revenue for receivables	(3,254)	(9,078)
Expenditures for payables	7,279	500
Balance on a GAAP basis	$ 5,684	$ 40,783

SUPPLEMENTARY INFORMATION

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

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2013

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

BOND NUMBERS	INTEREST RATES	MATURITY DATES	AMOUNT
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
			1,200,000
		From Page 24	2,700,000
			$ 3,900,000

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

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2013

Issue date: March 1, 2013
Optional call date: September 1, 2017

BOND NUMBERS	INTEREST RATES	MATURITY DATES	AMOUNT
1 – 13	1.10%	September 1, 2013	$ 65,000
14 – 30	1.35%	September 1, 2014	85,000
31 – 47	1.50%	September 1, 2015	85,000
48 – 64	1.70%	September 1, 2016	85,000
65 – 83	1.85%	September 1, 2017	95,000
84 – 103	2.00%	September 1, 2018	100,000
104 – 124	2.20%	September 1, 2019	105,000
125 – 147	2.45%	September 1, 2020	115,000
148 – 173	2.65%	September 1, 2021	130,000
174 – 202	2.85%	September 1, 2022	145,000
203 – 233	3.05%	September 1, 2023	155,000
234 – 266	3.15%	September 1, 2024	165,000
267 – 301	3.25%	September 1, 2025	175,000
302 – 311	3.35%	September 1, 2026	50,000
312 – 345	3.45%	September 1, 2027	170,000
346 – 380	3.55%	September 1, 2028	175,000
381 – 430	3.85%	September 1, 2031	250,000
431 – 483	3.85%	September 1, 2032	265,000
484 – 540	3.85%	September 1, 2033	285,000
		To Page 23	$ 2,700,000

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

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

JUNE 30, 2013

Gross income from all sources	$	402,218
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	$	30,846
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	$	317,246

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

TRUSTEES AND RELATED BONDS

JUNE 30, 2013

TRUSTEES		BONDS	
NAME	OFFICE	INSURER	AMOUNT
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	

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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*

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

We have audited, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise Sanitary and Improvement District No. 210 of Sarpy County, Nebraska's basic financial statements and have issued our report thereon dated December 18, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sanitary and Improvement District No. 210 of Sarpy County, Nebraska's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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, Nebraska's internal control. Accordingly, we do not express an opinion on the effectiveness of Sanitary and Improvement District No. 210 of Sarpy County, Nebraska's internal control.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. As described below, we did identify a certain deficiency in internal control that we consider to be a significant deficiency.

Preparation of Financial Statements

The District does not have an internal control system designed to provide for the preparation of the financial statements and notes 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, Nebraska'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, Nebraska's financial statements are free from 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described below.

Budget Violation

The District exceeded budgeted general fund and debt service fund expenditures by approximately $2,650,700 without amending the budget.

Sanitary and Improvement District No. 210 of Sarpy County, Nebraska's response to this finding is that management of the District believes that this instance of noncompliance resulted from unanticipated events that occurred subsequent to the adoption of the budget and that future expenditures will be more closely monitored to prevent the reoccurrence of this budget violation.

Sanitary and Improvement District No. 210 of Sarpy County, Nebraska's Responses to Findings

Sanitary and Improvement District No. 210 of Sarpy County, Nebraska's responses to these findings are described previously. Sanitary and Improvement District No. 210 of Sarpy County, Nebraska's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HANCOCK & DANA PC
Hancock & Dana PC

Omaha, Nebraska
December 18, 2013