

216



# Sanitary Improvement District No. 216 of Sarpy County Nebraska

**Basic Financial Statements  
and Supplementary Information  
June 30, 2011**

**Together with Independent Auditor's Report**

**Sanitary Improvement District No. 216  
of Sarpy County Nebraska**

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June 30, 2011**

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**Independent Auditor's Report on the Basic  
Financial Statements and Supplementary Information**

To the Board of Trustees of  
Sanitary Improvement District No. 216  
of Sarpy County, Nebraska:

We have audited the accompanying financial statements of the governmental activities of Sanitary Improvement District No. 216 of Sarpy County, Nebraska (the District) as of and for the year ended June 30, 2011, 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 the District as of June 30, 2011, and the respective changes in financial position and the respective budgetary comparisons for the general and debt service funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The District's management has elected to omit management's discussion and analysis from the basic financial statements. The management's discussion and analysis information is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Seim Johnson, LLP

Omaha, Nebraska,  
October 31, 2011

**Sanitary Improvement District No. 216  
of Sarpy County Nebraska**

**Governmental Funds Balance Sheet / Statement of Net Assets  
June 30, 2011**

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments (Note 1)</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 165,756	302,810	468,566	--	468,566
Investments	--	299,956	299,956	--	299,956
Receivables:					
Property taxes	119,916	179,874	299,790	--	299,790
Special assessments	--	244,128	244,128	--	244,128
Interest on special assessments	--	127,266	127,266	--	127,266
Capital assets, net of accumulated depreciation	--	--	--	5,613,462	5,613,462
Bond issue costs, net of accumulated amortization	--	--	--	390,729	390,729
Total assets	<u>\$ 285,672</u>	<u>1,154,034</u>	<u>1,439,706</u>	<u>6,004,191</u>	<u>7,443,897</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 116,805	--	116,805	--	116,805
Accrued interest payable	--	--	--	71,122	71,122
Deferred revenue	3,882	377,217	381,099	(381,099)	--
Long-term liabilities					
Portion due within one year	--	--	--	215,000	215,000
Portion due after one year	--	--	--	5,940,000	5,940,000
Total liabilities	<u>120,687</u>	<u>377,217</u>	<u>497,904</u>	<u>5,845,023</u>	<u>6,342,927</u>
<b>FUND BALANCES/NET ASSETS</b>					
Restricted fund balance - debt service	--	776,817	776,817	(776,817)	--
Unassigned fund balance	164,985	--	164,985	(164,985)	--
Total fund balance	<u>164,985</u>	<u>776,817</u>	<u>941,802</u>	<u>(941,802)</u>	<u>--</u>
Total liabilities and fund balances	<u>\$ 285,672</u>	<u>1,154,034</u>	<u>1,439,706</u>		
Invested in capital assets, net of related debt				(150,809)	(150,809)
Restricted for debt service				1,082,912	1,082,912
Unrestricted				168,867	168,867
Total net assets				<u>\$ 1,100,970</u>	<u>1,100,970</u>

See Notes to Basic Financial Statements

**Sanitary Improvement District No. 216  
of Sarpy County Nebraska**

**Statement of Governmental Fund Revenues, Expenditures  
and Changes in Fund Balances / Statement of Activities  
For the Year Ended June 30, 2011**

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments (Note 1)</u>	<u>Statement of Activities</u>
<b>REVENUES:</b>					
Personal and real estate taxes	\$ 255,990	383,990	639,980	(24,499)	615,481
Special assessments	--	91,653	91,653	(91,653)	--
Interest on investments	--	582	582	--	582
Interest on special assessments	--	45,018	45,018	(19,344)	25,674
Miscellaneous	5,623	8,424	14,047	--	14,047
Total revenues	<u>261,613</u>	<u>529,667</u>	<u>791,280</u>	<u>(135,496)</u>	<u>655,784</u>
<b>EXPENDITURES:</b>					
Amortization of bond issue costs	--	--	--	39,771	39,771
Collection fees	4,842	9,996	14,838	--	14,838
Depreciation	--	--	--	257,741	257,741
Electricity	27,141	--	27,141	--	27,141
Fiscal agent fees	--	1,250	1,250	--	1,250
Insurance	2,603	--	2,603	--	2,603
Interest on bonds	--	296,510	296,510	(2,049)	294,461
Professional fees	58,240	--	58,240	--	58,240
Publication fees	1,226	--	1,226	--	1,226
Repairs and maintenance	179,035	--	179,035	--	179,035
Street cleaning	590	--	590	--	590
Street signs	844	--	844	--	844
Total expenditures	<u>274,521</u>	<u>307,756</u>	<u>582,277</u>	<u>295,463</u>	<u>877,740</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(12,908)</u>	<u>221,911</u>	<u>209,003</u>	<u>(430,959)</u>	<u>(221,956)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of warrants	254,213	1,250	255,463	(255,463)	--
Retirement of warrant principal	(257,623)	(1,250)	(258,873)	258,873	--
Retirement of bond principal	--	(200,000)	(200,000)	200,000	--
Total other financing uses, net	<u>(3,410)</u>	<u>(200,000)</u>	<u>(203,410)</u>	<u>203,410</u>	<u>--</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(16,318)</u>	<u>21,911</u>	<u>5,593</u>	<u>(5,593)</u>	<u>--</u>
CHANGE IN NET ASSETS	<u>--</u>	<u>--</u>	<u>--</u>	<u>(221,956)</u>	<u>(221,956)</u>
<b>FUND BALANCES/NET ASSETS</b>					
Beginning of year	<u>181,303</u>	<u>754,906</u>	<u>936,209</u>	<u>386,717</u>	<u>1,322,926</u>
End of year	<u>\$ 164,985</u>	<u>776,817</u>	<u>941,802</u>	<u>159,168</u>	<u>1,100,970</u>

See Notes to Basic Financial Statements

**Sanitary Improvement District No. 216  
of Sarpy County Nebraska**

**Statement of Receipts and Disbursements –  
Budget and Actual – General Fund  
For the Year Ended June 30, 2011**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>RECEIPTS:</b>			
Personal and real estate taxes	\$ 259,614	250,139	(9,475)
Miscellaneous revenues	--	5,623	5,623
Total receipts	<u>259,614</u>	<u>255,762</u>	<u>(3,852)</u>
<b>DISBURSEMENTS:</b>			
Collection fees	5,090	4,842	248
Electricity	30,000	27,113	2,887
Insurance	4,000	2,603	1,397
Miscellaneous	2,500	--	2,500
Professional fees	63,000	52,225	10,775
Publication fees	500	1,169	(669)
Repairs and maintenance	151,500	169,518	(18,018)
Street cleaning	1,000	590	410
Street signs	2,500	992	1,508
Total disbursements	<u>260,090</u>	<u>259,052</u>	<u>1,038</u>
<b>RECEIPTS UNDER DISBURSEMENTS (BUDGETARY BASIS)</b>	<u>(476)</u>	<u>(3,290)</u>	<u>(2,814)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of warrants	255,000	254,213	(787)
Retirement of warrants	<u>(258,410)</u>	<u>(257,623)</u>	787
Total other financing uses, net	<u>(3,410)</u>	<u>(3,410)</u>	<u>--</u>
<b>RECEIPTS AND OTHER FINANCING SOURCES UNDER DISBURSEMENTS AND OTHER FINANCING USES</b>	<u>\$ (3,886)</u>	<u>(6,700)</u>	<u>(2,814)</u>
<b>ADJUSTMENTS:</b>			
To adjust receipts for accruals		5,851	
To adjust disbursements for accruals		<u>(15,469)</u>	
Total adjustments		<u>(9,618)</u>	
<b>RECEIPTS AND OTHER FINANCING SOURCES UNDER DISBURSEMENTS AND OTHER FINANCING USES (GAAP)</b>		<u>\$ (16,318)</u>	

*See Notes to Basic Financial Statements*

**Sanitary Improvement District No. 216  
of Sarpy County Nebraska**

**Statement of Receipts and Disbursements –  
Budget and Actual – Debt Service Fund  
For the Year Ended June 30, 2011**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>RECEIPTS:</b>			
Personal and real estate taxes	\$ 389,423	375,209	(14,214)
Special assessments	70,000	91,653	21,653
Interest on investments	--	666	666
Interest on special assessments	--	45,018	45,018
Miscellaneous revenues	--	8,424	8,424
Total receipts	<u>459,423</u>	<u>520,970</u>	<u>61,547</u>
<b>DISBURSEMENTS:</b>			
Collection fees	9,009	9,996	(987)
Construction costs	2,000	--	2,000
Fiscal agent fees	1,500	1,250	250
Interest on bonds	296,510	296,510	--
Total disbursements	<u>309,019</u>	<u>307,756</u>	<u>1,263</u>
<b>RECEIPTS OVER DISBURSEMENTS (BUDGETARY BASIS)</b>	<u>150,404</u>	<u>213,214</u>	<u>62,810</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of warrants	3,500	1,250	(2,250)
Retirement of warrants	(3,500)	(1,250)	2,250
Retirement of bond principal	(200,000)	(200,000)	--
Total other financing uses, net	<u>(200,000)</u>	<u>(200,000)</u>	<u>--</u>
<b>RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES</b>	<u>\$ (49,596)</u>	<u>13,214</u>	<u>62,810</u>
<b>ADJUSTMENTS:</b>			
To adjust receipts for accruals		<u>8,697</u>	
<b>RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES (GAAP)</b>		<u>\$ 21,911</u>	

*See Notes to Basic Financial Statements*

**Sanitary Improvement District No. 216  
of Sarpy County Nebraska**

**Notes to Basic Financial Statements  
June 30, 2011**

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**(1) Summary of Significant Accounting Policies**

The following is a summary of significant accounting policies employed in the preparation of these financial statements:

*A. Reporting Entity*

Sanitary Improvement District No. 216 of Sarpy County, Nebraska (the District) was formed on December 1, 2000 to construct and maintain improvements in Millard Park South. The Subdivision consists of 507 lots and is located in Sarpy County, Nebraska.

The Board of Trustees of the District has financial accountability and control over all the activities related to Sanitary Improvement District No. 216. The Board of Trustees is elected by the property owners of the District and has decision-making authority, the authority to levy taxes, the power to designate management, and the ability to significantly influence operations. The Board also has primary financial accountability for fiscal matters of the District.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds for which the District is financially accountable. The District has also considered all other potential organizations for which the nature and significance of their relationships with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Government Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and 1) the ability of the District to impose its will on that organization, or 2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the District. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

*B. Government-Wide and Fund Financial Statements*

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities, which report financial information for all activities of the District.

The government-wide Statement of Net Assets recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets are restricted when constraints placed on them are either externally imposed or are imposed by law through constitutional provisions or enabling legislature. Internally imposed designations of resources are not presented as restricted net assets.

The government-wide Statement of Activities reflects the expenses of the District's governmental activities, offset by general revenues to determine the change in net assets for the year.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

*C. Fund Accounting*

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues, and expenditures or expenses, as appropriate. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the District's governmental funds:

**Sanitary Improvement District No. 216  
of Sarpy County Nebraska**

**Notes to Basic Financial Statements  
June 30, 2011**

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General Fund - The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund.

Debt Service Fund - The Debt Service Fund is used to account for the funding and payment of interest and principal of general obligation debt of the District.

*D. Measurement Focus and Basis of Accounting*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

*E. Budgets and Budgetary Accounting*

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

Formal budgetary integration is employed as a management control device during the year for the General and Debt Service Funds. These budgets are adopted on the cash basis of accounting. Revenues are recognized when cash is received and expenses are recognized when cash is disbursed.

The District approves total budget appropriations. Supplemental funds may be appropriated for emergency purposes after a public hearing and approval by the District. The level of budgetary responsibility is by total appropriations.

Unused appropriations for all of the above annual budgeted funds lapse at the end of the District's fiscal year.

The budget amounts shown in the basic financial statements are the final authorized amounts. No additional appropriations were made during the year ended June 30, 2011.

*F. Cash and Cash Equivalents*

Cash and cash equivalents include investments in highly liquid debt instruments that are available to meet working capital requirements and other current obligations.

Cash of the individual funds of the Sanitary Improvement District were held by the Sarpy County, Nebraska Treasurer, the fiscal agent, in a pooled fund. Such pooled fund deposits were covered by federal depository insurance or with sufficient assets pledged to Sarpy County by the financial institution at June 30, 2011. Amounts collateralized were not readily available.

**Sanitary Improvement District No. 216  
of Sarpy County Nebraska**

**Notes to Basic Financial Statements  
June 30, 2011**

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G. *Investments*

State statutes authorize the District to invest in U.S. government obligations, bonds or indentures issued by banks supervised by the Farm Credit Administration, or in certificates of deposit.

The District's investments during the year and at year end for the Debt Service Fund were invested in U.S. Treasury Bills. The U.S. Treasury Bills are stated at cost plus accrued interest, which approximates market value.

The cost of all cash and investments registered in the District's name is as follows:

	<u>Cost</u>	<u>Cost and Accrued Interest</u>
Cash held by County Treasurer	\$ 468,566	468,566
U.S. Treasury Bills held by County Treasurer	<u>299,939</u>	<u>299,956</u>
	<u>\$ 768,505</u>	<u>768,522</u>

Interest Rate Risk – Since the District's investments are short-term, this risk is minimized at June 30, 2011.

Custodial Credit Risk – Since investments are held in the County's name, the District is exposed to this risk at June 30, 2011.

H. *Receivables*

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. Revenues on special assessments and the related accrued interest are recognized as the amounts are collected in the government fund financial statements. Uncollected special assessments and accrued interest outstanding are recorded as receivable and deferred revenue on the government fund balance sheets as of June 30, 2011. Revenues on special assessments are recognized when levied and interest on outstanding special assessments are recognized when earned in the government-wide financial statements. Property tax and special assessment receivables are written off when deemed uncollectible. Recoveries of property tax and special assessment receivables previously written off are recorded when received. Interest income on property taxes and special assessments is recognized when received in the government fund financial statements.

**Sanitary Improvement District No. 216  
of Sarpy County Nebraska**

**Notes to Basic Financial Statements  
June 30, 2011**

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*I. Property Taxes*

The District has approved tax levies as follows for the year ended June 30, 2011:

	<b>Dollars per \$100 of Valuation</b>
General Fund	\$ 0.3000
Valuation	<u>86,538,230</u>
Total tax levy	<u>\$ 259,614</u>
Debt Service Fund	\$ 0.4500
Valuation	<u>86,538,230</u>
Total tax levy	<u>\$ 389,423</u>
Levy Date	December 31
Due Date	December 31
Delinquent Dates	April 1 and August 1
Interest Rate	14%

*J. Capital Assets*

Capital assets, primarily infrastructure, are reported in the applicable column in the government-wide financial statements. Such assets are recorded at historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Depreciation is calculated using the modified half-year depreciation method (straight-line depreciation with a half-year taken the first year and the last year) over the following estimated useful lives:

Paving and sewers	30 Years
Gas, electric and water distribution systems	30 Years

*K. Bond Issue Costs*

The bond issue costs on general obligation bonds payable are being amortized using the interest method over the life of the bonds. Amortization expense included in the accompanying statement of activities was \$39,771 for the year ended June 30, 2011.

*L. Estimates*

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

**Sanitary Improvement District No. 216  
of Sarpy County Nebraska**

**Notes to Basic Financial Statements  
June 30, 2011**

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*M. Reconciliation of the Balance Sheet to the Statement of Net Assets -  
Governmental Funds for the Year Ended June 30, 2011*

Total fund balances - governmental funds	\$	941,802
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, are not reported in the funds.		5,613,462
Deferred revenue on property taxes and special assessments in the government funds has been recorded as revenue in the government-wide financial statements.		253,833
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.		127,266
Accrued interest expense is not due or payable in the current period and, accordingly, is not reported in the governmental funds.		(71,122)
Bond issue costs are reported in governmental activities but are not reported in the funds as they do not provide economic resources.		390,729
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(6,155,000)</u>
Total net assets - governmental activities	\$	<u>1,100,970</u>

**Sanitary Improvement District No. 216  
of Sarpy County Nebraska**

**Notes to Basic Financial Statements  
June 30, 2011**

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*N. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities - Governmental Fund for the Year Ended June 30, 2011*

Net change in fund balances - governmental funds	\$ 5,593
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(257,741)
Accrued interest expense that does not require current financial resources.	2,049
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.	(110,997)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(24,499)
Bond issuance costs are capitalized and amortized on the government-wide statements whereas bond issuance costs are recorded as expenditures on the governmental funds when paid.	(39,771)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The net change in long-term debt for the year was:	<u>203,410</u>
Changes in net assets of governmental activities	<u>\$ (221,956)</u>

*O. Subsequent events*

The District considered events occurring through October 31, 2011 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

**Sanitary Improvement District No. 216  
of Sarpy County Nebraska**

**Notes to Basic Financial Statements  
June 30, 2011**

**(2) Improvements**

The following is a summary of general fixed assets:

	<b>Balance 6/30/2010</b>	<b>Current Period Additions</b>	<b>Adjustments</b>	<b>Balance 6/30/2011</b>
Paving and sewers	\$ 5,783,240	--	--	5,783,240
Gas, electric and water distribution system	1,948,919	--	--	1,948,919
	7,732,159	--	--	7,732,159
Less: Accumulated depreciation	(1,860,956)	(257,741)	--	(2,118,697)
	<b>\$ 5,871,203</b>	<b>(257,741)</b>	<b>--</b>	<b>5,613,462</b>

As of June 30, 2011, the District had no contractual commitments for construction projects.

The District recorded depreciation expense of \$257,741 for the year ended June 30, 2011.

**(3) Special Assessments**

The Board of Trustees has levied special assessments on the lots in the District. The assessment is summarized as follows:

Levy Date:	June 20, 2002	October 23, 2003	November 20, 2003	September 8, 2005
Amount Assessed:	\$1,100,525	\$1,437,371	\$448,406	\$950,813
Due Date:	August 9, 2002	December 12, 2003	January 9, 2004	October 28, 2005
Delinquent Date:	June 20, 2003	October 23, 2004	November 20, 2004	September 8, 2006
Regular Rate:	8%	7.5%	7.5%	7.5%
Delinquent Rate:	10%	9.5%	9.5%	9.5%

The special assessments are payable in ten annual principal installments, plus interest, beginning on the due date. Special assessments delinquent at June 30, 2011 were \$169,584.

**(4) General Long-Term Debt**

General Obligation Bonds

Transactions for general obligation bonds for the year ended June 30, 2011 are summarized as follows:

	<b>Balance 6/30/2010</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance 6/30/2011</b>
Bond issue, 2006 (A)	\$ 2,845,000	--	120,000	2,725,000
Bond issue, 2008 (B)	2,510,000	--	40,000	2,470,000
Bond issue, 2009 (C)	1,000,000	--	40,000	960,000
	<b>\$ 6,355,000</b>	<b>--</b>	<b>200,000</b>	<b>6,155,000</b>

(A) – 3.50% - 4.90% Series 2006, general obligation bonds due annually each February 15 from 2012 through 2026, interest due semiannually on February 15 and August 15, callable in whole or in part, anytime on or after February 15, 2011 at par value plus accrued interest to the date set for redemption. As of June 30, 2011, the average effective interest rate was 5.15% and the average stated rate was 4.70%.

**Sanitary Improvement District No. 216  
of Sarpy County Nebraska**

**Notes to Basic Financial Statements  
June 30, 2011**

- (B) – 2.35% - 5.45% Series 2008, general obligation bonds due annually each May 15 from 2014 through 2028, interest due semiannually on May 15 and November 15, callable in whole or in part, anytime on or after May 15, 2013 at par value plus accrued interest to the date set for redemption. As of June 30, 2011, the average effective interest rate was 5.67% and the average stated rate was 5.20%.
- (C) – 1.70% - 5.10% Series 2009, general obligation bonds due annually each October 15 from 2015 through 2029, interest due semiannually on April 15 and October 15, callable in whole or in part, anytime on or after October 15, 2014 at par value plus accrued interest to the date set for redemption. As of June 30, 2011, the average effective interest rate was 5.30% and the average stated rate was 4.57%.

Aggregate maturities for general obligation bonds during the next five years are as follows:

Year Ending June 30	Principal	Interest	Total
2012	\$ 215,000	289,820	504,820
2013	230,000	282,323	512,323
2014	245,000	273,786	518,786
2015	255,000	264,481	519,481
2016	270,000	254,260	524,260
2017 - 2021	1,640,000	1,078,310	2,718,310
2022 - 2026	2,135,000	640,941	2,775,941
2027 - 2031	1,165,000	102,257	1,267,257
	<u>\$ 6,155,000</u>	<u>3,186,178</u>	<u>9,341,178</u>

Warrants Payable

The District issues warrants to pay for expenditures of the District. When warrants are presented for payment, the paying agent either pays them or registers them, at which time interest begins accruing if the warrant is registered. The interest rate on the registered warrants is 7% to 8%. These warrants are generally expected to be redeemed with tax and special assessment revenues or refinanced with a long-term bond issue within their appropriate statutory maturity limits.

General Fund warrants are due and payable no later than three years from the date of issuance. Debt Service Fund warrants are due and payable no later than five years from the date of issuance.

	General Fund	Debt Service Fund	Total
Balance outstanding, June 30, 2010	\$ 3,410	--	3,410
Warrants issued	254,213	1,250	255,463
Warrant principal payments/cancellations	(257,623)	(1,250)	(258,873)
Balance outstanding, June 30, 2011	<u>\$ --</u>	<u>--</u>	<u>--</u>

**Sanitary Improvement District No. 216  
of Sarpy County Nebraska**

**Notes to Basic Financial Statements  
June 30, 2011**

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**(5) Surety Bonds**

The District has acquired the following surety bonds which have been filed with the County Clerk in accordance with Nebraska Statutes Section 31-734:

Chairperson	\$ 5,000
Clerk	20,000

**(6) Credit Risk**

Receivables for property taxes are due from the property owners within the boundaries of the District located in Sarpy County, Nebraska.

**(7) 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.

**(8) Related Parties**

The Board of Trustees of the District is comprised of individuals that have a direct or indirect ownership interest in the property within the District.

Sanitary Improvement District No. 216  
of Sarpy County Nebraska

Exhibit 1

Schedule of Investments  
June 30, 2011

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	<u>Cost</u>	<u>Cost and Accrued Interest</u>	<u>Par Value</u>
U.S. Treasury Bills: Due October 13, 2011	\$ 299,939	299,956	300,000

**Sanitary Improvement District No. 216  
of Sarpy County Nebraska**

**Exhibit 2**

**Information Required by Section 31-740,  
Revised Statutes of Nebraska 1943, Reissued 2008  
For the Year Ended June 30, 2011**

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	<u>2011</u>
Gross revenue from all sources	\$ 791,280
Amount spent for access to facilities and use of service of library system of neighboring cities and villages	None
Amount expended for capital improvements for water mains, net of utility refunds	None
Amount spent for sewage disposal	None
Gross amount of sewage processed	None
Cost per thousand gallons of processing sewage	None
Amount expended for maintenance and repairs	\$ 179,035
Amount expended for new equipment	None
Amount expended for new construction work, net	None
Amount expended for property purchased	None
Number of employees	None
Salaries and fees paid to employees	None
Total amount of taxes levied upon the property within the District	\$ 649,037
Total amount of special assessments levied upon property within the District	None

**Sanitary Improvement District No. 216  
of Sarpy County Nebraska**

**Exhibit 3**

**Board of Trustees  
June 30, 2011**

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<u>Name</u>	<u>Office</u>
W.L. Morrison, Jr.	Chairperson
Kristy J. Gregath	Clerk
Robert Storz	Trustee
Andrea Storz	Trustee

Sanitary Improvement District No. 216  
of Sarpy County Nebraska

Exhibit 4

Schedule of Debt Services Requirements  
June 30, 2011

Year Ending June 30,	General Obligation Bonds						Combined Requirements	
	Series 2006		Series 2008		Series 2009		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2012	\$ 125,000	126,107	45,000	124,425	45,000	39,288	215,000	289,820
2013	135,000	121,107	50,000	122,918	45,000	38,298	230,000	282,323
2014	140,000	115,573	55,000	121,143	50,000	37,070	245,000	273,786
2015	145,000	109,693	65,000	119,080	45,000	35,708	255,000	264,481
2016	150,000	103,457	75,000	116,513	45,000	34,290	270,000	254,260
2017	160,000	96,857	85,000	113,400	45,000	32,749	290,000	243,006
2018	170,000	89,658	95,000	109,745	45,000	31,095	310,000	230,498
2019	175,000	81,922	105,000	105,518	45,000	29,340	325,000	216,780
2020	185,000	73,873	115,000	100,688	45,000	27,495	345,000	202,056
2021	195,000	65,270	125,000	95,225	50,000	25,475	370,000	185,970
2022	205,000	56,105	135,000	89,100	50,000	23,300	390,000	168,505
2023	215,000	46,060	140,000	82,350	50,000	21,075	405,000	149,485
2024	230,000	35,525	145,000	75,210	50,000	18,800	425,000	129,535
2025	240,000	24,255	155,000	67,307	50,000	16,475	445,000	108,037
2026	255,000	12,495	165,000	58,859	50,000	14,025	470,000	85,379
2027	--	--	445,000	49,867	55,000	11,348	500,000	61,215
2028	--	--	470,000	25,614	60,000	8,415	530,000	34,029
2029	--	--	--	--	65,000	5,228	65,000	5,228
2030	--	--	--	--	70,000	1,785	70,000	1,785
Totals	\$ <u>2,725,000</u>	<u>1,157,957</u>	<u>2,470,000</u>	<u>1,576,962</u>	<u>960,000</u>	<u>451,259</u>	<u>6,155,000</u>	<u>3,186,178</u>

**Independent Auditor's 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 of  
Sanitary Improvement District No. 216  
of Sarpy County, Nebraska:

We have audited the financial statements of government activities and each major fund of Sanitary Improvement District No. 216 of Sarpy County, Nebraska (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon, dated October 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control over financial reporting, that we consider to be a significant deficiency (11-1).

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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*.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended for the information of the District's Board of Trustees and the State of Nebraska Auditor of Public Accounts. However, this report is a matter of public record and its distribution is not limited.

Seim Johnson, LLP

Omaha, Nebraska,  
October 31, 2011

**Sanitary Improvement District No. 216  
of Sarpy County Nebraska**

**Schedule of Findings and Responses  
June 30, 2011**

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**FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

11-1

*Significant Deficiency:*

Condition:	Management has elected to have external accounts prepare their financial statements and notes to financial statements. This could result in the District's financial statements to be misstated and not detected by the District's personnel.
Recommendation:	We recommend the District have a heightened awareness of the transactions being reported.
Response:	Management is aware of this significant deficiency and believes it is not financially prudent for the District to employ personnel for the purpose of preparing the financial statements. The Board of Trustees reviews the financial statements along with a consultant familiar with the activities of the District. Management will continue to have a heightened awareness of the District's transactions when reviewing the financial statements prepared by external accountants.
Conclusion:	Response accepted.