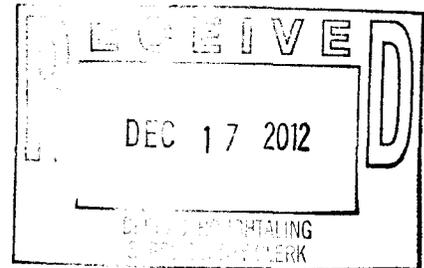


**Sanitary Improvement District No. 216
of Sarpy County Nebraska**

**Basic Financial Statements
and Supplementary Information
June 30, 2012**

Together with Independent Auditor's Report



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

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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 and each major fund, and the budgetary comparisons for the general and debt service funds of Sanitary Improvement District No. 216 of Sarpy County, Nebraska (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2012, 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 omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2012 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Seim Johnson, LLP

Omaha, Nebraska,
December 6, 2012

Sanitary Improvement District No. 216
of Sarpy County Nebraska

Governmental Funds Balance Sheet / Statement of Net Assets
June 30, 2012

	General	Debt Service	Total	Adjustments (Note 1)	Statement of Net Assets
ASSETS					
Cash and cash equivalents	\$ 96,936	692,020	788,956	--	788,956
Receivables:					
Property taxes		198,437	336,117	--	336,117
Special assessments	137,680	114,909	114,909	--	114,909
Interest on special assessments	--	71,074	71,074	--	71,074
Due from governmental agency	--	46,407	46,407	--	46,407
Capital assets, net of accumulated depreciation	--	--	--	5,381,893	5,381,893
Bond issue costs, net of accumulated amortization	--	--	--	352,325	352,325
Total assets	\$ 234,616	1,122,847	1,357,463	5,734,218	7,091,681
LIABILITIES					
Accounts payable	\$ 77,759	--	77,759	--	77,759
Accrued interest payable	--	--	--	68,871	68,871
Deferred revenue	15,771	201,558	217,329	(217,329)	--
Long-term debt					
Portion due within one year	--	--	--	230,000	230,000
Portion due after one year	--	--	--	5,717,585	5,717,585
Total liabilities	\$ 93,530	201,558	295,088	5,799,127	6,094,215
FUND BALANCES/NET ASSETS					
Restricted fund balance - debt service	--	921,289	921,289	(921,289)	--
Unassigned fund balance	141,086	--	141,086	(141,086)	--
Total fund balance	141,086	921,289	1,062,375	(1,062,375)	--
Total liabilities and fund balances	\$ 234,616	1,122,847	1,357,463		
Invested in capital assets, net of related debt				(205,782)	(205,782)
Restricted for debt service				1,053,976	1,053,976
Unrestricted				149,272	149,272
Total net assets				\$ 997,466	997,466

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, 2012**

	General	Debt Service	Total	Adjustments (Note 1)	Statement of Activities
REVENUES:					
Personal and real estate taxes	\$ 269,867	404,799	674,666	21,641	696,307
Special assessments	--	129,219	129,219	(129,219)	--
Interest on investments	--	119	119	--	119
Interest on special assessments	--	71,943	71,943	(56,192)	15,751
Other interest	--	18,259	18,259	--	18,259
Miscellaneous	6,503	37,902	44,405	--	44,405
Total revenues	<u>276,370</u>	<u>662,241</u>	<u>938,611</u>	<u>(163,770)</u>	<u>774,841</u>
EXPENDITURES/EXPENSES:					
Amortization of bond issue costs	--	--	--	38,404	38,404
Capital outlay	26,172	--	26,172	(26,172)	--
Collection fees	5,117	11,699	16,816	--	16,816
Depreciation	--	--	--	257,741	257,741
Electricity	28,565	--	28,565	--	28,565
Fiscal agent fees	--	1,250	1,250	--	1,250
Insurance	2,566	--	2,566	--	2,566
Interest on bonds	--	289,820	289,820	(2,251)	287,569
Professional fees	66,898	--	66,898	--	66,898
Publication fees	61	--	61	--	61
Repairs and maintenance	177,949	--	177,949	--	177,949
Street signs	526	--	526	--	526
Total expenditures/expenses	<u>307,854</u>	<u>302,769</u>	<u>610,623</u>	<u>267,722</u>	<u>878,345</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	<u>(31,484)</u>	<u>359,472</u>	<u>327,988</u>	<u>(431,492)</u>	<u>(103,504)</u>
OTHER FINANCING SOURCES (USES):					
Issuance of warrants	341,782	1,250	343,032	(343,032)	--
Retirement of warrant principal	(334,197)	(1,250)	(335,447)	335,447	--
Retirement of bond principal	--	(215,000)	(215,000)	215,000	--
Total other financing sources (uses), net	<u>7,585</u>	<u>(215,000)</u>	<u>(207,415)</u>	<u>207,415</u>	<u>--</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES/EXPENSES AND OTHER FINANCING USES	<u>(23,899)</u>	<u>144,472</u>	<u>120,573</u>	<u>(120,573)</u>	
CHANGE IN NET ASSETS				<u>(103,504)</u>	(103,504)
FUND BALANCES/NET ASSETS					
Beginning of year	<u>164,985</u>	<u>776,817</u>	<u>941,802</u>	--	1,100,970
End of year	<u>\$ 141,086</u>	<u>921,289</u>	<u>1,062,375</u>	--	<u>997,466</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 – Budgetary Basis
For the Year Ended June 30, 2012**

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS:			
Personal and real estate taxes	\$ 274,846	263,992	(10,854)
Miscellaneous receipts	--	6,503	6,503
Total receipts	<u>274,846</u>	<u>270,495</u>	<u>(4,351)</u>
DISBURSEMENTS:			
Capital outlay	25,950	26,172	(222)
Collection fees	5,389	5,117	272
Electricity	34,637	27,385	7,252
Insurance	4,000	2,566	1,434
Miscellaneous	4,000	--	4,000
Professional fees	63,000	72,628	(9,628)
Publication fees	1,200	118	1,082
Repairs and maintenance	211,500	212,541	(1,041)
Street cleaning	1,000	--	1,000
Street signs	1,250	374	876
Total disbursements	<u>351,926</u>	<u>346,901</u>	<u>5,025</u>
EXCESS OF RECEIPTS UNDER DISBURSEMENTS	<u>(77,080)</u>	<u>(76,406)</u>	<u>674</u>
OTHER FINANCING SOURCES (USES):			
Issuance of warrants	346,537	341,782	(4,754)
Retirement of warrants	(346,537)	(334,197)	12,339
Total other financing sources, net	<u>--</u>	<u>7,585</u>	<u>7,585</u>
EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES UNDER DISBURSEMENTS AND OTHER FINANCING USES	<u>\$ (77,080)</u>	<u>(68,821)</u>	<u>8,259</u>
ADJUSTMENTS:			
To adjust receipts for accruals		5,875	
To adjust disbursements for accruals		<u>39,047</u>	
Total adjustments		<u>44,922</u>	
EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES UNDER DISBURSEMENTS AND OTHER FINANCING USES (GAAP)		<u>\$ (23,899)</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 – Budgetary Basis
For the Year Ended June 30, 2012**

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS:			
Personal and real estate taxes	\$ 412,270	395,987	(16,283)
Special assessments	42,574	129,219	86,645
Interest on investments	--	137	137
Interest on special assessments	9,370	71,943	62,573
Miscellaneous receipts	--	9,754	9,754
Total receipts	<u>464,214</u>	<u>607,040</u>	<u>142,826</u>
DISBURSEMENTS:			
Collection fees	9,102	11,699	(2,597)
Construction costs	2,000	--	2,000
Fiscal agent fees	1,750	1,250	500
Interest on bonds	289,820	289,820	--
Total disbursements	<u>302,672</u>	<u>302,769</u>	<u>(97)</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	<u>161,542</u>	<u>304,271</u>	<u>142,729</u>
OTHER FINANCING SOURCES (USES):			
Issuance of warrants	3,750	1,250	(2,500)
Retirement of warrants	(3,750)	(1,250)	2,500
Retirement of bond principal	(215,000)	(215,000)	--
Total other financing uses, net	<u>(215,000)</u>	<u>(215,000)</u>	<u>--</u>
EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES	<u>\$ (53,458)</u>	<u>89,271</u>	<u>142,729</u>
ADJUSTMENTS:			
To adjust receipts for accruals		<u>55,201</u>	
EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES (GAAP)		<u>\$ 144,472</u>	

See Notes to Basic Financial Statements

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

**Notes to Basic Financial Statements
June 30, 2012**

(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.

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

**Notes to Basic Financial Statements
June 30, 2012**

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, 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:

General Fund - The General Fund is the general operating fund of the District. All general tax revenue and other revenue 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, 2012.

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

**Notes to Basic Financial Statements
June 30, 2012**

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 treasurer of Sarpy County, Nebraska, 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, 2012. Amounts collateralized were not readily available.

G. Deposits and Investments

State statutes require that all bank balances be insured or collateralized by United States government securities held by the District's third-party agent or the pledging financial institution's trust department in the name of the District.

Credit Risk - The statutes of the State of Nebraska authorize the District to invest in certificates of deposit and time deposits of banks or capital stock financial institutions, obligations of the United States government and agencies thereof, and securities as provided in the authorized investment guidelines of the Nebraska Investment Council. The District does not have a policy for custodial credit risk beyond requirements set by the state statutes. All cash funds are held in the County's name, as such, the District is exposed to this risk at June 30, 2012.

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

H. Receivables

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. Revenue on special assessments and the related accrued interest is recognized as the amounts are collected in the governmental fund financial statements. Uncollected special assessments and accrued interest outstanding are recorded as receivable and deferred revenue on the governmental fund balance sheets as of June 30, 2012. Revenue on special assessments is recognized when levied and interest on outstanding special assessments is 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 governmental fund financial statements.

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

**Notes to Basic Financial Statements
June 30, 2012**

I. Property Taxes

The District has approved tax levies as follows for the year ended June 30, 2012:

	Dollars per \$100 of Valuation
General Fund Valuation	\$ 0.3000 <u>91,615,486</u>
Total tax levy	\$ <u>274,846</u>
Debt Service Fund Valuation	\$ 0.4500 <u>91,615,486</u>
Total tax levy	\$ <u>412,270</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 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 straight-line depreciation method 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 \$38,404 for the year ended June 30, 2012.

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

**Notes to Basic Financial Statements
June 30, 2012**

L. Net Assets/Fund Balance

The District considers that all incurred and spent restricted, committed, and assigned amounts have been utilized first before unassigned amounts are made.

Fund balance of the District's governmental funds are classified in the financial statements as follows:

- *Nonspendable Fund Balance* consists of amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be kept intact. The District had no nonspendable fund balance as of June 30, 2012.
- *Restricted Fund Balance* consists of amounts that are restricted for specific purposes. These restrictions are either 1) externally imposed by creditors, grantors contributors, or laws or regulations of other governments or 2) imposed through constitutional provisions or enabling legislation.
- *Committed Fund Balance* consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal actions of the government's highest level of decision making authority. These amounts cannot be used for any other purpose unless the government removes or changes the specific use by taking the same type of action it used to commit those amounts. The Board of Trustees is the District's highest level of authority. All actions concerning approving, eliminating, or modifying of minimal fund balances will be accomplished through resolution. The District had no committed fund balance as of June 30, 2012.
- *Assigned Fund Balance* consists of amounts that are constrained by the government intended to be used for specific purposes, but are neither restricted nor committed. The authority for making an assignment is not required to be the government's highest decision making authority. Furthermore, the nature of the actions necessary to remove or modify an assignment is not as prescriptive as it is with regards to committed fund balances. The Board of Trustees of the District will have the overall responsibilities for monitoring these balances. The District had no assigned fund balance as of June 30, 2012.
- *Unassigned Fund Balance* is the residual classification for the general fund. The general fund is the only fund to report a positive unassigned fund balance.

Net assets of the District are classified in the government-wide statement of net assets and are defined as follows:

- *Net assets invested in capital assets net of related debt* consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets.
- *Restricted expendable net assets* are noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, contributors or laws or regulations external to the District.
- *Restricted nonexpendable net assets* equal the principal portion of permanent endowments. The District had no restricted nonexpendable net assets as of June 30, 2012.
- *Unrestricted net assets* are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted.

The District first applies restricted resources when an expense incurred for purposes for which both restricted and unrestricted resources are available.

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

**Notes to Basic Financial Statements
June 30, 2012**

M. 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.

N. Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets as of June 30, 2012

Total fund balances - governmental funds	\$ 1,062,375
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.	5,381,893
Deferred revenue on property taxes and special assessments in the governmental funds has been recorded as revenue in the government-wide financial statements.	146,255
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.	71,074
Accrued interest expense is not due or payable in the current period and, accordingly, is not reported in the governmental funds.	(68,871)
Bond issue costs are reported in governmental activities but are not reported in the funds as they do not provide economic resources.	352,325
Long-term debt is not due and payable in the current period and therefore, is not reported in the funds.	<u>(5,947,585)</u>
Total net assets - governmental activities	<u>\$ 997,466</u>

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

**Notes to Basic Financial Statements
June 30, 2012**

O. *Reconciliation of the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities for the Year Ended June 30, 2012*

Net change in fund balances - governmental funds	\$ 120,573
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.	(231,569)
Accrued interest expense that does not require current financial resources.	2,251
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.	(185,411)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	21,641
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.	(38,404)
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>207,415</u>
Change in net assets - governmental activities	\$ <u><u>(103,504)</u></u>

P. *Subsequent events*

The District considered events occurring through December 6, 2012 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, 2012**

(2) Capital Assets

The following is a summary of capital assets:

	<u>Balance 6/30/2011</u>	<u>Additions</u>	<u>Balance 6/30/2012</u>
Land	\$ --	26,172	26,172
Paving and sewers	5,783,240	--	5,783,240
Gas, electric and water distribution systems	<u>1,948,919</u>	<u>--</u>	<u>1,948,919</u>
	7,732,159	26,172	7,758,331
Less: Accumulated depreciation	<u>(2,118,697)</u>	<u>(257,741)</u>	<u>(2,376,438)</u>
	<u>\$ 5,613,462</u>	<u>(231,569)</u>	<u>5,381,893</u>

As of June 30, 2012, the District had no contractual commitments for construction projects.

The District recorded depreciation expense of \$257,741 for the year ended June 30, 2012.

(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, 2012 were \$75,315.

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

**Notes to Basic Financial Statements
June 30, 2012**

(4) Long-Term Debt

General Obligation Bonds

Transactions for general obligation bonds for the year ended June 30, 2012 are summarized as follows:

	<u>Balance 6/30/2011</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 6/30/2012</u>	<u>Due Within One Year</u>
Bond issue, 2006 (A)	\$ 2,725,000	--	125,000	2,600,000	135,000
Bond issue, 2008 (B)	2,470,000	--	45,000	2,425,000	50,000
Bond issue, 2009 (C)	960,000	--	45,000	915,000	45,000
	<u>\$ 6,155,000</u>	<u>--</u>	<u>215,000</u>	<u>5,940,000</u>	<u>230,000</u>

- (A) 4.10% - 4.90% Series 2006, general obligation bonds due annually each February 15 through 2026, interest due semiannually on February 15 and August 15, currently callable in whole or in part, at par value plus accrued interest to the date set for redemption. As of June 30, 2012, the average effective interest rate was 5.12% and the average stated rate was 4.71%.
- (B) 3.35% - 5.45% Series 2008, general obligation bonds due annually each May 15 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, 2012, the average effective interest rate was 5.64% and the average stated rate was 5.21%.
- (C) 2.40% - 5.10% Series 2009, general obligation bonds due annually each October 15 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, 2012, the average effective interest rate was 5.25% and the average stated rate was 4.58%.

Aggregate maturities for general obligation bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	290,000	243,006	533,006
2018 - 2022	1,740,000	1,003,808	2,743,808
2023 - 2027	2,245,000	533,652	2,778,652
2028 - 2030	665,000	41,042	706,042
	<u>\$ 5,940,000</u>	<u>2,896,358</u>	<u>8,836,358</u>

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

**Notes to Basic Financial Statements
June 30, 2012**

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.

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Balance outstanding, June 30, 2011	\$ --	--	--
Warrants issued	341,782	1,250	343,032
Warrant principal payments/cancellations	<u>(334,197)</u>	<u>(1,250)</u>	<u>(335,447)</u>
Balance outstanding, June 30, 2012	<u>\$ 7,585</u>	<u>--</u>	<u>7,585</u>

(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

**Information Required by Section 31-740,
Revised Statutes of Nebraska 1943, Reissued 2008
For the Year Ended June 30, 2012**

Gross revenue from all sources	\$	938,611
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	\$	177,949
Amount expended for new equipment		None
Amount expended for new construction work, net		None
Amount expended for property purchased	\$	26,172
Number of employees		None
Salaries and fees paid to employees		None
Total amount of taxes levied upon the property within the District	\$	687,116
Total amount of special assessments levied upon property within the District		None

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

Exhibit 2

**Board of Trustees
June 30, 2012**

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

**Sarritary Improvement District No. 216
Of Sarpy County Nebraska**

Exhibit 3

**Schedule of Debt Service Requirements
June 30, 2012**

Year Ending June 30,	General Obligation Bonds						Combined Requirements	
	Series 2006		Series 2008		Series 2009		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 135,000	121,108	50,000	122,917	45,000	38,298	230,000	282,323
2014	140,000	115,572	55,000	121,144	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	89,657	95,000	109,745	45,000	31,095	310,000	230,497
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	58,860	50,000	14,025	470,000	85,380
2027	--	--	445,000	49,867	55,000	11,348	500,000	61,215
2028	--	--	470,000	25,615	60,000	8,414	530,000	34,029
2029	--	--	--	--	65,000	5,228	65,000	5,228
2030	--	--	--	--	70,000	1,785	70,000	1,785
Totals	\$ 2,600,000	1,031,849	2,425,000	1,452,539	915,000	411,970	5,940,000	2,896,358

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

**Schedule of Findings and Responses
June 30, 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

12-1

Significant Deficiency:

Criteria:	Management is responsible for the preparation and fair presentation of the District's financial statements.
Condition:	Management relies on external accountants to prepare the District's financial statements and notes to financial statements.
Context:	External accountants prepare the District's financial statements and notes to financial statements.
Cause:	Due to the limited number of management and administrative personnel, management has elected to have external accountants prepare the financial statements and notes to financial statements.
Effect:	Condition 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.
Views of Responsible Officials and Planned Corrective Action:	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. 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.