



**SANITARY AND IMPROVEMENT  
DISTRICT NO. 243 OF SARPY  
COUNTY, NEBRASKA**

**BASIC FINANCIAL STATEMENTS AND  
INDEPENDENT ACCOUNTANTS' AUDIT REPORT**

**JUNE 30, 2010**

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# SANITARY AND IMPROVEMENT DISTRICT NO. 243 OF SARPY COUNTY, NEBRASKA

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## INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Board of Trustees  
Sanitary and Improvement District No. 243  
of Sarpy County, Nebraska

We have audited the accompanying financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 243 of Sarpy County, Nebraska, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the index. These financial statements are the responsibility of the District's Trustees. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sanitary and Improvement District No. 243 of Sarpy County, Nebraska, as of June 30, 2010, and the results of its operations 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 a report dated December 1, 2010, on our consideration of Sanitary and Improvement District No. 243 of Sarpy County, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Sanitary and Improvement District No. 243  
of Sarpy County, Nebraska  
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Information Required by Section 31-740, Reissue Revised Statute of Nebraska, 1998 and District Trustees and Related Bonds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2010, taken as a whole.

*Lutz & Company P.C.*

December 1, 2010

**SANITARY AND IMPROVEMENT DISTRICT NO. 243  
OF SARPY COUNTY, NEBRASKA**

**GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS**

**JUNE 30, 2010**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Reconciliation (Note 7)</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>					
Cash on Deposit-County Treasurer	\$ 1,520	\$ 27,172	\$ 28,692	\$	\$ 28,692
Investments		1,344,051	1,344,051		1,344,051
Receivables					
Property Taxes (Note 2)	133,970		133,970		133,970
Special Assessments (Note 3)		1,023,632	1,023,632		1,023,632
Accrued Interest Receivable					
Special Assessments (Note 3)		153,671	153,671		153,671
Investments		602	602		602
Bond Issue Costs, Net of Accumulated Amortization of \$57,175				359,215	359,215
Capital Assets, Net of Accumulated Depreciation (Note 4)				5,463,659	5,463,659
<b>TOTAL ASSETS</b>	<b>\$135,490</b>	<b>\$2,549,128</b>	<b>\$2,684,618</b>	<b>\$ 5,822,874</b>	<b>\$ 8,507,492</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 16,313	\$ 123,514	\$ 139,827	\$	\$ 139,827
Registered Warrants Payable (Note 5)	67,215	326,427	393,642	3,325,411	3,719,053
Unregistered Warrants Payable	6,255		6,255	62,097	68,352
Accrued Interest on					
Registered Warrants (Note 5)	588	171,537	172,125		172,125
Bonds (Note 6)		40,464	40,464		40,464
Bonds Payable (Note 6)					
Due within one Year				55,000	55,000
Due after one Year				3,475,000	3,475,000
Deferred Revenue				133,970	133,970
<b>Total Liabilities</b>	<b>90,371</b>	<b>661,942</b>	<b>752,313</b>	<b>7,051,478</b>	<b>7,803,791</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 8)</b>					
<b>FUND BALANCE (DEFICIT)/ NET ASSETS</b>					
Unreserved, Reported in					
General Fund	45,119		45,119	(45,119)	
Restricted, Debt Service Fund		1,887,186	1,887,186	(1,887,186)	
<b>Total Fund Balance (Deficit)</b>	<b>45,119</b>	<b>1,887,186</b>	<b>1,932,305</b>	<b>(1,932,305)</b>	
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$135,490</b>	<b>\$2,549,128</b>	<b>\$2,684,618</b>		
<b>NET ASSETS (DEFICIT)</b>					
Invested in Capital Assets, Net of Related Debt				(1,228,604)	(1,228,604)
Unrestricted				45,119	45,119
Restricted for Debt Service				1,887,186	1,887,186
<b>TOTAL NET ASSETS</b>				<b>\$ 703,701</b>	<b>\$ 703,701</b>

See Notes to Basic Financial Statements.

# SANITARY AND IMPROVEMENT DISTRICT NO. 243 OF SARPY COUNTY, NEBRASKA

## GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Reconciliation (Note 7)</u>	<u>Statement of Activities</u>
<b>REVENUES</b>					
Property Taxes (Note 2)	\$281,363	\$	\$ 281,363	\$ (21,449)	\$ 259,914
Interest on					
Property Taxes (Note 2)	65		65		65
Investments		1,705	1,705		1,705
Special Assessments (Note 3)		103,644	103,644		103,644
Sewer Connection Fees		6,400	6,400		6,400
State Motor Vehicle Taxes Allocation	920		920		920
<b>Total Revenues</b>	<b>282,348</b>	<b>111,749</b>	<b>394,097</b>	<b>(21,449)</b>	<b>372,648</b>
<b>EXPENDITURES/EXPENSES</b>					
Current:					
Collection Fees-County Treasurer	4,992	14,349	19,341		19,341
Amortization of Bond Issue Costs				20,819	20,819
Bond Maintenance Costs	500	2,312	2,812		2,812
Clerk Fees	1,184		1,184		1,184
Depreciation (Note 4)				140,377	140,377
Engineering	22,582		22,582		22,582
Fiscal Agent Fees	9,038		9,038		9,038
Insurance	2,602		2,602		2,602
Interest Expense					
Registered Warrants (Note 5)	6,814	232,253	239,067		239,067
Maintenance	41,526		41,526		41,526
Professional Fees	28,744		28,744		28,744
Utilities	32,290	149,263	181,553		181,553
Bond Payable (Note 6)					
Principal Payments		50,000	50,000	(50,000)	
Interest		177,074	177,074		177,074
Net Capital Outlay (Note 4)		395,976	395,976	(395,976)	
<b>Total Expenditures/Expenses</b>	<b>150,272</b>	<b>1,021,227</b>	<b>1,171,499</b>	<b>(284,780)</b>	<b>886,719</b>
<b>Excess (Deficiency) of Revenues Over Expenditures/Expenses</b>	<b>132,076</b>	<b>(909,478)</b>	<b>(777,402)</b>	<b>263,331</b>	<b>(514,071)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Warrants (Note 5)		610,123	610,123	(610,123)	
Transfer to Debt Service Fund	(27,800)	27,800			
Change in Payables		(108,326)	(108,326)	108,326	
<b>Total Other Financing Sources (Uses)</b>	<b>(27,800)</b>	<b>529,597</b>	<b>501,797</b>	<b>(501,797)</b>	
<b>Excess (Deficiency) of Revenues and Transfers in Over (Under) Expenditures/Expenses and Transfers Out</b>	<b>104,276</b>	<b>(379,881)</b>	<b>(275,605)</b>	<b>275,605</b>	
<b>Change in Net Assets</b>				<b>(514,071)</b>	<b>(514,071)</b>
<b>Fund Balance (Deficit) Net Assets, Beginning of Year</b>	<b>(59,157)</b>	<b>2,267,067</b>	<b>2,207,910</b>		<b>1,217,772</b>
<b>Fund Balance Net Assets, End of Year</b>	<b>\$ 45,119</b>	<b>\$1,887,186</b>	<b>\$1,932,305</b>		<b>\$ 703,701</b>

See Notes to Basic Financial Statements.

# SANITARY AND IMPROVEMENT DISTRICT NO. 243 OF SARPY COUNTY, NEBRASKA

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

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### 1. Summary of Significant Accounting Policies

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The accounting policies of Sanitary and Improvement District No. 243 of Sarpy County, Nebraska conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the District's significant policies.

**Reporting Entity** Sanitary and Improvement District No. 243 of Sarpy County, Nebraska (the District), formed on September 10, 2003, is a governmental subdivision authorized under the statutes of the State of Nebraska. The District operates under an elected Board of Trustees which governs all activities related to streets, utility systems, and other public improvements within the jurisdiction of the District. The accompanying basic financial statements present the District's primary government unit and no component units because the District does not have any component units.

The District has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB Statement No. 34), GASB Statement 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement 34, and GASB Statement No. 38, *Certain Financial Statement Disclosures* which changes note disclosure requirements for governmental entities.

The GASB determined that fund reporting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB determined that fund financial statements are needed to allow users of financial reports to assess a government's operational accountability. The new GASB model integrates fund-based financial reporting as complimentary components of a single comprehensive financial reporting model.

**Combined Financial Statements** The Governmental Funds Balance Sheet/Statement of Net Assets and the Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Statement of Activities are part of the combined financial statements. They report information on all of the District's activities with the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, special assessments and other intergovernmental revenues. The District has no business type activities that rely, to a significant extent, on fees and charges for support.

# SANITARY AND IMPROVEMENT DISTRICT NO. 243 OF SARPY COUNTY, NEBRASKA

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

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### 1. Summary of Significant Accounting Policies - Continued

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#### Combined

#### Financial Statements -

#### Continued

The combined financial statements provide reports on the financial condition and results of operations for the District. The District reports the two major governmental funds' financial condition and results of operations in separate columns.

#### Use of Estimates

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

#### Fund Accounting

The District used funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only used governmental funds. The following governmental funds are used by the District.

**Governmental Funds.** Governmental funds are those through which most general governmental functions of the District are financed. These funds are accounted for using the current financial resources measurement focus. Under this measurement focus, only current assets and liabilities are included on the balance sheets, and the operating statements present sources and uses of available financial resources during a given period. The following major governmental funds are used by the District:

- **General Fund**

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

- **Debt Service Fund**

The debt service fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs anticipated to be settled during the next fiscal year.

# SANITARY AND IMPROVEMENT DISTRICT NO. 243 OF SARPY COUNTY, NEBRASKA

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

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### 1. Summary of Significant Accounting Policies - Continued

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**Basis of Accounting** Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**Budgets and  
Budgetary  
Accounting**

The District is required to adopt an annual operating budget for all the funds over which the District controls. The budget is adopted using a cash basis of accounting which differs significantly from generally accepted accounting principles. Under the cash basis of accounting, revenues and expenditures are recorded when cash is received or paid, respectively. Payment is deemed to have been made when warrants are issued.

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

- (1) In September of each year, the District submits a proposed operating budget for all funds to the real estate owners of the District.
- (2) Notice of place and time of public hearings must be published prior to the public hearings.
- (3) Public hearings are conducted to obtain taxpayer comment.
- (4) After publication and hearing, the budget is legally adopted by majority vote of the Board. The District is required to file a copy of the adopted budget with the County Clerk and the Nebraska Auditor of Public Accounts in accordance with the Nebraska Budget Act.
- (5) The budget is adopted on a per-fund basis and budgetary control is exercised at the fund level.
- (6) The Board of Trustees may authorize supplemental appropriations during the year. (No such appropriations were made during the fiscal year ended June 30, 2010.)

**Investments**

The District is allowed to invest funds as permitted by Nebraska Statute 77-2341, R.R.S., 1990; and allowable investments generally include U.S. government obligations, certificates of deposit, and time deposits. The District's investments during the year ended June 30, 2010, consisted of U.S. Treasury bills.

# SANITARY AND IMPROVEMENT DISTRICT NO. 243 OF SARPY COUNTY, NEBRASKA

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

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### 1. Summary of Significant Accounting Policies - Continued

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**Investments -**  
Continued

All investment activities are conducted through the County Treasurer. Treasury bills are bought and held in safekeeping by the County Treasurer in the District's name.

Investments are stated at fair value.

**Property Taxes**

Property tax revenues are recognized when a legal and enforceable claim is assessed against the property. Delinquent taxes are considered fully collectible; therefore, no allowance for uncollectible taxes is provided.

**Special Assessments**

Revenue on special assessments is recognized when the specials are assessed. Special assessments are considered fully collectible; therefore, no allowance for uncollectible assessments is provided.

**Capital Assets**

Capital assets are stated at cost in accordance with construction contracts and other costs applicable thereto. Interest accrued on warrants issued for the construction of improvements is capitalized during the period of construction. Capital assets are classified as construction in progress until construction is complete or special assessments are levied. No depreciation expense is reported for capital assets classified as construction in progress. The costs of improvements disposed and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal. Land and easements purchased are not depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Storm and Sanitary Sewer Systems	50
Street Improvements	20
Park Improvements	15
Civil Defense Siren	15
Easements	

**Bond Issue Costs**

Bond issue costs are amortized, using the straight-line method, over the life of the bond issue.

**Cost of Utilities**

These costs include the cost of systems for which the District does not obtain title such as electrical systems (OPPD), water distribution systems (MUD) and/or gas distribution systems (MUD). These costs are expensed as incurred.

# SANITARY AND IMPROVEMENT DISTRICT NO. 243 OF SARPY COUNTY, NEBRASKA

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

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### 1. Summary of Significant Accounting Policies - Continued

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- Deferred Revenue**      The District reports unearned deferred revenue in the governmental fund balance sheet. Deferred and unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In general, monies received within thirty-one days after year-end are considered to have been for prior year services.
- Credit Risk**              The District's credit risk relates to receivables for property taxes and special assessments which are due from property owners within the boundaries of the District and cash on deposit with the Sarpy County Treasurer.
- Subsequent Events**      Subsequent events are events or transactions that occur after the Governmental Funds Balance Sheet/Statement of Net Assets date but before the financial statements are available to be issued and may require potential recognition or disclosure in the financial statements. Management has considered such events or transactions through December 1, 2010 noting no items requiring disclosure.

### 2. Property Taxes

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Property taxes are levied in September and attached as an enforceable lien on the assessed property as of December 31. The first half payment becomes delinquent April 1 of the following year and the second half payment becomes delinquent August 1 of the following year. The Sarpy County Treasurer bills and collects all property taxes for the District.

For 2009-2010, the District levied taxes at the rate of \$.90 in the general fund per \$100 based on a property valuation of \$31,262,598.

### 3. Special Assessments Receivable

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Special assessments in the cumulative amount of \$3,422,215 were levied against certain properties in the District in connection with the construction of improvements. The assessments are due in ten annual installments and bear interest at 7% to 7.5% per annum until delinquent and 9% to 9.5% per annum thereafter until paid.

# SANITARY AND IMPROVEMENT DISTRICT NO. 243 OF SARPY COUNTY, NEBRASKA

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

### 4. Capital Assets

Capital assets at June 30, 2010, consist of the following:

	<u>Costs at June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Costs at June 30, 2010</u>
Storm Sewer Systems	\$3,094,237	\$	\$	\$3,094,237
Sanitary Sewer Systems	1,812,206	368,176		2,180,382
Street Improvements	445,728			445,728
Park Improvements	134,577	27,800		162,377
Civil Defense Siren	26,600			26,600
Easements	164,045			164,045
	<u>\$5,677,393</u>	<u>\$395,976</u>	<u>\$</u>	<u>6,073,369</u>
Less Accumulated Depreciation				<u>609,710</u>
Capital Assets, Net of Accumulated Depreciation				<u>\$5,463,659</u>

### 5. Warrants Payable

Warrants registered with Sarpy County accrue interest from the date of registration to the date they are called for payment.

General fund warrants are due 3 years from the date of issuance. Debt service fund warrants are due 5 years from the date of issuance.

The following is a summary of warrant transactions during the year ended June 30, 2010:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Balance, June 30, 2009	\$ 133,500	\$3,103,812
Warrants Issued	189,804	610,123
Warrants Retired	<u>(249,834)</u>	
Balance, June 30, 2010	<u>\$ 73,470</u>	<u>\$3,713,935</u>

Aggregate maturities of warrants outstanding during the next five years are as follows:

Year Ending <u>June 30,</u>	-----General Fund-----		----Debt Service Fund----	
	<u>Amount of Warrants</u>	<u>Interest Rate</u>	<u>Amount of Warrants</u>	<u>Interest Rate</u>
2011	\$		\$ 541,214	7%
2012			565,570	7%
2013	73,470	7%	1,233,052	7%
2014			763,977	7%
2015			<u>610,122</u>	7%
	<u>\$73,470</u>		<u>\$3,713,935</u>	

**SANITARY AND IMPROVEMENT DISTRICT NO. 243  
OF SARPY COUNTY, NEBRASKA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**5. Warrants Payable - Continued**

There were \$6,255 and \$62,097 of unregistered warrants in the general fund and debt service fund, respectively, at June 30, 2010.

**6. Long-Term Debt**

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

General obligation bonds totaling \$1,700,000 issued May 15, 2006, with a balance of \$1,530,000 at June 30, 2010, are due serially beginning May 15, 2007 through May 15, 2026. Interest is payable semi-annually on this issue at 4.25% to 5.1% per annum.

General obligation bonds totaling \$1,000,000 issued on July 1, 2008, with a balance of \$1,000,000 at June 30, 2010, are due serially beginning July 1, 2011 through July 1, 2028. Interest is payable semi-annually on this issue at 3.65% to 5.30% per annum.

General obligation bonds totaling \$1,000,000 issued on May 15, 2010, with a balance of \$1,000,000 at June 30, 2010, are due serially beginning May 15, 2012 through May 15, 2029. Interest is payable semi-annually on this issue at 2.6% to 5.6% per annum.

The following is a summary of bonds payable transactions of the District for the year ended June 30, 2010:

Bonds Outstanding, June 30, 2009	\$3,580,000
Bond Payments	<u>(50,000)</u>
Bonds Outstanding, June 30, 2010	<u>\$3,530,000</u>

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 55,000	\$ 175,237	\$ 230,237
2012	90,000	172,626	262,626
2013	95,000	169,064	264,064
2014	110,000	165,025	275,025
2015	115,000	160,351	275,351
Thereafter	<u>3,065,000</u>	<u>1,410,047</u>	<u>4,475,047</u>
	<u>\$3,530,000</u>	<u>\$2,252,350</u>	<u>\$5,782,350</u>

**7. Reconciliation of Net Assets and Changes in Net Assets**

<b><u>Net Assets</u></b>	
Total fund balance per balance sheet	\$ 1,932,305

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

# SANITARY AND IMPROVEMENT DISTRICT NO. 243 OF SARPY COUNTY, NEBRASKA

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

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### 7. Reconciliation of Net Assets and Changes in Net Assets - Continued

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Capital assets and bond issue costs used in governmental activities are not financial resources and therefore are not reported in the funds.	\$5,822,874
Bonds payable and warrants payable and related accrued interest, not due and payable in the current period are not reported in the funds.	(6,917,508)
Property taxes not yet earned at year end are referred to as deferred revenue.	<u>(133,970)</u>
Net assets of governmental activities	<u>\$ 703,701</u>
<b><u>Change in Net Assets</u></b>	
Net change in fund balance	\$ (777,402)
Current year property tax levy not yet earned at year end.	(21,449)
Certain expenditures do not require the use of current financial resources and therefore are not reported as expenditures of in governmental funds.	(161,196)
Governmental funds report capital outlay as expenditures. However, the costs of these assets is allocated over their estimated useful lives.	395,976
Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets.	<u>50,000</u>
Change in net assets of governmental activities	<u>\$(514,071)</u>

### 8. Commitments and Contingencies

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The District has entered into various contracts and agreements related to the construction of streets, utility systems and other public improvements as well as general maintenance and other operating expenses related to the District. These contracts and agreements will be completed in the future. All expenditures are initially funded by the issuance of warrants. Warrants mature as follows; General Fund warrants mature within 3 years of issuance and Debt Service Fund warrants mature in 5 years. Maturities of warrants payable are primarily funded by the issuance of bonds payable and cash flow generated from special assessments, sewer connection fees and annual property tax levies. Special assessments and sewer connection fees are levied on a per lot basis. The generation of property taxes is dependent upon the growth of the valuation base as lots are developed. In addition, the District's ability to issue bonds is dependent upon an acceptable level of valuation for the District. The District's ability to fund its obligations in the future is contingent upon the success of future lot sales and the development within the District.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL (BUDGETARY BASIS) – DEBT SERVICE FUND**

**SUPPLEMENTAL INFORMATION**

**INFORMATION REQUIRED BY SECTION 31-740  
REISSUE REVISED STATUTE OF NEBRASKA, 1998**

**DISTRICT TRUSTEES AND RELATED BONDS**

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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**SANITARY AND IMPROVEMENT DISTRICT NO. 243  
OF SARPY COUNTY, NEBRASKA**

SCHEDULE 1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Actual on GAAP Basis</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance- Unfavorable</u>
<b>REVENUES/RECEIPTS</b>					
Property Taxes	\$281,363	\$ (21,449)	\$ 259,914	\$ 272,922	\$(13,008)
Interest on Property Taxes	65		65	1,000	(935)
State Motor Vehicle Taxes Allocation	920		920		920
<b>Total Revenues/Receipts</b>	<b>282,348</b>	<b>(21,449)</b>	<b>260,899</b>	<b>273,922</b>	<b>(13,023)</b>
<b>EXPENDITURES/DISBURSEMENTS</b>					
Collection Fees-County Treasurer	4,992		4,992		(4,992)
Bond Maintenance Costs	500		500		(500)
Clerk Fees	1,184		1,184	1,200	16
Engineering	22,582	3,965	26,547	12,000	(14,547)
Fiscal Agent Fees	9,038		9,038	6,000	(3,038)
Insurance	2,602		2,602	2,000	(602)
Interest on Registered Warrants	6,814	4,697	11,511	9,500	(2,011)
Maintenance	41,526	612	42,138	50,000	7,862
Professional Fees	28,744		28,744	14,500	(14,244)
Utilities	32,290	(7,638)	24,652	40,000	15,348
<b>Total Expenditures/Disbursements</b>	<b>150,272</b>	<b>1,636</b>	<b>151,908</b>	<b>135,200</b>	<b>(16,708)</b>
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	132,076	(23,085)	108,991	138,722	(29,731)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Warrants		189,804	189,804	125,700	64,104
Warrants Retired		(249,834)	(249,834)	(220,000)	(29,834)
Transfer to Debt Service Fund	(27,800)	(26,600)	(54,400)		(54,400)
<b>Total Other Financing Uses</b>	<b>(27,800)</b>	<b>(86,630)</b>	<b>(114,430)</b>	<b>(94,300)</b>	<b>(20,130)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/ DISBURSEMENTS AND OTHER USES</b>					
	104,276	(109,715)	(5,439)	<u>\$ 44,422</u>	<u>\$(49,861)</u>
Fund Balance (Deficit), Beginning of Year	(59,157)	66,116	6,959		
<b>Fund Balance (Deficit), End of Year</b>	<b>\$ 45,119</b>	<b>\$ (43,599)</b>	<b>\$ 1,520</b>		

**SANITARY AND IMPROVEMENT DISTRICT NO. 243  
OF SARPY COUNTY, NEBRASKA**

**SCHEDULE 2**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (BUDGETARY BASIS) - DEBT SERVICE FUND**

**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Actual on GAAP Basis</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES/RECEIPTS</b>					
Interest on Investments	\$ 1,705	\$ 82	\$ 1,787	\$ 12,000	\$ (10,213)
Interest on Special Assessments	103,644	8,118	111,762	50,000	61,762
Sewer Connection Fees	6,400		6,400		6,400
Special Assessments		605,697	605,697	350,000	255,697
Total Revenues/Receipts	111,749	613,897	725,646	412,000	313,646
<b>EXPENDITURES/DISBURSEMENTS</b>					
Collection Fees-County Treasurer	14,349		14,349	8,000	(6,349)
Bond Maintenance Costs	2,312	(700)	1,612	500	(1,112)
Engineering				10,000	10,000
Fiscal Agent Fees		17,771	17,771	22,000	4,229
Interest on Registered Warrants	232,253	(18,367)	213,886	218,000	4,114
Professional Fees		8,553	8,553	10,000	1,447
Utilities	149,263	(149,263)			
Bonds Payable					
Principal Payments	50,000		50,000	50,000	
Interest	177,074	263	177,337	177,337	
Net Capital Outlay	395,976	(27,673)	368,303	200,000	(168,303)
Total Expenditures/Disbursements	1,021,227	(169,416)	851,811	695,837	(155,974)
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	(909,478)	783,313	(126,165)	(283,837)	157,672
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Warrants	610,123		610,123	460,500	149,623
Warrants Retired				(500,000)	500,000
Transfer from General Fund	27,800	(27,800)			
Change in Payables	(108,326)	108,326			
Total Other Financing Sources (Uses)	529,597	80,526	610,123	(39,500)	649,623
<b>EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/ DISBURSEMENTS AND OTHER USES</b>					
	(379,881)	863,839	483,958	<u>\$(323,337)</u>	<u>\$ 807,295</u>
Fund Balance (Deficit), Beginning of Year	2,267,067	(1,379,802)	887,265		
<b>Fund Balance (Deficit), End of Year</b>	<b>\$1,887,186</b>	<b>\$ (515,963)</b>	<b>\$1,371,223</b>		

See Independent Accountant's Audit Report

**SANITARY AND IMPROVEMENT DISTRICT NO. 243  
OF SARPY COUNTY, NEBRASKA**

**SCHEDULE 3**

**INFORMATION REQUIRED BY SECTION 31-740  
REISSUE REVISED STATUTE OF NEBRASKA, 1998**

**JUNE 30, 2010**

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Total Receipts From All Sources	\$986,545
Amount Spent For Sewage Disposal	None
Amount Expended on Water System	None
Gross Amount of Sewage Processed	None
Cost Per Thousand Gallons of Processing Sewage	None
Amount Expended For	
A. Maintenance and Repair	\$41,526
B. New Equipment	None
C. New Construction Work	\$395,976
D. Property Purchased	None
Number of Employees	None
Total Amount of Taxes Levied Upon the Property Within the District	\$281,363

**SANITARY AND IMPROVEMENT DISTRICT NO. 243  
OF SARPY COUNTY, NEBRASKA**

SCHEDULE 4

**DISTRICT TRUSTEES AND RELATED BONDS**

**JUNE 30, 2010**

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<u>Trustees</u>		<u>Bonds</u>	
<u>Name</u>	<u>Office</u>	<u>Insurer</u>	<u>Amount</u>
Timothy W. Young	Chairman	Western Surety Company	\$5,000
Mark A. Boyer	Clerk	Western Surety Company	\$20,000
Nick Boyer	Trustee		
Jennifer Martin	Trustee		

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See Independent Accountants' Audit Report.

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SHAREHOLDERS

James D. Honz  
Gary K. Witt  
Ronald J. Nebbia  
Mark F. Duren

W. Reed Samson  
Jeffrey L. Snyder  
Patrick C. Knowles  
Sandra A. Lane

Shawn A. Wederquist  
Steven P. Kenney  
William W. Kenedy  
Susan S. Krause

Michael B. Mowat  
Thomas J. Helligso  
David F. Horner  
Kelly J. Martinson

Peter A. Froelicher  
James J. Tichota  
Stacy L. Watson  
Scott A. Carrico

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Sanitary and Improvement District No. 243  
of Sarpy County, Nebraska

We have audited the accompanying financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 243 of Sarpy County, Nebraska, as of and for the year ended June 30, 2010, which collectively comprise Sanitary and Improvement District No. 243 of Sarpy County, Nebraska's basic financial statements and have issued our report thereon dated December 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Sanitary and Improvement District No. 243 of Sarpy County, Nebraska's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sanitary and Improvement District No. 243 of Sarpy County, Nebraska's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sanitary and Improvement District No. 243 of Sarpy County, Nebraska's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Sanitary and Improvement District No. 243 of Sarpy County, Nebraska's ability to initiate, authorize, record, process, or report financial data reliability in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Sanitary and Improvement District No. 243 of Sarpy County, Nebraska's financial statements that is more than inconsequential will not be prevented or detected by the Sanitary and Improvement District No. 243 of Sarpy County, Nebraska's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Sanitary and Improvement District No. 243 of Sarpy County, Nebraska's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 243 of Sarpy County, Nebraska's, basic 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. Other than noted below, the results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain instances of noncompliance that are summarized below:

The District had a shortfall in budgeted general fund revenues/receipts of approximately \$13,000 without amending the budget.

The District exceeded budgeted general and debt service fund expenditures/disbursements by approximately \$16,700 and \$156,000, respectively, without amending the budget.

This report is intended solely for the information and use of the Board of Trustees, management, the Nebraska Auditor of Public Accounts and other audit agencies and is not intended to be and should not be used by anyone other than these specified parties.



December 1, 2010