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

Basic Financial Statements and Independent Auditors' Report

June 30, 2012

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

Index

		Page
Independent Auditors' Report		1-2
Basic Financial Statements		
Governmental Funds Balance Sheet/Statement of Net Assets		3
Governmental Fund Revenues, Expenditures and Changes In Fund Balances/Statement of Activities		4
Notes to Basic Financial Statements		5-13
REQUIRED SUPPLEMENTARY INFORMATION		
	Schedule	
Schedule of Revenue, Expenditures and Changes in Fund Balance-Budget and Actual (Budgetary Basis) – General Fund	1	14
Schedule of Revenue, Expenditures and Changes in Fund Balance-Budget and Actual (Budgetary Basis) – Debt Service Fund	2	15
SUPPLEMENTAL INFORMATION		
Information Required by Section 31-740, Reissue Revised Statute of Nebraska, 1998	3	16
District Trustees and Related Bonds	4	17
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financials Statements Performed in Accordance with *Government Auditing Standards*		18-19

13616 California Street, Suite 300
Omaha, NE 68154-5336
p: 402.496.8800
f: 402.496.2711
www.lutzcpa.com

Lutz & Company, PC
Accountants & Consultants

INDEPENDENT AUDITORS' 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, 2012, 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, 2012, 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 budgetary comparison information on pages 14 through 15 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. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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.

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 Information Required by Section 31-740, Reissue Revised Statute of Nebraska, 1998 on page 16 and District Trustees and Related Bonds on page 17 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information on pages 16 and 17 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards,* we have also issued a report dated December 15, 2012, 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.

Lutz & Company, P.C.

December 15, 2012

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

Governmental Funds Balance Sheet/Statement of Net Assets

June 30, 2012

	General Fund	Debt Service Fund	Total	Reconciliation (Note 7)	Statement of Net Assets
ASSETS					
Cash on Deposit					
County Treasurer	$ 52,718	$ -	$ 52,718	$ -	$ 52,718
Investments	-	864,666	864,666	-	864,666
Receivables					
Property Taxes (Note 2)	77,534	96,348	173,882	-	173,882
Special Assessments (Note 3)	-	878,630	878,630	-	878,630
Accrued Interest Receivable					
Special Assessments (Note 3)	-	270,980	270,980	-	270,980
Investments	-	136	136	-	136
Bond Issue Costs, Net of Accumulated Amortization of $98,813	-	-	-	317,576	317,576
Capital Assets, Net of Accumulated Depreciation (Note 4)	-	-	-	5,565,776	5,565,776
TOTAL ASSETS	**$ 130,252**	**$ 2,110,760**	**$ 2,241,012**	**$ 5,883,352**	**$ 8,124,364**
LIABILITIES					
Accounts Payable	$ 8,113	$ 700	$ 8,813	$ -	$ 8,813
Withdrawals in Excess of Deposits	-	18,402	18,402	-	18,402
Registered Warrants Payable (Note 5)	-	496,430	496,430	3,145,436	3,641,866
Accrued Interest on Registered Warrants (Note 5)	-	179,438	179,438	-	179,438
Bonds (Note 6)	-	15,005	15,005	-	15,005
Bonds Payable (Note 6)					
Due Within One Year	-	-	-	80,000	80,000
Due After One Year	-	-	-	3,290,000	3,290,000
Deferred Revenue	-	-	-	173,882	173,882
Total Liabilities	8,113	709,975	718,088	6,689,318	7,407,406
COMMITMENTS AND CONTINGENCIES (Note 8)					
FUND BALANCE (DEFICIT)/NET ASSETS					
Unassigned, Reported in General Fund	122,139	-	122,139	(122,139)	-
Restricted, Debt Service Fund	-	1,400,785	1,400,785	(1,400,785)	-
Total Fund Balance (Deficit)	122,139	1,400,785	1,522,924	(1,522,924)	-
TOTAL LIABILITIES AND FUND BALANCE	**$ 130,252**	**$ 2,110,760**	**$ 2,241,012**		
NET ASSETS (DEFICIT)					
Invested in Capital Assets, Net of Related Debt				(805,966)	(805,966)
Unassigned				122,139	122,139
Restricted for Debt Service				1,400,785	1,400,785
TOTAL NET ASSETS				**$ 716,958**	**$ 716,958**

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

Year Ended June 30, 2012

	General Fund	Debt Service Fund	Total	Reconciliation (Note 7)	Statement of Activities
REVENUES/RECEIPTS					
Property Taxes (Note 2)	$ 164,134	$ 205,168	$ 369,302	$ (20,410)	$ 348,892
Interest on					
Property Taxes (Note 2)	49	62	111	-	111
Investments	-	346	346	-	346
Special Assessments (Note 3)	-	80,782	80,782	-	80,782
Sewer Connection Fees	-	19,600	19,600	-	19,600
State Motor Vehicle Tax Allocation	450	562	1,012	-	1,012
Total Revenue/Receipts	164,633	306,520	471,153	(20,410)	450,743
EXPENDITURES/EXPENSES					
Current:					
Collection Fees- County Treasurer	2,991	19,522	22,513	-	22,513
Amortization of Bond Issue Costs	-	-	-	20,819	20,819
Bond Maintenance Costs	-	1,700	1,700	-	1,700
Clerk Fees	1,292	-	1,292	-	1,292
Depreciation (Note 4)	-	-	-	148,238	148,238
Engineering	18,592	-	18,592	-	18,592
Fiscal Agent Fees	-	8,647	8,647	-	8,647
Insurance	5,125	-	5,125	-	5,125
Interest on					
Registered Warrants (Note 5)	-	254,825	254,825	-	254,825
Maintenance	36,146	-	36,146	-	36,146
Professional Fees	16,110	-	16,110	-	16,110
Utilities	31,418	-	31,418	-	31,418
Bonds Payable (Note 6)					
Principal	-	105,000	105,000	(105,000)	-
Interest	-	172,115	172,115	-	172,115
Net Capital Outlay	-	(39,737)	(39,737)	39,737	-
Total Expenditures/Expenses	111,674	522,072	633,746	103,794	737,540
Excess (Deficiency) of Revenues/Receipts Over Expenditures/Expenses	52,959	(215,552)	(162,593)	(124,204)	(286,797)
OTHER FINANCING SOURCES (USES)					
Warrants Issued (Note 5)	-	296,895	296,895	(296,895)	-
Warrants Retired (Note 5)	-	(255,452)	(255,452)	255,452	-
Change in Payables	-	(428,658)	(428,658)	428,658	-
Total Other Financing Sources (Uses)	-	(387,215)	(387,215)	387,215	-
Excess (Deficiency) of Revenues/Receipts and Transfers in Over (Under) Expenditures/ Expenses and Transfers Out	52,959	(602,767)	(549,808)	549,808	-
Change in Net Assets				(286,797)	(286,797)
Fund Balance (Deficit)/Net Assets, Beginning of Year	69,180	2,003,552	2,072,732	-	1,003,755
Fund Balance (Deficit)/Net Assets, End of Year	**$ 122,139**	**$ 1,400,785**	**$1,522,924**	**$ -**	**$ 716,958**

See Notes to Basic Financial Statements.

1. Summary of Significant Accounting Policies

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 District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which provides additional guidance on fund balance classifications and clarifies existing guidance on governmental fund type definitions. GASB No. 54 requires the District to identify amounts that are considered nonspendable and provides for additional classification of spendable amounts as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and fund financial statements to the extent they do not conflict or contradict guidance of the GASB.

Basic Financial Statements

The District Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental Activities. These statements are presented on an *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all of the District's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. 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.

The basic 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.

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, 2012.)

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, 2012, consisted of U.S. Treasury bills.

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:

	Years
Storm and Sanitary Sewer Systems	50
Street Improvements	20
Park Improvements	15
Civil Defense Siren	15

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.

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. The District's investments are also exposed to various risks, such as interest rate, market and credit risk.

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 15, 2012 noting no items requiring disclosure.

2. Property Taxes

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 2011-2012, the District levied taxes at the rate of $.90 ($.40 in the general fund and $.50 in the debt service fund) per $100 based on a property valuation of $41,033,592.

3. Special Assessments Receivable

Special assessments in the cumulative amount of $4,078,232 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 7.0% to 7.5% per annum until delinquent and 9.0% to 9.5% per annum thereafter until paid.

4. Capital Assets

Capital assets at June 30, 2012, consist of the following:

	Costs at June 30, 2011	Additions	Deletions	Costs at June 30, 2012
Storm Sewer Systems	$ 3,432,098	$ -	$ 3,497	$ 3,428,601
Sanitary Sewer Systems	2,239,026	-	-	2,239,026
Street Improvements	445,728	-	-	445,728
Park Improvements	162,377	-	-	162,377
Civil Defense Siren	26,600	-	-	26,600
Easements	205,940	-	36,240	169,700
	$ 6,511,769	$ -	$ 39,737	6,472,032
Less Accumulated Depreciation				906,256
Capital Assets, Net of Accumulated Depreciation				$ 5,565,776

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, 2012:

	General Fund	Debt Service Fund
Balance, June 30, 2011	$ 18,696	$ 3,600,423
Warrants Issued	118,011	296,895
Warrants Retired	(136,707)	(255,452)
Balance, June 30, 2012	$ -	$ 3,641,866

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

	--------General Fund---------		-----Debt Service Fund-----	
Year Ending June 30:	**Amount of Warrants**	**Interest Rate**	**Amount of Warrants**	**Interest Rate**
2013	$ -		$ 1,233,052	7%
2014	-		763,977	7%
2015	-		548,026	7%
2016	-		799,916	7%
2017	-		296,895	7%
	$ -		$ 3,641,866	

There were no unregistered warrants at June 30, 2012.

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 $1,415,000 at June 30, 2012, are due serially beginning May 15, 2007 through May 15, 2026. Interest is payable semi-annually on this issue at 4.45% to 5.10% per annum.

General obligation bonds totaling $1,000,000 issued on July 1, 2008, with a balance of $970,000 at June 30, 2012, are due serially beginning July 1, 2011 through July 1, 2028. Interest is payable semi-annually on this issue at 3.85% to 5.30% per annum.

General obligation bonds totaling $1,000,000 issued on May 15, 2009, with a balance of $985,000 at June 30, 2012, are due serially beginning May 15, 2012 through May 15, 2029. Interest is payable semi-annually on this issue at 3.05% to 5.60% per annum.

The following is a summary of bonds payable transactions of the District for the year ended June 30, 2012:

Bonds Outstanding, June 30, 2011	$ 3,475,000
Bonds Retired	(105,000)
Bonds Outstanding, June 30, 2012	$ 3,370,000

Aggregate maturities of long-term debt and interest due on long-term debt, for the next five fiscal years and thereafter are as follows:

Year Ending June 30:	Principal	Interest	Total
2013	$ 80,000	$ 144,408	$ 224,408
2014	110,000	165,026	275,026
2015	115,000	160,351	275,351
2016	130,000	155,236	285,236
2017	135,000	149,479	284,479
2018-2022	840,000	641,447	1,481,447
2023-2027	1,100,000	401,251	1,501,251
2028-2029	860,000	62,635	922,635
	$ 3,370,000	$ 1,879,833	$ 5,249,833

7. Reconciliation of Net Assets and Changes in Net Assets

Net Assets	
Total fund balance per balance sheet	$ 1,522,924
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets and bond issue costs used in governmental activities are not financial resources and therefore are not reported in the funds.	5,883,352
Some liabilities, including warrants payable and bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(6,515,436)
Property tax revenue not yet earned at year end is reported as deferred revenue.	(173,882)
Net assets of governmental activities	$ 716,958

Changes in Net Assets	
Net change in fund balance	$ (162,593)
Current year property tax levy not yet earned at year end.	(20,410)
Certain expenditures do not require the use of current financial resources and therefore are not reported as expenditures of in governmental funds.	(169,057)
Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets.	105,000
Governmental funds report capital outlay as expenditures. However, the cost of these assets is allocated over their estimated useful lives.	(39,737)
Change in net assets of governmental activities	$ (286,797)

8. Commitments and Contingencies

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.

Warrant Maturity Date Extensions

The District has had difficulties paying warrant principal and interest as warrants mature due to lack of property valuation and special assessment collection. The District received permission from the local court to extend the maturity date of certain debt service fund warrants payable. See Note 5 for warrant maturities as of June 30, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of Revenue, Expenditures and Changes in Fund Balance-
Budget and Actual (Budgetary Basis) – General Fund**

**Schedule of Revenue, 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

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

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

Schedule of Revenue, Expenditures and Changes in Fund Balance –
Budget and Actual (Budgetary Basis) – General Fund **Schedule 1**

Year Ended June 30, 2012

	Actual on GAAP Basis	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance- Favorable (Unfavorable)
REVENUES/RECEIPTS					
Property Taxes	$ 164,134	$ (9,070)	$ 155,064	$ 159,210	$ (4,146)
Interest on Property Taxes	49	-	49	50	(1)
State Motor Vehicle Tax Allocation	450	-	450	-	450
Total Revenues/Receipts	164,633	(9,070)	155,563	159,260	(3,697)
EXPENDITURES/DISBURSEMENTS					
Collection Fees- County Treasurer	2,991	-	2,991	-	(2,991)
Clerk Fees	1,292	-	1,292	1,200	(92)
Engineering	18,592	3,501	22,093	20,000	(2,093)
Fiscal Agent Fees	-	-	-	5,700	5,700
Insurance	5,125	-	5,125	4,000	(1,125)
Interest on Registered Warrants	-	-	-	1,500	1,500
Maintenance	36,146	1,385	37,531	40,000	2,469
Professional Fees	16,110	1,923	18,033	18,000	(33)
Utilities	31,418	2,519	33,937	30,000	(3,937)
Total Expenditures/Disbursements	111,674	9,328	121,002	120,400	(602)
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	52,959	(18,398)	34,561	38,860	(4,299)
OTHER FINANCING SOURCES (USES)					
Warrants Issued	-	118,011	118,011	118,900	(889)
Warrants Retired	-	(136,707)	(136,707)	(135,000)	(1,707)
Total Other Financing Sources (Uses)	-	(18,696)	(18,696)	(16,100)	(2,596)
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/DISBURSEMENTS AND OTHER USES	52,959	(37,094)	15,865	**$ 22,760**	**$ (6,895)**
Fund Balance (Deficit), Beginning of Year	69,180	(32,327)	36,853		
Fund Balance (Deficit), End of Year	**$ 122,139**	**$ (69,421)**	**$ 52,718**		

See Independent Auditors' Report.

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

Schedule of Revenue, Expenditures and Changes in Fund Balance –
Budget and Actual (Budgetary Basis) – Debt Service Fund **Schedule 2**

Year Ended June 30, 2012

	Actual on GAAP Basis	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance- Favorable (Unfavorable)
REVENUES/RECEIPTS					
Property Taxes	$ 205,168	$ (11,340)	$ 193,828	$ 199,013	$ (5,185)
Interest on					
Property Taxes	62	-	62	-	62
Investments	346	(39)	307	1,000	(693)
Special Assessments	80,782	(28,159)	52,623	20,000	32,623
Special Assessments	-	736,518	736,518	100,000	636,518
Sewer Connection Fees	19,600	-	19,600	6,000	13,600
Miscellaneous Revenue	-	39,737	39,737	-	39,737
State Motor Vehicle Tax Allocation	562	-	562	-	562
Total Revenues/Receipts	306,520	736,717	1,043,237	326,013	717,224
EXPENDITURES/DISBURSEMENTS					
Collection Fees- County Treasurer	19,522	-	19,522	2,400	(17,122)
Bond Maintenance Costs	1,700	1,000	2,700	1,000	(1,700)
Engineering	-	-	-	20,000	20,000
Fiscal Agent Fees	8,647	-	8,647	35,000	26,353
Interest on Registered Warrants	254,825	727	255,552	255,000	(552)
Professional Fees	-	1,923	1,923	20,000	18,077
Bonds Payable					
Principal Payments	105,000	-	105,000	90,000	(15,000)
Interest	172,115	25,168	197,283	172,626	(24,657)
Net Capital Outlay	(39,737)	74,018	34,281	400,000	365,719
Total Expenditures/Disbursements	522,072	102,836	624,908	996,026	371,118
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	(215,552)	633,881	418,329	(670,013)	1,088,342
OTHER FINANCING SOURCES (USES)					
Warrants Issued	296,895	(39,737)	257,158	731,000	(473,842)
Warrants Retired	(255,452)	39,737	(215,715)	(215,000)	(715)
Change in Payables	(428,658)	428,658	-	-	-
Total Other Financing Sources (Uses)	(387,215)	428,658	41,443	516,000	(474,557)
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/DISBURSEMENTS AND OTHER USES	(602,767)	1,062,539	459,772	**$ (154,013)**	**$ 613,785**
Fund Balance (Deficit), Beginning of Year	2,003,552	(1,617,060)	386,492		
Fund Balance (Deficit), End of Year	**$1,400,785**	**$ (554,521)**	**$ 846,264**		

See Independent Auditors' Report.

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

Information Required by Section 31-740
Reissue Revised Statute of Nebraska, 1998 **Schedule 3**

June 30, 2012

Total Receipts From All Sources	$	1,198,800
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		
Maintenance and Repair	$	36,146
New Equipment		None
New Construction Work	$	(39,737)
Property Purchased		None
Number of Employees		None
Total Amount of Taxes Levied Upon the Property Within the District	$	369,302

See Independent Auditors' Report.

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

District Trustees and Related Bonds **Schedule 4**

June 30, 2012

Trustees		Bonds	
Name	**Office**	**Insurer**	**Amount**
Timothy W. Young	Chairman	Western Surety Company	$ 5,000
Mark A. Boyer	Clerk	Western Surety Company	$ 20,000
Nick Boyer	Trustee		

See Independent Auditors' Report.

13616 California Street, Suite 300
Omaha, NE 68154-5336
p: 402.496.8800
f: 402.496.2711
www.lutzcpa.com

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

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, 2012, 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 15, 2012. 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 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 243 of Sarpy County, Nebraska'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*.

Findings and Responses

Significant Deficiency Identified:

Condition
The District's management does not have the ability to prepare its financial statements and related footnotes in conformity with accounting standards generally accepted in the United States of America.

Criteria
Internal controls should be in place that provides reasonable assurance of the District's ability to report financial information reliably in accordance with generally accepted accounting principles.

Effect
The District cannot on its own, comply with regulatory requirements to prepare annual financial statements in accordance with generally accepted accounting principles.

Response
Management has determined it would not be cost-beneficial to establish a system of internal controls that would allow the District to prepare its own financial statements. Accordingly, the District engaged the audit firm to assist in the preparation of the statements in accordance with generally accepted accounting principles.

We did not audit and, accordingly, we express no opinion on the District's responses to the findings identified above.

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.

Lutz & Company, P.C.

December 15, 2012

Lutz & Company, PC

Accountants & Consultants