

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

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**BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
(WITH INDEPENDENT AUDITORS' REPORT THEREON)**

**YEAR ENDED JUNE 30, 2013**

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Sanitary and Improvement District No. 244  
of Sarpy County, Nebraska

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 244 of Sarpy County, Nebraska (a political subdivision) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## INDEPENDENT AUDITORS' REPORT- continued

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sanitary and Improvement District No. 244 of Sarpy County, Nebraska, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 19 through 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented Management's Discussion and Analysis, that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

#### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sanitary and Improvement District No. 244 of Sarpy County, Nebraska's basic financial statements. The supplementary information on pages 23 through 26, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

## INDEPENDENT AUDITORS' REPORT- continued

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2013, on our consideration of Sanitary and Improvement District No. 244 of Sarpy County, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sanitary and Improvement District No. 244 of Sarpy County, Nebraska's internal control over financial reporting and compliance.

HANCOCK & DANA PC

*Hancock & Dana PC*

Omaha, Nebraska  
November 14, 2013

**SANITARY AND IMPROVEMENT DISTRICT NO. 244**  
**OF SARPY COUNTY, NEBRASKA**  
**Statement of Net Position**  
**June 30, 2013**

**ASSETS**

Cash on deposit - County Treasurer	\$ 210,008
Taxes receivable	77,027
Special assessments receivable	10,537
Interest receivable on special assessments	7,633
Capital assets, net of accumulated depreciation	1,257,967
Bond issue costs, net of accumulated amortization	232,603
<b>Total Assets</b>	<b>\$ <u>1,795,775</u></b>

**LIABILITIES**

Accounts payable	14,084
Accrued interest	42,008
Noncurrent liabilities	
Warrants payable	
Due within one year	-
Due in more than one year	124,210
Bonds payable	
Due within one year	60,000
Due in more than one year	1,800,000
<b>Total Liabilities</b>	<b>\$ <u>2,040,302</u></b>

**NET POSITION**

Net investment in capital assets	(369,430)
Restricted for debt service	236,817
Unrestricted	(111,914)
<b>Total Net Position</b>	<b>\$ <u>(244,527)</u></b>

See accompanying notes to basic financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA  
Statement of Activities  
For the year ended June 30, 2013**

**GOVERNMENTAL ACTIVITIES:**

**EXPENSES - GENERAL GOVERNMENT**

Professional and administrative expenses	\$ 35,768
Maintenance and street lighting	39,010
Depreciation	58,209
Amortization	17,287
Interest	91,316
	<u>241,590</u>

**GENERAL REVENUES**

Property taxes, net of uncollectible taxes	167,185
Interest	1,720
Miscellaneous	305
	<u>169,210</u>

**Change in net position** **(72,380)**

<b>Net position - beginning of year</b>	<b>(172,147)</b>
<b>Net position - end of year</b>	<b>\$ <u>(244,527)</u></b>

See accompanying notes to basic financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

**Balance Sheet  
Governmental Funds  
June 30, 2013**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash on deposit - County Treasurer	\$ 5,817	\$ 204,191	\$ 210,008
Taxes receivable	28,379	48,648	77,027
Special assessments receivable	-	10,537	10,537
<b>Total Assets</b>	<b><u>\$ 34,196</u></b>	<b><u>\$ 263,376</u></b>	<b><u>\$ 297,572</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ 11,834	\$ 2,250	\$ 14,084
Special assessments deferred revenue	-	10,537	10,537
<b>Total Liabilities</b>	<b><u>11,834</u></b>	<b><u>12,787</u></b>	<b><u>24,621</u></b>
<b>FUND BALANCES</b>			
Restricted for debt service	-	250,589	250,589
Unassigned	22,362	-	22,362
<b>Total Fund Balances</b>	<b><u>22,362</u></b>	<b><u>250,589</u></b>	<b><u>272,951</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 34,196</u></b>	<b><u>\$ 263,376</u></b>	<b><u>\$ 297,572</u></b>

See accompanying notes to basic financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2013**

<b>Total Fund Balances - Governmental Funds</b>		<b>\$ 272,951</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds:		
Capital assets	\$ 1,799,322	
Accumulated depreciation	<u>(541,355)</u>	1,257,967
Other assets are not financial resources and, therefore, not reported in the governmental funds:		
Bond issue costs	274,412	
Accumulated amortization	<u>(41,809)</u>	232,603
Deferred revenue on special assessments in the governmental funds has been recorded as revenue in the government-wide statements.		
		10,537
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.		
		7,633
Long-term liabilities are not due and payable in the current period and, therefore, not reported in the governmental funds:		
Bonds payable	(1,860,000)	
Warrants payable	(124,210)	
Accrued interest	<u>(42,008)</u>	<u>(2,026,218)</u>
<b>Net Position of Governmental Activities</b>		<b>\$ <u>(244,527)</u></b>

See accompanying notes to basic financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the year ended June 30, 2013**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes assessed	\$ 61,613	\$ 105,622	\$ 167,235
Interest on taxes	142	244	386
Special assessments	-	18,967	18,967
Interest on special assessments	-	7,530	7,530
Interest on investments	-	69	69
State motor vehicle tax allocation	112	193	305
Total Revenues	<u>61,867</u>	<u>132,625</u>	<u>194,492</u>
<b>EXPENDITURES</b>			
Current:			
Collection fees - County Treasurer	1,215	2,613	3,828
Engineering fees	5,546	-	5,546
Financing and paying agent fees	6,797	2,450	9,247
Insurance	4,511	-	4,511
Professional fees	18,182	-	18,182
Repairs and maintenance	16,613	-	16,613
Street lighting	16,852	-	16,852
Uncollectible taxes	18	32	50
Debt service:			
Warrant principal payments	52,412	-	52,412
Warrant interest payments	6,853	-	6,853
Bond principal payments	-	40,000	40,000
Bond interest payments	-	82,097	82,097
Total Expenditures	<u>128,999</u>	<u>127,192</u>	<u>256,191</u>
<b>Excess of revenues over (under) expenditures</b>	<u><b>(67,132)</b></u>	<u><b>5,433</b></u>	<u><b>(61,699)</b></u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from issuance of warrants	<u>71,847</u>	<u>-</u>	<u>71,847</u>
<b>Net change in fund balances</b>	<b>4,715</b>	<b>5,433</b>	<b>10,148</b>
Fund balances - beginning of year	<u>17,647</u>	<u>245,156</u>	<u>262,803</u>
Fund balances - end of year	<u>\$ 22,362</u>	<u>\$ 250,589</u>	<u>\$ 272,951</u>

See accompanying notes to basic financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA  
Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
For the year ended June 30, 2013**

**Net Change in Fund Balances - Total Governmental Funds** **\$ 10,148**

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

Governmental funds report capital outlays, net of refunds, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays, net of refunds, in the current year. (58,209)

Repayment of principal on noncurrent liabilities is reported as an expenditure in the governmental funds. In the statement of net position, the repayment reduces long-term liabilities.

Bond principal payments	40,000
Warrant principal payments	52,412

Proceeds from issuance of warrants are reported as an other financing source in the governmental funds. In the statement of net position, the proceeds increase long-term liabilities. This is the amount of proceeds in the current year. (71,847)

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These expenses consist of:

Amortization of bond issue costs	(17,287)
Change in accrued interest	(2,365)

Collections on special assessments and interest thereon have been reported as revenues in the governmental funds but are reported as decreases in receivables in the statement of net position. This is the amount of the collections on special assessments and the change in accrued interest thereon. (25,232)

**Change in Net Position of Governmental Activities** **\$ (72,380)**

See accompanying notes to basic financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

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**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Sanitary and Improvement District No. 244 of Sarpy County, Nebraska comply with the rules and regulations of the State of Nebraska, and conform in all material respects to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies.

**DEFINITION OF DISTRICT** – The District is a governmental subdivision created with the filing of the Petition and Articles of Association with the Secretary of State, State of Nebraska. The District was formed for the purpose of installing sewers, water, and public road systems within the District and contracting for water, fire protection, and lighting for roads. The District is located in Sarpy County and is commonly known as Edgewater on the Park.

**REPORTING ENTITY** – The Board of Trustees has governance responsibilities over all activities related to public improvements within the jurisdiction of the District. The accompanying financial statements present the District's primary government unit and do not include any component units because the District does not exercise financial accountability over any separate units. Financial accountability is based primarily on operational or financial relationships with the District including budget adoption, taxing authority, funding, and appointment of the respective governing board.

The Sarpy County Treasurer is the ex-officio treasurer of the District. All cash transactions and funds are required to be administered and recorded by the County Treasurer.

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

The basic financial statements of the District include the government-wide and the fund financial statements.

**Government-Wide Financial Statements** - The government-wide financial statements include the statement of net position and the statement of activities, which report financial information for all nonfiduciary activities of the District. Individual funds are not displayed and internal activity between or within funds are eliminated. Governmental activities include programs supported primarily by taxes and other intergovernmental revenue. The District has no business type activities that rely, to a significant extent, on fees and charges for support.

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

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**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements** – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The following is a description of the District's two governmental funds:

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING** – Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

In the government-wide financial statements, the activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows.

In the governmental fund financial statements, the funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Measurable means that the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred except for debt service expenditures and other long-term liabilities, which are recorded only when due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt are reported as an other financing source in governmental funds.

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

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**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue criteria are met, the liability for deferred revenue is removed from the governmental funds balance sheet and revenue is recognized.

**INVESTMENTS** – Investments are stated at amortized cost, which approximates market. Premiums or discounts on investments are amortized on the straight-line method from date of purchase to date of maturity.

**CAPITAL ASSETS** – Within the government-wide financial statements, capital assets, including primarily infrastructure, are recorded at historical cost. The District defines capital assets as assets with an individual cost of more than \$500 and an estimated useful life in excess of one year. Capital assets are depreciated using the straight-line method over their estimated useful lives in the government-wide statements.

The estimated useful lives are as follows:

Electrical & Water Distribution Systems	25 years
Sanitary Sewer	25 years
Storm Sewer	25 years
Concrete Paving	40 years
Miscellaneous Infrastructure	25 years

**RISK MANAGEMENT** – The District is exposed to various risks of loss, including those related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has purchased a commercial general liability insurance policy and bonds on its chairman and clerk to minimize the adverse effects of certain types of losses. There have been no significant reductions in insurance coverage and no significant claims or settlements for the current year or the three prior years. The District has retained the risk of loss for property damage to its public improvements.

**CREDIT RISK** – Receivables for property taxes and special assessments are due from property owners within the boundaries of the District located in Sarpy County, Nebraska.

**AMORTIZATION** – Bond issue costs are amortized over the term of the bonds (14 – 25 years) using the straight-line method in the government-wide financial statements. The amount of bond issue costs presented in the government-wide financial statements is net of accumulated amortization of \$41,809 at June 30, 2013. Bond issue costs are recorded as expenditures in the governmental funds.

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

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**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**USE OF ESTIMATES** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

**SUBSEQUENT EVENTS** – The District has evaluated subsequent events through November 14, 2013, the date which the financial statements were available to be issued.

**NOTE B – INVESTMENTS**

The District is allowed to invest funds as permitted by Nebraska Statutes and allowable investments generally include U.S. government obligations, certificates of deposit and time deposits. During the year ended June 30, 2013, the District invested only in U.S. Treasury Bills. The District does not have a formal investment policy in place. All investment activities are conducted through the County Treasurer and investments are held in the County's name.

At June 30, 2013, the District held no investments and, accordingly, was not subject to interest rate risk or custodial credit risk as of that date.

**NOTE C – SPECIAL ASSESSMENTS**

**SPECIAL ASSESSMENT LEVY OF APRIL 1, 2004** – Special assessments in the amount of \$1,064,279 were levied against certain properties within the District in connection with the construction of improvements. Special assessments are due in ten annual installments through April, 2014 and bear interest at 7% per annum until delinquent and 9% per annum thereafter until paid.

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

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**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**NOTE D – CAPITAL ASSETS**

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

	<u>Balance</u> <u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental Activities:				
Depreciable Capital Assets:				
Electrical & Water Distribution				
Systems	\$ 236,330	\$ -	\$ -	\$ 236,330
Sanitary Sewer	168,021	-	-	168,021
Storm Sewer	128,956	-	-	128,956
Concrete Paving	400,149	-	-	400,149
Miscellaneous Infrastructure (Principally Engineering, Legal and Financing Fees)	671,846	-	-	671,846
	<u>1,605,302</u>	<u>-</u>	<u>-</u>	<u>1,605,302</u>
Accumulated Depreciation:				
Electrical & Water Distribution				
Systems	82,149	9,453	-	91,602
Sanitary Sewer	58,809	6,721	-	65,530
Storm Sewer	43,843	5,158	-	49,001
Concrete Paving	80,870	10,004	-	90,874
Miscellaneous Infrastructure	217,475	26,873	-	244,348
	<u>483,146</u>	<u>58,209</u>	<u>-</u>	<u>541,355</u>
Net Depreciable Capital Assets	<u>1,122,156</u>	<u>(58,209)</u>	<u>-</u>	<u>1,063,947</u>
Non-depreciable Capital Assets:				
Capital Facilities Charges	156,187	-	-	156,187
Park Land	37,833	-	-	37,833
	<u>194,020</u>	<u>-</u>	<u>-</u>	<u>194,020</u>
Capital Assets, net	<u>\$ 1,316,176</u>	<u>\$ (58,209)</u>	<u>\$ -</u>	<u>\$ 1,257,967</u>

**NOTE E – WARRANTS PAYABLE**

Debt service fund warrants are due 5 years from the date of issuance. Warrants registered with the County bear interest at 7% per annum. Interest accrues on the warrants from the date of registration to the date they are called for payment.

The summary of debt service fund warrant activity is as follows:

Balance Outstanding, June 30, 2012	\$ -
Warrants Issued	5,110
Warrant Principal Payments	<u>(5,110)</u>
Balance Outstanding, June 30, 2013	<u>\$ -</u>

The District is not currently registering its debt service fund warrants but is paying them on a current basis as presented to the County Treasurer. Accordingly, any outstanding warrant balance is presented as a current liability in the debt service fund in the governmental funds balance sheet and in the statement of net position.

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

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**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**NOTE F – NONCURRENT LIABILITIES – GOVERNMENTAL ACTIVITIES**

**WARRANTS PAYABLE**

General fund warrants are due 3 years from the date of issuance. Warrants registered with the County bear interest at 7% per annum. Interest accrues on the warrants from the date of registration to the date they are called for payment.

The summary of warrant activity is as follows:

Balance Outstanding, June 30, 2012	\$ 104,775
Warrants Issued	71,847
Warrant Principal Payments	<u>(52,412)</u>
Balance Outstanding, June 30, 2013	<u>\$ 124,210</u>

Warrants are scheduled to mature as follows:

Fiscal Year Ending June 30, 2015	\$ 52,363
June 30, 2016	<u>71,847</u>
	<u>\$ 124,210</u>

At June 30, 2013 all outstanding general fund warrants had been registered with the County.

**BONDS PAYABLE**

**BOND ISSUE OF AUGUST 1, 2008** – The \$1,200,000 “General Obligation Bonds, Series 2008 bond issue” is scheduled to mature in annual increments of \$10,000 - \$180,000, commencing August 1, 2013, through August 1, 2033. At June 30, 2013, the outstanding balance was \$1,200,000. Bonds bear interest payable semi-annually each August 1 and February 1 until maturity at a rate of 4.05% graduating to 5.50% depending on maturity date.

Bonds maturing August 1, 2014 through August 1, 2033, inclusive, are subject to redemption in whole or in part, prior to maturity at the option of the District at anytime on or after August 1, 2013, at par plus accrued interest thereon to the date set for redemption, with no redemption premium.

**BOND ISSUE OF MARCH 15, 2012** – The \$700,000 “Series 2012 Refunding Bond Issue” is scheduled to mature in annual increments of \$40,000 - \$65,000 through March 15, 2026. At June 30, 2013, the outstanding balance was \$660,000. Bonds bear interest payable semi-annually each March 15 and September 15 until maturity at a rate of 1.35% graduating to 3.50% depending on maturity date.

Bonds maturing March 15, 2018 through March 15, 2026, inclusive, are subject to redemption in whole or in part, prior to maturity at the option of the District at anytime on or after March 15, 2017, at par plus accrued interest thereon to the date set for redemption, with no redemption premium.

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

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**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**NOTE F – NONCURRENT LIABILITIES – GOVERNMENTAL ACTIVITIES – Continued**

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

Balance Outstanding, June 30, 2012	\$ 1,900,000
Bond Principal Payments	<u>(40,000)</u>
Balance Outstanding, June 30, 2013	<u>\$ 1,860,000</u>

Aggregate maturities of the bonds payable and interest due on this debt, for the next five years and thereafter, are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
June 30, 2014	\$ 60,000	\$ 81,415	\$ 141,415
June 30, 2015	40,000	80,537	120,537
June 30, 2016	55,000	79,723	134,723
June 30, 2017	55,000	78,520	133,520
June 30, 2018	55,000	77,235	132,235
June 30, 2019-2023	305,000	361,340	666,340
June 30, 2024-2028	350,000	303,837	653,837
June 30, 2029-2033	760,000	157,889	917,889
June 30, 2034	<u>180,000</u>	<u>4,950</u>	<u>184,950</u>
	<u>\$ 1,860,000</u>	<u>\$ 1,225,446</u>	<u>\$ 3,085,446</u>

As described in Note J, the 2008 bonds outstanding at June 30, 2013 were refunded by a bond issue on August 15, 2013. After the refunding, the principal to be paid on all bond issues during the year ending June 30, 2014 will remain at \$60,000.

**NOTE G – PROPERTY TAXES**

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

The District has levied taxes for the year ended June 30, 2013 as follows:

	DEBT SERVICE FUND		
<u>GENERAL FUND</u> (Cents per \$100 Valuation)	<u>FUND</u>	<u>ASSESSED</u> <u>VALUATION</u>	<u>TAXES</u> <u>LEVIED</u>
35.00	60.00	\$ 17,603,657	\$ 167,235

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

-----  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**NOTE H – NET POSITION AND FUND BALANCES**

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

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

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

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

Fund balances of the governmental funds are classified as follows:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees. The Board of Trustees is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Trustees.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board of Trustees may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

-----  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**NOTE I – PENDING GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT**

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was issued in April 2012 and will be effective for the financial statements of the District for the year ending June 30, 2014. This statement provides further guidance on the accounting and reporting of deferred outflows of resources, deferred inflows of resources and certain items previously reported as assets and liabilities. More specifically, the adoption of this statement by the District in fiscal 2014 will result in (1) the write-off of bond issue costs of \$232,603 at June 30, 2013 on the government-wide statement of net position with a corresponding decrease in net position and (2) the reclassification of special assessments deferred revenue of \$10,537 at June 30, 2013 on the governmental funds balance sheet from a liability to a deferred inflow of resources.

**NOTE J – SUBSEQUENT EVENT**

A \$1,250,000 refunding bond issue was approved by the Board of Trustees in July 2013 for issuance on August 15, 2013. The bonds are scheduled to mature in annual increments of \$25,000 - \$135,000, commencing on August 1, 2014, through August 15, 2033. Interest is payable semi-annually each August 15 and February 15 at a rate of 1.75% to 4.65% depending on maturity date.

Bonds maturing on or after August 15, 2019 are subject to redemption in whole or in part on or after August 15, 2018 at par plus accrued interest to the date set for redemption.

The purpose of the bond issue is to provide funds to redeem outstanding General Obligation Series 2008 Bonds (See Note F) and to pay for the costs and expenses of issuance and sale.

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**REQUIRED SUPPLEMENTARY INFORMATION  
(OTHER THAN MD&A)**

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**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA  
Required Supplementary Information - Unaudited  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - General Fund  
For the year ended June 30, 2013**

	Budget - Original/ Final	(Budgetary Basis) Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes assessed	\$ 59,853	\$ 60,601	\$ 748
Interest on taxes	-	142	142
Property tax credit	-	1,560	1,560
State motor vehicle tax allocation	200	112	(88)
Total Revenues	60,053	62,415	2,362
<b>EXPENDITURES</b>			
Current:			
Clerk and trustee fees	1,200	-	1,200
Collection fees - County Treasurer	1,174	1,215	(41)
Engineering fees	5,000	5,988	(988)
Financing and paying agent fees	3,550	3,921	(371)
Insurance	6,000	4,386	1,614
Professional fees	16,800	18,182	(1,382)
Repairs and maintenance	25,000	19,193	5,807
Street lighting	17,000	20,177	(3,177)
	75,724	73,062	2,662
Debt service:			
Warrant principal payments	50,000	52,412	(2,412)
Warrant interest payments	6,000	6,853	(853)
	56,000	59,265	(3,265)
Total Expenditures	131,724	132,327	(603)
<b>Excess of revenues under expenditures</b>	<b>(71,671)</b>	<b>(69,912)</b>	<b>1,759</b>
<b>OTHER FINANCING SOURCES</b>			
Issuance of warrants	74,550	71,847	(2,703)
<b>Net change in fund balances</b>	<b>2,879</b>	<b>1,935</b>	<b>(944)</b>
Fund balances - beginning of year	3,882	3,882	-
Fund balances - end of year	\$ 6,761	\$ 5,817	\$ (944)

See accompanying notes to schedules of revenues, expenditures and changes in fund balances - budget and actual.

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA  
Required Supplementary Information - Unaudited  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Debt Service Fund  
For the year ended June 30, 2013**

	<u>Budget - Original/ Final</u>	<u>(Budgetary Basis) Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Taxes assessed	\$ 102,603	\$ 103,888	\$ 1,285
Interest on taxes	-	244	244
Special assessments	-	18,967	18,967
Interest on investments	200	69	(131)
Interest on special assessments	-	7,530	7,530
Property tax credit	-	2,674	2,674
State motor vehicle tax allocation	300	193	(107)
Total Revenues	<u>103,103</u>	<u>133,565</u>	<u>30,462</u>
<b>EXPENDITURES</b>			
Current:			
Collection fees - County Treasurer	2,011	2,613	(602)
Pay agent fees	1,000	450	550
	<u>3,011</u>	<u>3,063</u>	<u>(52)</u>
Debt service:			
Bond issue costs	5,000	4,660	340
Bond interest payments	82,098	82,097	1
Bond principal payments	40,000	40,000	-
Warrant principal payments	6,000	5,110	890
	<u>133,098</u>	<u>131,867</u>	<u>1,231</u>
Total expenditures	<u>136,109</u>	<u>134,930</u>	<u>1,179</u>
Excess of revenues under expenditures	<u>(33,006)</u>	<u>(1,365)</u>	<u>31,641</u>
<b>OTHER FINANCING SOURCES</b>			
Issuance of warrants	6,000	5,110	(890)
Net change in fund balances	<u>(27,006)</u>	<u>3,745</u>	<u>30,751</u>
Fund balances - beginning of year	<u>200,446</u>	<u>200,446</u>	<u>-</u>
Fund balances - end of year	<u>\$ 173,440</u>	<u>\$ 204,191</u>	<u>\$ 30,751</u>

See accompanying notes to schedules of revenues, expenditures and changes in fund balances - budget and actual.

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

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**REQUIRED SUPPLEMENTARY INFORMATION - Unaudited  
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

**BUDGETS AND BUDGETARY ACCOUNTING**

The District is required to adopt an annual operating budget for all the funds over which the District controls. Budgets are adopted by the District for the general and debt service funds. The budget is adopted using a cash basis of accounting which differs significantly from generally accepted accounting principles (GAAP). Under the cash basis of accounting, revenues and expenditures are recorded when cash is received or paid. Payment is deemed to have been made when warrants are issued. Accordingly, adjustments are necessary to convert the revenues and expenditures as reported on the governmental fund statements to the budgetary basis for comparison with budgetary data in the accompanying schedules of revenues, expenditures and changes in fund balances - budget and actual. Fund balance on the budgetary basis consists of cash on deposit with the County Treasurer and the original purchase cost of investments. Encumbrance accounting is not used by the District.

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

- 1) In September of each year the District submits a proposed operating budget for all funds to the real estate owners of the District.
- 2) Notice of place and time of public hearings must be published prior to the public hearings.
- 3) Public hearings are conducted to obtain taxpayer comment.
- 4) After publication and hearing, the budget is legally adopted by majority vote of the Board. The District is required to file a copy of the adopted budget with the County Clerk and the Nebraska Auditor of Public Accounts in accordance with the Nebraska Budget Act.
- 5) The budget is adopted on a per-fund basis and budgetary control is exercised at the fund level.
- 6) Appropriations lapse at year-end, however, the Board of Trustees may authorize supplemental appropriations during the year. No such appropriations were made during the fiscal year ended June 30, 2013.

In fiscal 2013, the District incurred general fund expenditures of approximately \$600 in excess of those budgeted for this fund. However, total expenditures for the general and debt service funds did not exceed the total budgeted for these funds.

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

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**REQUIRED SUPPLEMENTARY INFORMATION - Unaudited  
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

**RECONCILIATION OF BUDGET BASIS TO GAAP**

A reconciliation for the year ended June 30, 2013, which discloses the nature and amount of adjustments necessary to convert the budgetary basis to a GAAP basis, is presented below:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Net change in fund balances:		
Balance on a budgetary basis	\$ 1,935	\$ 3,745
Adjustments:		
Revenue for receivables	(566)	(972)
Expenditures for payables	<u>3,346</u>	<u>2,660</u>
Balance on a GAAP basis	<u>\$ 4,715</u>	<u>\$ 5,433</u>

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**SUPPLEMENTARY INFORMATION**

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**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

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**SCHEDULE OF BONDS PAYABLE**

**JUNE 30, 2013**

**Issue date: August 1, 2008**  
**Optional call date: August 1, 2013**

<u>BOND NUMBERS</u>	<u>INTEREST RATES</u>	<u>MATURITY DATES</u>	<u>AMOUNT</u>
1 – 2	4.05%	August 1, 2013	\$ 10,000
3 – 4	4.30%	August 1, 2015	10,000
5 – 6	4.45%	August 1, 2016	10,000
7 – 8	4.60%	August 1, 2017	10,000
9 – 10	4.70%	August 1, 2018	10,000
11 – 12	4.80%	August 1, 2019	10,000
13 – 14	4.90%	August 1, 2020	10,000
15 – 16	5.00%	August 1, 2021	10,000
17 – 18	5.05%	August 1, 2022	10,000
19 – 20	5.05%	August 1, 2023	10,000
21 – 22	5.10%	August 1, 2024	10,000
23 – 24	5.15%	August 1, 2025	10,000
25 – 26	5.20%	August 1, 2026	10,000
27 – 52	5.30%	August 1, 2027	130,000
53 – 79	5.35%	August 1, 2028	135,000
80 – 108	5.40%	August 1, 2029	145,000
109 – 138	5.45%	August 1, 2030	150,000
139 – 170	5.45%	August 1, 2031	160,000
171 – 204	5.50%	August 1, 2032	170,000
205 – 240	5.50%	August 1, 2033	<u>180,000</u>
			1,200,000
		From Page 24	<u>660,000</u>
			<u>\$ 1,860,000</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

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**SCHEDULE OF BONDS PAYABLE**

**JUNE 30, 2013**

**Issue date: March 15, 2012**  
**Optional call date: March 15, 2017**

<u>BOND NUMBERS</u>	<u>INTEREST RATES</u>	<u>MATURITY DATES</u>	<u>AMOUNT</u>
9 – 18	1.35%	March 15, 2014	\$ 50,000
19 – 26	1.50%	March 15, 2015	40,000
27 – 35	1.70%	March 15, 2016	45,000
36 – 44	1.85%	March 15, 2017	45,000
45 – 53	2.05%	March 15, 2018	45,000
54 – 62	2.40%	March 15, 2019	45,000
63 – 72	2.75%	March 15, 2020	50,000
73 – 82	2.90%	March 15, 2021	50,000
83 – 93	3.10%	March 15, 2022	55,000
94 – 104	3.20%	March 15, 2023	55,000
105 – 115	3.30%	March 15, 2024	55,000
116 – 127	3.40%	March 15, 2025	60,000
128 – 140	3.50%	March 15, 2026	<u>65,000</u>
		To Page 23	\$ <u>660,000</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

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

**JUNE 30, 2013**

Gross income from all sources	\$ 169,210
Amount spent for access to facilities and use of services of library system of neighboring cities and villages	None
Amount spent for sewage disposal	None
Amount expended on water mains	None
Gross amount of sewage processed	None
Cost per thousand gallons of processing sewage	None
Amount expended for:	
a. Maintenance and repair	\$ 16,613
b. New equipment	None
c. New construction work	None
d. Property purchased	None
Number of employees	None
Salaries and fees paid employees	None
Total amount of taxes levied upon property within the District	\$ 167,235

**SANITARY AND IMPROVEMENT DISTRICT NO. 244  
OF SARPY COUNTY, NEBRASKA**

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**TRUSTEES AND RELATED BONDS**

**JUNE 30, 2013**

<u>TRUSTEES</u>		<u>BONDS</u>	
<u>NAME</u>	<u>OFFICE</u>	<u>INSURER</u>	<u>AMOUNT</u>
Tom Falcone	Chairman	Universal Surety Company	\$ 5,000
Sarah Falcone	Clerk	Universal Surety Company	\$ 20,000
Clayton Marsh	Trustee	None	
Howard Munshaw	Trustee	None	
Monte Evans	Trustee	None	

# HANCOCK & DANA PC

ACCOUNTANTS & CONSULTANTS

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

To the Board of Trustees  
Sanitary and Improvement District No. 244  
of Sarpy County, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 244 of Sarpy County, Nebraska, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Sanitary and Improvement District No. 244 of Sarpy County, Nebraska's basic financial statements and have issued our report thereon dated November 14, 2013.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sanitary and Improvement District No. 244 of Sarpy County, Nebraska's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sanitary and Improvement District No. 244 of Sarpy County, Nebraska's internal control. Accordingly, we do not express an opinion on the effectiveness of Sanitary and Improvement District No. 244 of Sarpy County, Nebraska's internal control.

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

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

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

**Preparation of Financial Statements**

The District does not have an internal control system designed to provide for the preparation of the financial statements and notes being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Sanitary and Improvement District No. 244 of Sarpy County, Nebraska's response to this finding is that the aforementioned circumstance is not unusual in a governmental entity of their size and that the costs of correcting this deficiency would exceed the benefits to be derived therefrom. The District's management has also informed us that they are willing to accept the degree of risk associated with this condition.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 244 of Sarpy County, Nebraska's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Sanitary and Improvement District No. 244 of Sarpy County, Nebraska's Response to Finding**

Sanitary and Improvement District No. 244 of Sarpy County Nebraska's response to the finding identified in our audit is described previously. Sanitary and Improvement District No. 244 of Sarpy County, Nebraska's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

HANCOCK & DANA PC

*Hancock & Dana PC*

Omaha, Nebraska  
November 14, 2013

# HANCOCK & DANA PC

ACCOUNTANTS & CONSULTANTS

12829 WEST DODGE ROAD

SUITE 100

OMAHA, NEBRASKA 68154-2155

(402) 391-1065 FAX (402) 334-9498

November 14, 2013

To the Board of Trustees  
Sanitary and Improvement District No. 244  
of Sarpy County, Nebraska

We have audited the financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 244 of Sarpy County, Nebraska as of and for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 3, 2013. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Sanitary and Improvement District No. 244 of Sarpy County, Nebraska are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal 2013 except, as described in Note A to the financial statements, the District adopted Statement of Governmental Accounting Standards No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the depreciation of capital assets is based on the estimated useful lives of the assets. We evaluated the key factors and assumptions used to develop the depreciation of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 14, 2013.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Matters*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Trustees and management of Sanitary and Improvement District No. 244 of Sarpy County, Nebraska and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

HANCOCK & DANA PC

*Hancock & Dana PC*