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SANITARY AND IMPROVEMENT DISTRICT NO. 249 OF SARPY COUNTY, NEBRASKA

BASIC FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS' AUDIT REPORT

JUNE 30, 2010

SANITARY AND IMPROVEMENT DISTRICT NO. 249 OF SARPY COUNTY, NEBRASKA

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Board of Trustees
Sanitary and Improvement District No. 249
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. 249 of Sarpy County, Nebraska, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the index. These financial statements are the responsibility of the District's Trustees. Our responsibility is to express opinions on these BASIC financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Sanitary and Improvement District No. 249 of Sarpy County, Nebraska, as of June 30, 2010, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2010, on our consideration of Sanitary and Improvement District No. 249 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.

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

Lutz & Company, P.C

December 1, 2010

SANITARY AND IMPROVEMENT DISTRICT NO. 249 OF SARPY COUNTY, NEBRASKA

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS

JUNE 30, 2010

	General Fund	Debt Service Fund	Total	Reconciliation (Note 7)	Statement of Net Assets
ASSETS					
Cash on Deposit-County Treasurer	$ 3,097	$ 2,579	$ 5,676	$	$ 5,676
Investments		349,744	349,744		349,744
Receivables					
Property Taxes (Note 2)	96,377		96,377		96,377
Special Assessments (Note 3)		91,715	91,715		91,715
Accrued Interest Receivables					
Special Assessments (Note 3)		20,404	20,404		20,404
Investments		152	152		152
Bond Issue Costs, Net of Accumulated Amortization $42,249				215,307	215,307
Capital Assets, Net of Accumulated Depreciation (Note 4)				3,632,332	3,632,332
TOTAL ASSETS	**$ 99,474**	**$464,594**	**$564,068**	**$3,847,639**	**$4,411,707**
LIABILITIES					
Accounts Payable	$ 15,384	$	$ 15,384	$	$ 15,384
Registered Warrants Payable (Note 5)	132,520	74,988	207,508	2,424,748	2,632,256
Accrued Interest on Registered Warrants (Note 5)	7,717	66,745	74,462		74,462
Bonds (Note 6)		28,244	28,244		28,244
Bond Payable (Note 6)					
Due Within One Year				55,000	55,000
Due After One Year				2,160,000	2,160,000
Deferred Revenue				96,377	96,377
Total Liabilities	155,621	169,977	325,598	4,736,125	5,061,723
COMMITMENTS (Note 8)					
FUND BALANCE/NET ASSETS					
Unreserved, Reported in General Fund	(56,147)		(56,147)	56,147	
Restricted, Debt Service Fund		294,617	294,617	(294,617)	
Total Fund Balance (Deficit)	(56,147)	294,617	238,470	(238,470)	
TOTAL LIABILITIES AND FUND BALANCE	**$ 99,474**	**$464,594**	**$564,068**		
NET ASSETS (DEFICIT)					
Invested in Capital Assets, Net of Related Debt				(888,486)	(888,486)
Unrestricted				(56,147)	(56,147)
Restricted for Debt Service				294,617	294,617
TOTAL NET DEFICIT				**$ (650,016)**	**$ (650,016)**

See Notes to Basic Financial Statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 249 OF SARPY COUNTY, NEBRASKA

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

FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Debt Service Fund	Total	Reconciliation (Note 7)	Statement of Activities
REVENUES					
Property Taxes (Note 2)	$ 196,227	$	$ 196,227	$ (1,018)	$ 195,209
Interest on					
Investments		669	669		669
Property Taxes (Note 2)	635		635		635
Special Assessments (Note 3)		7,291	7,291		7,291
State Motor Vehicle Taxes Allocation	682		682		682
Total Revenues	197,544	7,960	205,504	(1,018)	204,486
EXPENDITURES/EXPENSES					
Current:					
Collection Fees-County Treasurer	3,768	1,043	4,811		4,811
Amortization of Bond Issue Costs				12,878	12,878
Bond Maintenance Costs	1,000		1,000		1,000
Clerk Fees	1,830		1,830		1,830
Depreciation (Note 4)				115,698	115,698
Engineering	20,712	7,938	28,650		28,650
Fiscal Agent Fees	3,777	12,981	16,758		16,758
Insurance	3,701		3,701		3,701
Interest on					
Registered Warrants (Note 5)	12,581	165,522	178,103		178,103
Maintenance	22,846	33,556	56,402		56,402
Professional Fees	21,927	518	22,445		22,445
Utilities	14,507		14,507		14,507
Bonds Payable (Note 6)					
Principal Payments		40,000	40,000	(40,000)	
Interest		105,133	105,133		105,133
Total Expenditures/Expenses	106,649	366,691	473,340	88,576	561,916
Excess (Deficiency) of Revenues Over Expenditures/Expenses	90,895	(358,731)	(267,836)	(89,594)	(357,430)
OTHER FINANCING SOURCES (USES)					
Issuance of Warrants (Note 5)		246,448	246,448	(246,448)	
Change in Payables		(164,075)	(164,075)	164,075	
Total Other Financing Sources (Uses)		82,373	82,373	(82,373)	
Excess (Deficiency) of Revenues and Transfers in Over (Under) Expenditures and Transfers Out	90,895	(276,358)	(185,463)	185,463	
Change in Net Assets				(357,430)	(357,430)
Fund Balance (Deficit)/Net Assets, Beginning of Year	(147,042)	570,975	423,933		(292,586)
Fund Balance (Deficit)/Net Assets, End of Year	**$ (56,147)**	**$ 294,617**	**$ 238,470**		**$(650,016)**

See Notes to Basic Financial Statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 249 OF SARPY COUNTY, NEBRASKA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

1. Summary of Significant Accounting Policies

The accounting policies of Sanitary and Improvement District No. 249 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. 249 of Sarpy County, Nebraska (the District), was formed on December 17, 2003, is a governmental subdivision authorized under the statutes of the State of Nebraska. The District operates under an elected Board of Trustees which governs all activities related to streets, utility systems, and other public improvements within the jurisdiction of the District. The accompanying BASIC financial statements present the District's primary government unit and no component units because the District does not have any component units.

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

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

BASIC Financial Statements

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

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.

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

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.

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

Budgets and Budgetary Accounting

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

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

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

Investments

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

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.

Special Assessments

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

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

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.

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. Depreciation began in February 2005. 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. Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Sanitary and Storm Sewer System	50
Street Improvements	20

Deferred Revenue

The District reports unearned deferred revenue in the Governmental Fund Balance Sheet/Statement of Assets. 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.

Utilities Costs

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.

Bond Issue Costs

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

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.

1. Summary of Significant Accounting Policies - Continued

Subsequent Events Subsequent events are events or transactions that occur after the Governmental Funds Balance Sheet/Statement of Net Assets date but before the financial statements are available to be issued and may require potential recognition or disclosure in the financial statements. Management has considered such events or transactions through December 1, 2010 noting no items requiring disclosure.

2. Property Taxes

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

For 2009-2010, the District levied taxes in the General Fund at the rate of $0.90 per $100 based on a property valuation of $21,802,962.

3. Special Assessments Receivable

Special assessments in the amount of $1,737,879 were levied against certain properties within the District in connection with the construction of improvements. The assessments are due in ten annual installments and bear interest at 7% per annum until delinquent and 9% per annum thereafter until paid.

4. Capital Assets

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

	Costs at June 30, 2009	Additions	Deletions	Costs at June 30, 2010
Sanitary and Storm Sewer System	$2,705,639	$	$	$2,705,639
Street Improvements	1,231,706			1,231,706
Easements	168,000			168,000
	$4,105,345	$	$	4,105,345
Less Accumulated Depreciation				473,013
Capital Assets, Net of Accumulated Depreciation				$3,632,332

5. Warrants Payable

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

5. Warrants Payable - Continued

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

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

	General Fund	Debt Service Fund
Balance, June 30, 2009	$ 225,741	$2,253,288
Warrants Issued	82,900	246,448
Warrants Retired	(176,121)	
Balance, June 30, 2010	$ 132,520	$2,499,736

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
2011	$		$1,464,740	7%
2012	49,620	7%	363,994	7%
2013	82,900	7%	255,899	7%
2014			168,655	7%
2015			246,448	7%
	$132,520		$2,499,736	

There were no unregistered warrants at June 30, 2010.

6. Long-Term Debt

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

General obligation bonds totaling $1,200,000 issued October 1, 2005, with a balance of $1,065,000 at June 30, 2010, are due serially beginning October 1, 2006 through October 1, 2025. Interest is payable semi-annually on this issue at 3.85% to 5.0% per annum.

General obligation bonds totaling $1,150,000 issued September 15, 2008, with a balance of $1,150,000 at June 30, 2010, are due serially beginning September 15, 2010 through September 15, 2028. Interest is payable semi-annually on this issue at 3.10% to 5.30% per annum.

The following is a summary of bonds payable transactions of the District for the year ending June 30, 2011:

Bonds Outstanding, June 30, 2009	$2,255,000
Bond Payments	(40,000)
Bonds Outstanding, June 30, 2010	$2,215,000

6. Long-Term Debt - Continued

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
2011	$ 55,000	$ 103,755	$ 158,755
2012	65,000	101,521	166,521
2013	70,000	98,913	168,913
2014	80,000	95,897	175,897
2015	85,000	92,471	177,471
Thereafter	1,860,000	674,890	2,534,890
	$2,215,000	$1,167,447	$3,382,447

7. Reconciliation of Net Assets and Changes in Net Assets

Net Assets	
Total fund balance per balance sheet	$ 238,470
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.	3,847,639
Liabilities, including warrants and bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(4,639,748)
Property tax revenue not yet earned is shown as deferred revenue	(96,377)
Net deficit of governmental activities	$ (650,016)
Changes in Net Assets	
Net change in fund balance	$ (267,836)
Current year property tax levy not yet earned at year end.	(1,018)
Certain expenditures do not require the use of current financial resources and therefore are not reported as expenditures of governmental funds.	(128,576)
Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets.	40,000
Change in net assets of governmental activities	$ (357,430)

8. Commitments

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.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

SUPPLEMENTAL INFORMATION

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

DISTRICT TRUSTEES AND RELATED BONDS

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

SANITARY AND IMPROVEMENT DISTRICT NO. 249 OF SARPY COUNTY, NEBRASKA

SCHEDULE 1

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

FOR THE YEAR ENDED JUNE 30, 2010

	Actual on GAAP Basis	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance-Favorable (Unfavorable)
REVENUES/RECEIPTS					
Property Taxes	$ 196,227	$ (1,016)	$ 195,211	$ 190,340	$ 4,871
Interest on Property Taxes	635		635		635
State Motor Vehicle Taxes Allocation	682		682		682
Total Revenues/Receipts	197,544	(1,016)	196,528	190,340	6,188
EXPENDITURES/DISBURSEMENTS					
Collection Fees-County Treasurer	3,768		3,768		(3,768)
Bond Maintenance Costs	1,000	(1,000)			
Clerk Fees	1,830		1,830	1,200	(630)
Engineering	20,712	2,536	23,248	25,000	1,752
Fiscal Agent Fees	3,777		3,777	5,000	1,223
Insurance	3,701		3,701	4,000	299
Interest on Registered Warrants	12,581	11,295	23,876	16,000	(7,876)
Maintenance	22,846	(6,026)	16,820	87,000	70,180
Professional Fees	21,927		21,927	14,000	(7,927)
Utilities	14,507	(2,910)	11,597	15,000	3,403
Total Expenditures/Disbursements	106,649	3,895	110,544	167,200	56,656
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	90,895	(4,911)	85,984	23,140	62,844
OTHER FINANCING SOURCES (USES)					
Issuance of Warrants		82,900	82,900	151,200	(68,300)
Warrants Retired		(176,122)	(176,122)	(150,000)	(26,122)
Total Other Financing Sources (Uses)		(93,222)	(93,222)	1,200	(94,422)
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/ DISBURSEMENTS AND OTHER USES	90,895	(98,133)	(7,238)	$ 24,340	$(31,578)
Fund Balance (Deficit), Beginning of Year	(147,042)	157,377	10,335		
Fund Balance (Deficit), End of Year	**$ (56,147)**	**$ 59,244**	**$ 3,097**		

See Independent Accountants' Audit Report.

SANITARY AND IMPROVEMENT DISTRICT NO. 249 OF SARPY COUNTY, NEBRASKA

SCHEDULE 2

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

FOR THE YEAR ENDED JUNE 30, 2010

	Actual on GAAP Basis	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
REVENUES/RECEIPTS					
Interest on Investments	$ 669	$ 187	$ 856	$	$ 856
Special Assessments		39,510	39,510	7,000	32,510
Interest on Special Assessments	7,291	5,321	12,612	4,000	8,612
Total Revenues/Receipts	7,960	45,018	52,978	11,000	41,978
EXPENDITURES/DISBURSEMENTS					
Collection Fees-County Treasurer	1,043		1,043		(1,043)
Bond Maintenance Costs				1,000	1,000
Engineering	7,938		7,938		(7,938)
Fiscal Agent Fees	12,981		12,981	9,000	(3,981)
Interest on Registered Warrants	165,522	(6,267)	159,255	158,000	(1,255)
Legal		2,433	2,433		(2,433)
Maintenance	33,556	30,285	63,841		(63,841)
Professional Fees	518	(518)		8,000	8,000
Bonds Payable					
Principal Payments	40,000		40,000	40,000	
Interest	105,133	364	105,497	105,497	
Total Expenditures/Disbursements	366,691	26,297	392,988	321,497	(71,491)
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	(358,731)	18,721	(340,010)	(310,497)	(29,513)
OTHER FINANCING SOURCES					
Issuance of Warrants	246,448		246,448	176,000	70,448
Change in Payables	(164,075)	164,075			
Total Other Financing Sources	82,373	164,075	246,448	176,000	70,448
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/ DISBURSEMENTS AND OTHER USES	(276,358)	182,796	(93,562)	**$(134,497)**	**$ 40,935**
Fund Balance, Beginning of Year	570,975	(125,090)	445,885		
Fund Balance, End of Year	**$ 294,617**	**$ 57,706**	**$352,323**		

See Independent Accountants' Audit Report.

SANITARY AND IMPROVEMENT DISTRICT NO. 249 OF SARPY COUNTY, NEBRASKA

SCHEDULE 3

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

JUNE 30, 2010

Total Receipts From All Sources	$249,506
Amount Spent For Sewage Disposal	None
Amount Expended on Water System	None
Gross Amount of Sewage Processed	None
Cost Per Thousand Gallons of Processing Sewage	None
Amount Expended For	
A. Maintenance and Repair	$56,402
B. New Equipment	None
C. New Construction Work	None
D. Property Purchased	None
Number of Employees	None
Total Amount of Taxes Levied Upon the Property Within the District	$196,227

See Independent Accountants' Audit Report.

SANITARY AND IMPROVEMENT DISTRICT NO. 249 OF SARPY COUNTY, NEBRASKA

SCHEDULE 4

DISTRICT TRUSTEES AND RELATED BONDS

JUNE 30, 2010

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		
Rich Grzywa	Trustee		
Patrick Donovan	Trustee		

See Independent Accountants' Audit Report.

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SHAREHOLDERS
James D. Honz, Gary K. Witt, Ronald J. Nebbia, Mark F. Duren, W. Reed Samson, Jeffrey L. Snyder, Patrick C. Knowles, Sandra A. Lane, Shawn A. Wederquist, Steven P. Kenney, William W. Kenedy, Susan S. Krause, Michael B. Mowat, Thomas J. Helligso, David F. Horner, Kelly J. Martinson, Peter A. Froelicher, James J. Tichota, Stacy L. Watson, Scott A. Carrico

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

Board of Trustees
Sanitary and Improvement District No. 249
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. 249 of Sarpy County, Nebraska, as of and for the year ended June 30, 2010, which collectively comprise Sanitary and Improvement District No. 249 of Sarpy County, Nebraska's basic financial statements, and have issued our report thereon dated December 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sanitary and Improvement District No. 249 of Sarpy County, Nebraska's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sanitary and Improvement District No. 249 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. 249 of Sarpy County, Nebraska's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Sanitary and Improvement District No. 249 of Sarpy County, Nebraska's ability to initiate, authorize, record, process, or report financial data reliability in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Sanitary and Improvement District No. 249 of Sarpy County, Nebraska's financial statements that is more than inconsequential will not be prevented or detected by the Sanitary and Improvement District No. 249 of Sarpy County, Nebraska's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Sanitary and Improvement District No. 249 of Sarpy County, Nebraska's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanitary and Improvement District No. 249 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. Other than noted below, the results of our tests disclosed no other instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain instances of noncompliance that are summarized below:

> The District exceeded budgeted debt service fund expenditures/disbursements by approximately $71,500 without amending the budget.

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

Lutz & Company P.C.

December 1, 2010