



**SANITARY AND IMPROVEMENT
DISTRICT NO. 258 OF SARPY
COUNTY, NEBRASKA**

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

JUNE 30, 2010

**SANITARY AND IMPROVEMENT DISTRICT NO. 258
OF SARPY COUNTY, NEBRASKA**

INDEX

	<u>Page</u>
Independent Accountants' Audit Report	1-2
Basic Financial Statements	
Governmental Funds Balance Sheet/Statement of Net Assets	3
Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Statement of Activities	4
Notes to Basic Financial Statements	5-11

REQUIRED SUPPLEMENTARY INFORMATION

	<u>Schedule</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund	1	12
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Debt Service Fund	2	13

SUPPLEMENTAL INFORMATION

Information Required by Section 31-740, Reissue Revised Statute of Nebraska, 1998	3	14
District Trustees and Related Bonds	4	15
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with <i>Government Auditing Standards</i>		16-17

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



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' AUDIT REPORT

Board of Trustees
Sanitary and Improvement District No. 258
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. 258 of Sarpy County, Nebraska, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the index. These financial statements are the responsibility of the District's Trustees. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sanitary and Improvement District No. 258 of Sarpy County, Nebraska, as of June 30, 2010, and the results of its operations for the year 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 Improvement District No. 258 of Sarpy County, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Sanitary and Improvement District No. 258
of Sarpy County, Nebraska
Page 2

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

Lutz & Company, P.C.

December 1, 2010

**SANITARY AND IMPROVEMENT DISTRICT NO. 258
OF SARPY COUNTY, NEBRASKA**

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Reconciliation (Note 6)</u>	<u>Statement of Net Assets</u>
ASSETS					
Cash on Deposit-Country Treasurer	\$ 7,063	\$ 213,502	\$ 220,565	\$	\$ 220,565
Investments		724,479	724,479		724,479
Receivables					
Property Taxes (Note 2)	48,748		48,748		48,748
Special Assessments (Note 3)		1,488,134	1,488,134		1,488,134
Accrued Interest Receivable					
Investments		279	279		279
Special Assessments (Note 3)		444,441	444,441		444,441
Capital Assets, Net of Accumulated Depreciation (Note 4)				3,531,110	3,531,110
TOTAL ASSETS	\$ 55,811	\$2,870,835	\$2,926,646	\$ 3,531,110	\$ 6,457,756
LIABILITIES					
Accounts Payable	\$ 9,863	\$	\$ 9,863	\$	\$ 9,863
Registered Warrants Payable (Note 5)	297,780	261,567	559,347	5,736,529	6,295,876
Unregistered Warrants Payable (Note 5)	43,277		43,277	419,867	463,144
Accrued Interest on Registered Warrants (Note 5)	37,111		37,111		37,111
Deferred Revenue				48,748	48,748
Total Liabilities	388,031	261,567	649,598	6,205,144	6,854,742
COMMITMENTS AND CONTINGENCIES (Note 7)					
FUND BALANCES/NET ASSETS					
Unreserved Reported in General Fund	(332,220)		(332,220)	332,220	
Restricted, Debt Service Fund		2,609,268	2,609,268	(2,609,268)	
Total Fund Balance (Deficit)	(332,220)	2,609,268	2,277,048	(2,277,048)	
TOTAL LIABILITIES AND FUND BALANCE					
	\$ 55,811	\$2,870,835	\$2,926,646		
NET ASSETS (DEFICIT)					
Invested in Capital Assets, Net of Related Debt				(2,674,034)	(2,674,034)
Unrestricted				(332,220)	(332,220)
Restricted				2,609,268	2,609,268
TOTAL NET DEFICIT				\$ (396,986)	\$ (396,986)

See Notes to Basic Financial Statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 258
OF SARPY COUNTY, NEBRASKA**

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Reconciliation (Note 6)</u>	<u>Statement of Activities</u>
REVENUES					
Property Taxes (Note 2)	\$ 101,622	\$	\$ 101,622	\$ (11,623)	\$ 89,999
Interest on					
Property Taxes (Note 2)	946		946		946
Investments		1,035	1,035		1,035
Special Assessments (Note 3)		127,160	127,160		127,160
Sewer Connection Fees		29,600	29,600		29,600
Collection in District		2,248	2,248		2,248
State Motor Vehicle Taxes Allocation	316		316		316
Total Revenues	102,884	160,043	262,927	(11,623)	251,304
EXPENDITURES/EXPENSES					
Current:					
Collection Fees-County Treasurer	1,907	3,640	5,547		5,547
Depreciation (Note 4)				153,545	153,545
Engineering	9,523		9,523		9,523
Fiscal Agent Fees	3,825		3,825		3,825
Insurance	1,111		1,111		1,111
Interest on Registered Warrants (Note 5)	22,311	419,867	442,178		442,178
Maintenance	21,665		21,665		21,665
Professional Fees	29,346		29,346		29,346
Utilities	40,337		40,337		40,337
Total Expenditures/Expenses	130,025	423,507	553,532	153,545	707,077
Deficiency of Revenues Over Expenditures/Expenses	(27,141)	(263,464)	(290,605)	(165,168)	(455,773)
OTHER FINANCING SOURCES (USES)					
Issuance of Warrants (Note 5)		419,867	419,867	(419,867)	
Change in Payables		(129,567)	(129,567)	129,567	
Total Other Financing Sources (Uses)		290,300	290,300	(290,300)	
Excess (Deficiency) of Revenues and Transfers in Over (Under) Expenditures and Transfers Out	(27,141)	26,836	(305)	305	
Change in Net Assets				(455,773)	(455,773)
Fund Balance (Deficit)/Net Assets, Beginning of Year	(305,079)	2,582,432	2,277,353		58,787
Fund Balance (Deficit)/Net Assets, End of Year	\$(332,220)	\$2,609,268	\$2,277,048		\$(396,986)

See Notes to Basic Financial Statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 258 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. 258 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. 258 of Sarpy County, Nebraska (the District), was formed on December 15, 2004, is a governmental subdivision authorized under the statutes of the State of Nebraska. The District operates under an elected Board of Trustees which governs all activities related to streets, utility systems, and other public improvements within the jurisdiction of the District. The accompanying basic financial statements present the District's primary government unit and no component units because the District does not have any component units.

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

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

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

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

SANITARY AND IMPROVEMENT DISTRICT NO. 258 OF SARPY COUNTY, NEBRASKA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

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.

SANITARY AND IMPROVEMENT DISTRICT NO. 258 OF SARPY COUNTY, NEBRASKA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

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.

SANITARY AND IMPROVEMENT DISTRICT NO. 258 OF SARPY COUNTY, NEBRASKA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

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. 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:

	<u>Years</u>
Park Improvements	15
Storm and Sanitary Sewers Systems	50
Street Improvements	20

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

Deferred Revenue The District reports unearned deferred revenue in the Governmental Fund Balance Sheet/Statement of Net 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 years services.

Credit Risk The District's credit risk relates to receivables for property taxes and special assessments which are due from property owners within the boundaries of the District and cash on deposit with the Sarpy County Treasurer.

SANITARY AND IMPROVEMENT DISTRICT NO. 258 OF SARPY COUNTY, NEBRASKA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

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 property taxes in the General Fund at the rate of \$.90 per \$100 based on a property valuation of \$11,291,286.

3. Special Assessments Receivable

Special assessments in the amount cumulative of \$2,262,286 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:

	<u>Costs at June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Costs at June 30, 2010</u>
Park Improvements	\$ 538,701	\$	\$	\$ 538,701
Storm and Sanitary Sewer System	1,955,393			1,955,393
Street Improvements	1,576,313			1,576,313
Easements	48,800			48,800
	<u>\$4,119,207</u>	<u>\$</u>	<u>\$</u>	<u>4,119,207</u>
Less Accumulated Depreciation				<u>588,097</u>
Capital Assets, Net of Accumulated Depreciation				<u>\$3,531,110</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 258
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

5. Warrants Payable

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

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

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

	General Fund	Debt Service Fund
Balance, June 30, 2009	\$320,004	\$5,998,096
Warrants Issued	102,996	419,867
Warrants Retired	<u>(81,943)</u>	
Balance, June 30, 2010	<u>\$341,057</u>	<u>\$6,417,963</u>

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

Year Ending June 30,	-----General Fund-----		-----Debt Service Fund-----	
	Amount of Warrants	Interest Rate	Amount of Warrants	Interest Rate
2011	\$113,740	7%	\$	
2012	124,321	7%		
2013	102,996	7%	967,325	7%
2014			3,637,690	7%
2015			1,036,740	7%
Thereafter			<u>776,208</u>	7%
	<u>\$341,057</u>		<u>\$6,417,963</u>	

Unregistered warrants for the general fund and debt service fund at June 30, 2010 were \$43,277 and \$419,867, respectively. These warrants have not been registered, therefore they do not accrue interest.

SANITARY AND IMPROVEMENT DISTRICT NO. 258 OF SARPY COUNTY, NEBRASKA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

6. Reconciliation of Net Assets and Changes in Net Assets

Net Assets

Total fund balances per balance sheet	\$ 2,277,048
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,531,110
Liabilities, including accounts payable and warrants payable not due and payable in the current period are not reported in the funds.	(6,156,396)
Property tax revenue not yet earned is shown as deferred revenue.	<u>(48,748)</u>
Net deficit of governmental activities	<u>\$ (396,986)</u>

Changes in Net Assets

Net change in fund balance	\$ (290,605)
Current year property tax levy not yet earned at year end.	(11,623)
Some expenditures do not require the use of current financial resources and therefore are not reported as expenditures of in governmental funds.	<u>(153,545)</u>
Change in net assets of governmental activities	<u>\$ (455,773)</u>

7. Commitments and Contingencies

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

Warrant Maturity Date Extensions

The District has had difficulties paying warrant principal and interest as warrants mature due to the lack of property valuation and special assessment collection. In March 2010, the District received permission from the local court to extend the maturity date of approximately \$3,655,000 in warrant principal for a period of three years from the original due date.

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. 258
OF SARPY COUNTY, NEBRASKA**

SCHEDULE 1

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Actual on GAAP Basis</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES/RECEIPTS					
Property Taxes	\$ 101,622	\$ (4,106)	\$ 97,516	\$ 98,573	\$ (1,057)
Interest on Property Taxes	946		946	2,500	(1,554)
State Motor Vehicle Taxes Allocation	316		316		316
Total Revenues/Receipts	102,884	(4,106)	98,778	101,073	(2,295)
EXPENDITURES/DISBURSEMENTS					
Collection Fees-County Treasurer	1,907		1,907		(1,907)
Engineering	9,523	795	10,318	8,000	(2,318)
Fiscal Agent Fees	3,825		3,825	4,625	800
Insurance	1,111		1,111	500	(611)
Interest on Registered Warrants	22,311	(3,364)	18,947	25,000	6,053
Maintenance	21,665	(801)	20,864	25,000	4,136
Professional Fees	29,346	(2,387)	26,959	21,000	(5,959)
Utilities	40,337	(418)	39,919	38,000	(1,919)
Total Expenditures/Disbursements	130,025	(6,175)	123,850	122,125	(1,725)
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	(27,141)	2,069	(25,072)	(21,052)	(4,020)
OTHER FINANCING SOURCES (USES)					
Issuance of Warrants		102,996	102,996	97,125	5,871
Warrants Retired		(81,943)	(81,943)	(87,000)	5,057
Total Other Financing Sources		21,053	21,053	10,125	10,928
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/ DISBURSEMENTS AND OTHER USES					
	(27,141)	23,122	(4,019)	<u>\$ (10,927)</u>	<u>\$ 6,908</u>
Fund Balance (Deficit), Beginning of Year	(305,079)	316,161	11,082		
Fund Balance (Deficit), End of Year	\$(332,220)	\$339,283	\$ 7,063		

See Notes to Basic Financial Statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 258
OF SARPY COUNTY, NEBRASKA**

SCHEDULE 2

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Actual on GAAP Basis</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES/RECEIPTS					
Special Assessments	\$	\$ 143,592	\$ 143,592	\$ 100,000	\$ 43,592
Interest on Investments	1,035	436	1,471	12,000	(10,529)
Interest on Special Assessments	127,160	(88,728)	38,432	10,000	28,432
Sewer Connection Fees	29,600		29,600	10,000	19,600
Collection in District	2,248		2,248		2,248
Total Revenues/Receipts	160,043	55,300	215,343	132,000	83,343
EXPENDITURES/DISBURSEMENTS					
Collection Fees-County Treasurer	3,640		3,640	4,000	360
Fiscal Agent Fees				21,000	21,000
Interest on Registered Warrants	419,867	(419,867)		420,000	420,000
Total Expenditures/Disbursements	423,507	(419,867)	3,640	445,000	441,360
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	(263,464)	475,167	211,703	(313,000)	524,703
OTHER FINANCING SOURCES (USES)					
Issuance of Warrants	419,867		419,867	441,000	(21,133)
Warrants Retired		(419,867)	(419,867)		(419,867)
Change in Payables	(129,567)	129,567			
Total Other Financing Sources (Uses)	290,300	(290,300)		441,000	(441,000)
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/ DISBURSEMENTS AND OTHER USES					
	26,836	184,867	211,703	\$ 128,000	\$ 83,703
Fund Balance, Beginning of Year	2,582,432	(1,856,154)	726,278		
Fund Balance, End of Year	\$2,609,268	\$(1,671,287)	\$ 937,981		

See Notes to Basic Financial Statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 258
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	\$314,121
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	\$21,665
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	\$101,622

See Independent Accountants' Audit Report.

**SANITARY AND IMPROVEMENT DISTRICT NO. 258
OF SARPY COUNTY, NEBRASKA**

SCHEDULE 4

DISTRICT TRUSTEES AND RELATED BONDS

JUNE 30, 2010

<u>-----Trustees-----</u>		<u>-----Bonds-----</u>	
<u>Name</u>	<u>Office</u>	<u>Insurer</u>	<u>Amount</u>
Paul S. McCune	Chairman	Western Surety Company	\$5,000
Michelle Zimmerman	Clerk	Western Surety Company	\$20,000
Stacey Holt	Trustee		
Merlyn Masters	Trustee		
Susan McCune	Trustee		

See Independent Accountants' Audit Report.

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



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. 258
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. 258 of Sarpy County, Nebraska, as of and for the year ended June 30, 2010, which collectively comprise Sanitary and Improvement District No. 258 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. 258 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. 258 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. 258 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. 258 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. 258 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. 258 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. 258 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. 258 of Sarpy County, Nebraska's, basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. Other than noted below, the results of our tests disclosed no other instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain instances of noncompliance that are summarized below:

The District had a shortfall in budgeted general fund revenues/receipts by approximately \$2,300 without amending the budget.

The district exceeded budgeted general fund expenditures/disbursements by approximately \$1,700 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