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SANITARY AND IMPROVEMENT DISTRICT NO. 280 OF SARPY COUNTY, NEBRASKA

BASIC FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS' AUDIT REPORT

JUNE 30, 2010

SANITARY AND IMPROVEMENT DISTRICT NO. 280 OF SARPY COUNTY, NEBRASKA

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Board of Trustees
Sanitary and Improvement District No. 280
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. 280 of Sarpy County, Nebraska, 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. 280 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. 280 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.

Luth & Company, P.C.

December 1, 2010

SANITARY AND IMPROVEMENT DISTRICT NO. 280 OF SARPY COUNTY, NEBRASKA

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS

JUNE 30, 2010

	General Fund	Debt Service Fund	Total	Reconciliation (Note 6)	Statement of Net Assets
ASSETS					
Cash on Deposit – County Treasurer	$ 3,011	$ 853	$ 3,864	$	$ 3,864
Investments		134,891	134,891		134,891
Receivables					
Property Taxes (Note 2)	16,195		16,195		16,195
Special Assessments (Note 3)		1,050,414	1,050,414		1,050,414
Accrued Interest Receivable					
Investments		109	109		109
Special Assessments (Note 3)		106,696	106,696		106,696
Capital Assets, Net of Accumulated Depreciation (Note 4)				1,643,042	1,643,042
TOTAL ASSETS	**$ 19,206**	**$1,292,963**	**$1,312,169**	**$ 1,643,042**	**$2,955,211**
LIABILITIES					
Accounts Payable	$ 8,677	$ 2,953	$ 11,630	$	$ 11,630
Registered Warrants Payable (Note 5)	102,528		102,528	2,396,115	2,498,643
Accrued Interest on Registered Warrants (Note 5)	7,098	23,436	30,534		30,534
Deferred Revenue				10,355	10,355
Total Liabilities	118,303	26,389	144,692	2,406,470	2,551,162
COMMITMENTS AND CONTINGENCIES (Note 7)					
FUND BALANCE/NET ASSETS					
Unreserved, Reported in General Fund	(99,097)		(99,097)	99,097	
Restricted, Debt Service Fund		1,266,574	1,266,574	(1,266,574)	
Total Fund Balance (Deficit)	(99,097)	1,266,574	1,167,477	(1,167,477)	
TOTAL LIABILITIES AND FUND BALANCE	**$ 19,206**	**$1,292,963**	**$1,312,169**		
NET ASSETS (DEFICIT)					
Invested in Capital Assets, Net of Related Debt				(763,428)	(763,428)
Unrestricted				(99,097)	(99,097)
Restricted for Debt Service				1,266,574	1,266,574
TOTAL NET ASSETS				**$ 404,049**	**$ 404,049**

See Notes to Basic Financial Statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 280 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 6)	Statement of Activities
REVENUES					
Property Taxes (Note 2)	$ 20,710	$	$ 20,710	$	$ 20,710
Interest on					
Property Taxes (Note 2)	857		857		857
Investments		273	273		273
Special Assessments		79,500	79,500		79,500
State Motor Vehicle Taxes Allocation	72		72		72
Total Revenues	21,639	79,773	101,412		101,412
EXPENDITURES/EXPENSES					
Current:					
Collection Fees – County Treasurer	302		302		302
Depreciation				42,283	42,283
Engineering	3,616	2,553	6,169		6,169
Fiscal Agent Fees	2,640	7,816	10,456		10,456
Insurance	302		302		302
Interest on Registered Warrants (Note 5)	6,521	144,654	151,175		151,175
Maintenance	635		635		635
Professional Fees	18,607		18,607		18,607
Publishing Expense		82	82		82
Utilities	12,050		12,050		12,050
Net Capital Outlay (Note 4)		400	400	(400)	
Total Expenditures/Expenses	44,673	155,505	200,178	41,883	242,061
Excess (Deficiency) of Revenues Over Expenditures/Expenses	(23,034)	(75,732)	(98,766)	(41,883)	(140,649)
OTHER FINANCING SOURCES (USES)					
Issuance of Warrants (Note 5)		164,141	164,141	(164,141)	
Total Other Financing Sources (Uses)		164,141	164,141	(164,141)	
Excess (Deficiency) of Revenues and Transfers in Over (Under) Expenditures/ Expenses and Transfers Out	(23,034)	88,409	65,375	(65,375)	
Change in Net Assets				(140,649)	(140,649)
Fund Balance (Deficit)/Net Assets, Beginning of Year	(76,063)	1,178,165	1,102,102		544,698
Fund Balance (Deficit)/Net Assets, End of Year	**$(99,097)**	**$1,266,574**	**$1,167,477**		**$ 404,049**

See Notes to Basic Financial Statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 280 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. 280 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. 280 of Sarpy County, Nebraska (the District), was formed on October 4, 2006, 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.

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.

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.

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

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

Capital Assets Capital assets are stated at cost in accordance with construction contracts and other costs applicable thereto. Interest accrued on warrants issued for the construction of improvements is capitalized during the period of construction. Capital assets are classified as construction in progress until construction is complete or special assessments are levied. No depreciation expense is reported for capital assets classified as construction in progress. Depreciation began in February 2009. 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 useful lives:

	Years
Sanitary Sewer Systems	50
Street Improvements	20
Park Improvements	15

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 year services.

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.

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

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

2. Property Taxes

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

For 2009-2010 the District levied taxes at the rate of $.75 in general fund per $100 based on a property valuation of $2,761,259.

3. Special Assessments Receivable

Special assessments in the cumulative amount of $1,173,323 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 7.5% per annum until delinquent and 9.5% per annum thereafter until paid.

4. Capital Assets

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

	Costs at June 30, 2009	Additions	Deletions	Costs at June 30, 2010
Sanitary Sewer Systems	$1,443,645	$400	$	$1,444,045
Street Improvements	219,380			219,380
Park Improvements	36,494			36,494
	$1,699,519	$400	$	1,699,919
Less Accumulated Depreciation				56,877
Capital Assets, Net of Accumulated Depreciation				$1,643,042

5. Warrants Payable

Warrants registered with Sarpy County bear 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.

5. Warrants Payable - Continued

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

	General Fund	Debt Service Fund
Balance, June 30, 2009	$ 59,360	$2,231,974
Warrants Issued	55,433	164,141
Warrants Retired	(12,265)	
Balance, June 30, 2010	$102,528	$2,396,115

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

Year Ending June 30,	General Fund Amount of Warrants	General Fund Interest Rate	Debt Service Fund Amount of Warrants	Debt Service Fund Interest Rate
2011	$		$	
2012	47,095	7%	581,449	7%
2013	55,433	7%	1,296,188	7%
2014			354,337	7%
2015			164,141	7%
	$102,528		$2,396,115	

There were no unregistered warrants at June 30, 2010.

6. Reconciliation of Net Assets and Changes in Net Assets

Net Assets	
Total fund balance per balance sheet	$ 1,167,477
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,643,042
Some liabilities and warrants payable are not due and payable in the current period and therefore are not reported in the funds.	(2,396,115)
Property tax revenue not yet earned is shown as deferred revenue	(10,355)
Net assets of governmental activities	$ 404,049

6. Reconciliation of Net Assets and Changes in Net Assets - Continued

Changes in Net Assets	
Net change in fund balance	$ (98,766)
Certain expenditures do not require the use of current financial resources and therefore are not reported as expenditures of governmental funds.	(42,283)
Governmental funds report capital outlay as expenditures. However, the costs of these assets is allocated over their estimated useful lives.	400
Change in net assets of governmental activities	$(140,649)

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 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 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. 280 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 AND RECEIPTS					
Property Taxes	$ 20,710	$ (5,802)	$ 14,908	$ 20,088	$(5,180)
Interest on Taxes	857		857		857
State Motor Vehicle Taxes Allocation	72		72		72
Total Revenues and Receipts	21,639	(5,802)	15,837	20,088	(4,251)
EXPENDITURES/DISBURSEMENTS					
Collection fees – County Treasurer	302		302		(302)
Engineering	3,616	2,545	6,161	8,000	1,839
Fiscal Agent Fees	2,640		2,640	2,900	260
Insurance	302		302	600	298
Interest on Registered Warrants	6,521	(4,927)	1,594	4,200	2,606
Maintenance	635	16,989	17,624	15,000	(2,624)
Professional Fees	18,607	(1,771)	16,836	26,000	9,164
Utilities	12,050	(179)	11,871	7,500	(4,371)
Total Expenditures/Disbursements	44,673	12,657	57,330	64,200	6,870
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	(23,034)	(18,459)	(41,493)	(44,112)	2,619
OTHER FINANCING SOURCES (USES)					
Issuance of Warrants		55,433	55,433	60,000	(4,567)
Warrants Retired		(12,265)	(12,265)	(10,000)	(2,265)
Total Other Financing Sources (Uses)		43,168	43,168	50,000	(6,832)
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/ DISBURSEMENTS AND OTHER USES	(23,034)	24,709	1,675	$ 5,888	$(4,213)
Fund Balance, Beginning of Year	(76,063)	77,399	1,336		
Fund Balance, End of Year	**$(99,097)**	**$102,108**	**$ 3,011**		

See Independent Accountant's Audit Report.

SANITARY AND IMPROVEMENT DISTRICT NO. 280 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 AND RECEIPTS					
Interest on Investments	$ 273	$ (74)	$ 199	$	$ 199
Interest on Special Assessments	79,500	(79,500)		5,000	(5,000)
Special Assessments				125,000	(125,000)
Total Revenues and Receipts	79,773	(79,574)	199	130,000	(129,801)
EXPENDITURES/DISBURSEMENTS					
Collection Fees – County Treasurer				2,600	2,600
Engineering	2,553	(2,553)			
Fiscal Agent Fees	7,816		7,816	8,350	534
Interest on Registered Warrants	144,654	11,589	156,243	157,000	757
Professional Fees				10,000	10,000
Publishing	82		82		(82)
Net Capital Outlay	400	(400)			
Total Expenditures/Disbursements	155,505	8,636	164,141	177,950	13,809
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	(75,732)	(88,210)	(163,942)	(47,950)	(115,992)
OTHER FINANCING SOURCES (USES)					
Issuance of Warrants	164,141		164,141	175,350	(11,209)
Total Other Financing Sources (Uses)	164,141		164,141	175,350	(11,209)
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/ DISBURSEMENTS AND OTHER USES	88,409	(88,210)	199	**$127,400**	**$(127,201)**
Fund Balance, Beginning of Year	1,178,165	(1,042,620)	135,545		
Fund Balance, End of Year	**$1,266,574**	**$(1,130,830)**	**$ 135,744**		

See Independent Accountant's Audit Report.

SANITARY AND IMPROVEMENT DISTRICT NO. 280 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	$16,036
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	$635
B. New Equipment	None
C. New Construction Work	$400
D. Property Purchased	None
Number of Employees	None
Total Amount of Taxes Levied Upon the Property Within the District	$20,710

See Independent Accountants' Audit Report.

SANITARY AND IMPROVEMENT DISTRICT NO. 280 OF SARPY COUNTY, NEBRASKA

SCHEDULE 4

DISTRICT TRUSTEES AND RELATED BONDS

JUNE 30, 2010

Trustees		Bonds	
Name	**Office**	**Insurer**	**Amount**
Michael G. Kucera	Chairman	Western Surety Company	$5,000
Steven Schell	Clerk	Western Surety Company	$20,000
Douglas J. Long	Trustee		

See Independent Accountants' Audit Report.

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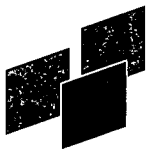

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William W. Kenedy
Susan S. Krause
Michael B. Mowat
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Peter A. Froelicher
James J. Tichota
Stacy L. Watson
Scott A. Carrico

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. 280
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. 280 of Sarpy County, Nebraska, as of and for the year ended June 30, 2010, which collectively comprise Sanitary and Improvement District No. 280 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. 280 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. 280 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. 280 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. 280 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. 280 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. 280 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. 280 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. 280 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain instances of non-compliance that are summarized below:

> The district had a shortfall in budgeted general fund and debt service fund revenues/receipts of approximately $4,300 and $129,800, respectively, without amending the budget.

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

Lutz & Company, P.C.

December 1, 2010