



**SANITARY AND IMPROVEMENT
DISTRICT NO. 236 OF SARPY
COUNTY, NEBRASKA**

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

JUNE 30, 2010

SANITARY AND IMPROVEMENT DISTRICT NO. 236 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	5-12

REQUIRED SUPPLEMENTARY INFORMATION

	<u>Schedule</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund	1	13
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Debt Service Fund	2	14

SUPPLEMENTAL INFORMATION

Information Required by Section 31-740, Reissue Revised Statute of Nebraska, 1998	3	15
District Trustees and Related Bonds	4	16
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		17-18

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. 236
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. 236 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. 236 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 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. 236 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. 236
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 Trustee 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. 236
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 7)</u>	<u>Statement of Net Assets</u>
ASSETS					
Cash on Deposit-County Treasurer	\$ 808	\$ 22,849	\$ 23,657	\$	\$ 23,657
Investments		114,912	114,912		114,912
Receivables					
Property Taxes (Note 2)	27,414	37,051	64,465		64,465
Sewer Connection Fees (Note 3)		152,098	152,098		152,098
Accrued Interest Receivable on Investments		54	54		54
Bond Issue Costs, Net of Accumulated Amortization of \$45,512				113,946	113,946
Capital Assets, Net (Note 4)				1,563,097	1,563,097
TOTAL ASSETS	\$ 28,222	\$326,964	\$ 355,186	\$1,677,043	\$2,032,229
LIABILITIES					
Accounts Payable	\$ 11,055	\$	\$ 11,055	\$	\$ 11,055
Registered Warrants Payable (Note 5)	242,991		242,991	799,384	1,042,375
Unregistered Warrants Payable	6,616		6,616		6,616
Accrued Interest Payable on Warrants (Note 5)	24,218	36,946	61,164		61,164
Bonds (Note 6)		12,708	12,708		12,708
Bonds Payable (Note 6)					
Due Within One Year				60,000	60,000
Due After One Year				1,175,000	1,175,000
Deferred Revenue				64,464	64,464
Total Liabilities	284,880	49,654	334,534	2,098,848	2,433,382
COMMITMENTS AND CONTINGENCIES (Note 8)					
FUND BALANCE (DEFICIT)/NET ASSETS					
Unreserved, Reported in					
General Fund	(256,658)		(256,658)	256,658	
Restricted, Debt Service Fund		277,310	277,310	(277,310)	
Total Fund Balance (Deficit)	(256,658)	277,310	20,652	(20,652)	
TOTAL LIABILITIES AND FUND BALANCES					
	\$ 28,222	\$326,964	\$ 355,186		
NET ASSETS (DEFICIT)					
Invested in Capital Assets, Net of Related Debt				(421,805)	(421,805)
Unrestricted				(256,658)	(256,658)
Restricted for Debt Service				277,310	277,310
TOTAL NET DEFICIT				\$ (401,153)	\$ (401,153)

See Notes to Basic Financial Statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 236
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 7)</u>	<u>Statement of Activities</u>
REVENUES					
Property Taxes (Note 2)	\$ 55,962	\$ 76,948	\$ 132,910	\$ (6,960)	\$ 125,950
Interest Income					
Property Taxes	191	219	410		410
Investments		205	205		205
Collection in District	1,120	1,120	2,240		2,240
State Motor Vehicles Taxes Allocation	191	242	433		433
Total Revenues	57,464	78,734	136,198	(6,960)	129,238
EXPENDITURES/EXPENSES					
Current:					
Collection Fees-County Treasurer	1,087	1,361	2,448		2,448
Amortization of Bond Issue Costs				7,973	7,973
Bond Maintenance Costs	735		735		735
Depreciation (Note 4)				58,083	58,083
Engineering	3,621		3,621		3,621
Fiscal Agent Fees	2,249		2,249		2,249
Insurance	2,130		2,130		2,130
Interest on Registered Warrants (Note 5)	16,964	53,327	70,291		70,291
Bonds Payable (Note 6)					
Principal		55,000	55,000	(55,000)	
Interest		61,803	61,803		61,803
Maintenance	8,036		8,036		8,036
Professional Fees	26,505		26,505		26,505
Utilities	21,759		21,759		21,759
Total Expenditures/Expenses	83,086	171,491	254,577	11,056	265,633
Excess (Deficiency) of Revenues over Expenditures/Expenses	(25,622)	(92,757)	(118,379)	(18,016)	(136,395)
OTHER FINANCING SOURCES (USES)					
Issuance of Warrants (Note 5)		52,383	52,383	(52,383)	
Total Other Financing Sources (Uses)		52,383	52,383	(52,383)	
Excess (Deficiency) of Revenues and Transfers in Over (Under) Expenditures and Transfers Out	(25,622)	(40,374)	(65,996)	65,996	
Change in Net Assets				(136,395)	(136,395)
Fund Balance (Deficit)/Net Assets, Beginning of Year	(231,036)	317,684	86,648		(264,758)
Fund Balance (Deficit)/Net Assets, End of Year	\$(256,658)	\$277,310	\$ 20,652		\$(401,153)

See Notes to Basic Financial Statements.

SANITARY AND IMPROVEMENT DISTRICT NO. 236 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. 236 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. 236 of Sarpy County, Nebraska (the District), was formed on July 18, 2002, 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 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.

SANITARY AND IMPROVEMENT DISTRICT NO. 236 OF SARPY COUNTY, NEBRASKA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

1. Summary of Significant Accounting Policies - Continued

**Combined
Financial Statements -
Continued**

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.

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.

SANITARY AND IMPROVEMENT DISTRICT NO. 236 OF SARPY COUNTY, NEBRASKA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

1. Summary of Significant Accounting Policies - Continued

Basis of Accounting Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**Budgets and
Budgetary
Accounting**

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

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

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

SANITARY AND IMPROVEMENT DISTRICT NO. 236 OF SARPY COUNTY, NEBRASKA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

1. Summary of Significant Accounting Policies - Continued

**Investments -
Continued**

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.

**Sewer
Connections**

Revenue on sewer connection fees is recognized when the fees are assessed. Sewer connection fees are considered fully collectible; therefore, no allowance for uncollectible fees are 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. 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:

	<u>Years</u>
Storm and Sanitary Sewer Systems	50
Street Improvements	20
Easements	

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.

Cost of Utilities

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

Credit Risk

The District's credit risk relates to receivables for property taxes, sewer connection fees 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. 236
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

1. Summary of Significant Accounting Policies - Continued

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

- 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 \$0.95 (\$.40 in the general fund and \$.55 in the bond fund) per \$100 based on a property valuation of \$13,990,474.

3. Sewer Connection Fees Receivable

Sewer connection fees in the cumulative amount of \$152,098 have been levied against certain properties within the District in connection with the construction of the District's sewers. The sewer connection fees are due on each lot prior to connection of the lot to the District's sewers.

Revenue on sewer connection fees is recognized when the fees are assessed. Sewer connection fees are considered fully collectible; therefore, no allowance for uncollectible fees is provided.

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
Storm Sewer Systems	\$ 931,278	\$	\$	\$ 931,278
Sanitary Sewer Systems	321,238			321,238
Street Improvements	660,646			660,646
Easements	56,513			56,513
	<u>\$1,969,675</u>	<u>\$</u>	<u>\$</u>	<u>1,969,675</u>
Less Accumulated Depreciation				<u>406,578</u>
Capital Assets, Net of Accumulated Depreciation				<u>\$1,563,097</u>

SANITARY AND IMPROVEMENT DISTRICT NO. 236 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	\$241,947	\$747,001
Warrants Issued	60,942	52,383
Warrants Retired	<u>(53,282)</u>	
Balance, June 30, 2010	<u>\$249,607</u>	<u>\$799,384</u>

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

Year Ending <u>June 30,</u>	-----General Fund-----		----Debt Service Fund----	
	<u>Amount of Warrants</u>	<u>Interest Rate</u>	<u>Amount of Warrants</u>	<u>Interest Rate</u>
2011	\$ 54,806	7%	\$	
2012	127,379	7%		
2013	67,422	7%	700,280	7%
2014			46,721	7%
2015			<u>52,383</u>	7%
	<u>\$249,607</u>		<u>\$799,384</u>	

There were \$6,616 of unregistered warrants in the general fund 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 \$1,500,000 issued on October 15, 2004, with a balance of \$1,235,000 at June 30, 2010, are due serially beginning October 15, 2005 through October 15, 2024. Interest is payable semi-annually on this issue at 4.00% to 5.50% per annum.

**SANITARY AND IMPROVEMENT DISTRICT NO. 236
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

6. Long-Term Debt - Continued

The following is a summary of bonds payable transactions of the District for the year ended June 30, 2010:

Bonds Outstanding, June 30, 2009	\$1,290,000
Bond Retired	<u>55,000</u>
Bonds Outstanding, June 30, 2010	<u>\$1,235,000</u>

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	\$ 60,000	\$ 60,000	\$ 120,000
2012	60,000	57,540	117,540
2013	65,000	54,850	119,850
2014	65,000	51,958	116,958
2015	70,000	48,885	118,885
Thereafter	<u>915,000</u>	<u>261,301</u>	<u>1,176,301</u>
Total	<u>\$1,235,000</u>	<u>\$534,534</u>	<u>\$1,769,534</u>

7. Reconciliation of Net Assets and Change in Net Assets

Net Assets (Deficit)	
Total fund balance per balance sheet	\$ 20,652
Amounts reported for government activities in the statement of net assets are different because:	
Capital assets used in governmental activities and bond issue costs are not financial resources and therefore are not reported in the funds.	1,677,043
Liabilities, including warrants payable, and bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(2,034,384)
Property tax revenue not yet earned at year end is referred to as deferred revenue.	<u>(64,464)</u>
Net deficit of governmental activities	<u>\$ (401,153)</u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 236
OF SARPY COUNTY, NEBRASKA**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

7. Reconciliation of Net Assets and Change in Net Assets - Continued

Changes in Net Assets

Net change in fund balance	\$(118,379)
Current year property tax levy not yet earned at year end.	(6,960)
Certain expenditures do not require the use of current financial resources and therefore are not reported as expenditures of governmental funds.	(66,056)
Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets.	<u>55,000</u>
Change in net assets of governmental activities	<u>\$(136,395)</u>

8. Commitments and Contingencies

The District has entered into various contracts and agreements related to the construction of streets, utility systems and other public improvements as well as general maintenance and other operating expenses related to the District. These contracts and agreements will be completed in the future. All expenditures are initially funded by the issuance of warrants. Warrants mature as follows; General Fund warrants mature within 3 years of issuance and Debt Service Fund warrants mature in 5 years. Maturities of warrants payable are primarily funded by the issuance of bonds payable and cash flow generated from 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. 236
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	\$ 55,962	\$ (123)	\$ 55,839	\$ 54,283	\$ 1,556
Interest on Property Taxes	191		191	250	(59)
Collection in District	1,120		1,120		1,120
State Motor Vehicle Taxes Allocation	191		191		191
Total Revenues/Receipts	57,464	(123)	57,341	54,533	2,808
EXPENDITURES/DISBURSEMENTS					
Collection Fees-County Treasurer	1,087		1,087		(1,087)
Bond Maintenance Costs	735	(500)	235		(235)
Engineering	3,621	242	3,863	2,000	(1,863)
Fiscal Agent Fees	2,249		2,249	2,675	426
Insurance	2,130		2,130	1,500	(630)
Interest on Registered Warrants	16,964	(5,767)	11,197	17,000	5,803
Maintenance	8,036	1,326	9,362	12,000	2,638
Professional Fees	26,505	(2,207)	24,298	17,500	(6,798)
Traffic Safety Devices				500	500
Utilities	21,759	(2,953)	18,806	20,000	1,194
Total Expenditures/Disbursements	83,086	(9,859)	73,227	73,175	(52)
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	(25,622)	9,736	(15,886)	(18,642)	2,756
OTHER FINANCING SOURCES (USES)					
Issuance of Warrants		60,942	60,942	56,175	4,767
Warrants Retired		(53,282)	(53,282)	(45,000)	(8,282)
Total Other Financing Sources (Uses)		7,660	7,660	11,175	(3,515)
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/ DISBURSEMENTS AND OTHER USES					
	(25,622)	17,396	(8,226)	<u>\$ (7,467)</u>	<u>\$ (759)</u>
Fund Balance (Deficit), Beginning of Year	(231,036)	240,070	9,034		
Fund Balance (Deficit), End of Year	\$(256,658)	\$257,466	\$ 808		

See Independent Accountant's Audit Report

**SANITARY AND IMPROVEMENT DISTRICT NO. 236
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					
Property Taxes	\$ 76,948	\$ (6,823)	\$ 70,125	\$ 74,639	\$(4,514)
Interest on					
Property Taxes	219	1	220	250	(30)
Investments	205	52	257	3,000	(2,743)
Collection in District	1,120		1,120		1,120
State Motor Vehicle Taxes Allocation	242		242		242
Total Revenues/Receipts	78,734	(6,770)	71,964	77,889	(5,925)
EXPENDITURES/DISBURSEMENTS					
Collection Fees-County Treasurer	1,361		1,361	1,250	(111)
Bond Maintenance Costs		265	265	250	(15)
Interest on Registered Warrants	53,327	(944)	52,383	53,000	617
Bonds Payable					
Principal	55,000		55,000	55,000	
Interest	61,803	428	62,231	62,231	
Total Expenditures/Disbursements	171,491	(251)	171,240	171,731	491
Excess (Deficiency) of Revenues/Receipts over Expenditures/Disbursements	(92,757)	(6,519)	(99,276)	(93,842)	(5,434)
OTHER FINANCING SOURCES (USES)					
Issuance of Warrants	52,383	265	52,648	53,250	(602)
Change in Payables					
Total Other Financing Sources (Uses)	52,383	265	52,648	53,250	(602)
EXCESS (DEFICIENCY) OF REVENUES/ RECEIPTS AND OTHER SOURCES OVER EXPENDITURES/ DISBURSEMENTS AND OTHER USES					
	(40,374)	(6,254)	(46,628)	<u>\$ (40,592)</u>	<u>\$(6,036)</u>
Fund Balance, Beginning of Year	317,684	(133,295)	184,389		
Fund Balance, End of Year	\$277,310	\$(139,549)	\$137,761		

See Independent Accountant's Audit Report.

**SANITARY AND IMPROVEMENT DISTRICT NO. 236
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	\$129,305
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	\$8,036
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	\$132,910

**SANITARY AND IMPROVEMENT DISTRICT NO. 236
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
Sherry Huntwork	Clerk	Western Surety Company	\$20,000
Sean Heisler	Trustee		
Michael J. Fielder	Trustee		

See Independent Accountants' Audit Report.

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. 236
of Sarpy County, Nebraska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sanitary and Improvement District No. 236 of Sarpy County, Nebraska, as of and for the year ended June 30, 2010, which collectively comprise Sanitary and Improvement District No. 236 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. 236 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. 236 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. 236 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. 236 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. 236 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. 236 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. 236 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. 236 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 the 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 immaterial instances of noncompliance that are summarized below:

The District had a shortfall in budgeted debt service fund revenues/receipts by approximately \$5,900 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.

Luthy & Company, P.C.

December 1, 2010