

**SANITARY AND IMPROVEMENT DISTRICT NO. 87  
OF SARPY COUNTY, NEBRASKA  
Basic Financial Statements  
with  
Supplementary Information  
and  
Accompanying Independent  
Auditors' Report  
For the Year ended June 30, 2012**

**SANITARY AND IMPROVEMENT DISTRICT NO. 87  
OF SARPY COUNTY, NEBRASKA**

**Table of Contents**

<u>Financial Section</u>	<u>Page</u>
Independent Auditors' Report.....	1-2
 <u>Basic Financial Statements</u>	
Government-Wide Financial Statements	
Statement of Net Assets.....	3
Statement of Activities.....	4
 Fund Financial Statements	
Balance Sheet – Governmental Funds.....	5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	7
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	8
 Notes to Financial Statements.....	9-14
 <u>Required Supplementary Information</u>	
Budgetary Comparison Statement	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to GAAP Reconciliation.....	17
 <u>Other Supplementary Information</u>	
Balance Sheet Information	
Taxes Receivable.....	19
 Information Required by Section 31-715 and 31-740.....	20
Board of Trustees and Related Bonds.....	21
 <u>Other Reports</u>	
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> .....	22



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### **Independent Auditors' Report**

To the Board of Trustees  
Sanitary and Improvement District No. 87  
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 the Sanitary and Improvement District No. 87 of Sarpy County, Nebraska as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Sanitary and Improvement District No. 87 of Sarpy County, Nebraska as of June 30, 2012, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America and the respective budgetary comparison for the General Fund and Debt Service Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2012 on our consideration of Sanitary and Improvement District No. 87 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 to scope of our testing of internal control over financial reporting and the compliance and 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.

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Goracke, Ritterbush & Piotrowski, L.L.P.*

Goracke, Ritterbush & Piotrowski, L.L.P.  
December 11, 2012

**SANITARY AND IMPROVEMENT DISTRICT NO. 87 OF SARPY COUNTY, NEBRASKA**  
**Government-Wide Statement of Net Assets**  
**June 30, 2012**

**Assets**

Cash on Deposit, County Treasurer (Note 2)	\$ 178,294
Taxes Receivable (Notes 1 and 5)	19,041
Capital Assets, Net of Accumulated Depreciation (Notes 1 and 3)	<u>40,014</u>
 Total Assets	 <u>237,349</u>

**Liabilities**

Accounts Payable	1,151
Accrued Interest	1,502
Bonds Payable (Note 4)	
Due within One Year	35,000
Due in more than One Year	<u>110,000</u>
 Total Liabilities	 <u>147,653</u>

**Net Assets**

Invested in Capital Assets, Net of Related Debt	(104,986)
Restricted for Debt Service	65,782
Unrestricted	<u>128,900</u>
 Total Net Assets	 <u>\$ 89,696</u>

The accompanying notes are an integral part of these financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 87 OF SARPY COUNTY, NEBRASKA**  
**Government-Wide Statement of Activities**  
**For the year ended June 30, 2012**

**Expenses (Note 1)**

General Government:	
Audit Fees	\$ 3,824
Broker Fees	500
Collection Fees - County Treasurer	1,448
Depreciation (Note 3)	2,876
Engineering	1,162
Insurance and Trustee Bonding	2,977
Interest Expense	9,620
Legal Fees	5,998
Street Maintenance	1,224
Utilities	1,661
Total General Government Expenses	<u>31,290</u>

**General Revenues (Note 1)**

Property Tax Assessed (Note 5)	59,550
State Motor Vehicle Allocation	170
Penalty Income	229
Interest Income	131
Total General Revenues	<u>60,080</u>

Change in Net Assets	28,790
Net Assets - Beginning of the Year	<u>60,906</u>
Net Assets - End of the Year	<u>\$ 89,696</u>

The accompanying notes are an integral part of these financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 87 OF SARPY COUNTY, NEBRASKA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	General Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>			
Cash on Deposit, County Treasurer (Note 2)	\$ 122,194	\$ 56,100	\$ 178,294
Taxes Receivable (Notes 1 and 5)	7,357	11,684	19,041
Total Assets	<u>\$ 129,551</u>	<u>\$ 67,784</u>	<u>\$ 197,335</u>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 651	\$ 500	\$ 1,151
Total Liabilities	<u>651</u>	<u>500</u>	<u>1,151</u>
 <b>Fund Balances</b>			
Unrestricted Fund Balance:			
Assigned Fund Balance	-	67,284	67,284
Unassigned Fund Balance	128,900	-	128,900
	<u>128,900</u>	<u>67,284</u>	<u>196,184</u>
Total Liabilities and Fund Balances	<u>\$ 129,551</u>	<u>\$ 67,784</u>	<u>\$ 197,335</u>

The accompanying notes are an integral part of these financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 87 OF SARPY COUNTY, NEBRASKA**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**For the year ended June 30, 2012**

Total Fund Balances of Governmental Funds	\$ 196,184
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. This is the amount of capital assets, net of accumulated depreciation.	40,014
Long-term liabilities are not due and payable in the current period and, therefore, not reported in the governmental funds:	
Bonds Payable	(145,000)
Accrued Interest	<u>(1,502)</u>
Total Net Assets of Governmental Activities	<u><u>\$ 89,696</u></u>

The accompanying notes are an integral part of these financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 87 OF SARPY COUNTY, NEBRASKA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2012**

	General Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues (Note 1)</b>			
Taxes:			
Property Taxes (Note 5)	\$ 22,350	\$ 37,200	\$ 59,550
State Motor Vehicle Tax Allocation	64	106	170
Penalty Income	86	143	229
Interest Income:			
Interest on Taxes	49	82	131
<b>Total Revenues</b>	<b>22,549</b>	<b>37,531</b>	<b>60,080</b>
<b>Expenditures (Note 1)</b>			
Current:			
General Government:			
Audit Fees	3,824	-	3,824
Broker Fees	-	500	500
Collection Fees - County Treasurer	544	904	1,448
Engineering	1,162	-	1,162
Insurance and Trustee Bonding	2,977	-	2,977
Legal Fees	5,998	-	5,998
Street Maintenance	1,224	-	1,224
Utilities	1,661	-	1,661
<b>Total General Government</b>	<b>17,390</b>	<b>1,404</b>	<b>18,794</b>
Debt Service:			
Warrant Principal Payment	17,156	-	17,156
Bond Principal Payment	-	30,000	30,000
Bond Interest Payment	-	9,925	9,925
<b>Total Expenditures</b>	<b>34,546</b>	<b>41,329</b>	<b>75,875</b>
<b>Excess Revenues Over Expenditures</b>	<b>(11,997)</b>	<b>(3,798)</b>	<b>(15,795)</b>
<b>Other Financing Sources</b>			
Proceeds from the Issuance of Warrants	17,156	-	17,156
<b>Total Other Financing Sources</b>	<b>17,156</b>	<b>-</b>	<b>17,156</b>
<b>Net Change in Fund Balances</b>	<b>5,159</b>	<b>(3,798)</b>	<b>1,361</b>
Fund Balance - Beginning of Year	123,741	71,082	194,823
<b>Fund Balance - End of Year</b>	<b>\$ 128,900</b>	<b>\$ 67,284</b>	<b>\$ 196,184</b>

The accompanying notes are an integral part of these financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 87 OF SARPY COUNTY, NEBRASKA**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances to the Statement of Activities**  
**For the year ended June 30, 2012**

Net Change in Fund Balances - Total Governmental Funds \$ 1,361

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

Governmental funds report capital outlays, net of refunds, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays, net of refunds, in the current year. (2,876)

Repayment of principal on noncurrent liabilities is reported as an expenditure in the governmental funds. In the statement of net assets, the repayment reduces long-term liabilities. This is the amount of repayments in the current year.

Warrant principal payments 17,156  
 Bond principal payments 30,000

Proceeds from issuance of warrants are reported as an other financing source in the government-wide statements. In the statement of net assets, the proceeds increase long-term liabilities. This is the amount of proceeds in the current year. (17,156)

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

Change in Accrued Interest on Bonds 305

Change in Net Assets of Governmental Activities \$ 28,790

The accompanying notes are an integral part of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SANITARY AND IMPROVEMENT DISTRICT NO. 87 OF SARPY COUNTY, NEBRASKA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General and Debt Service Funds**  
**For the year ended June 30, 2012**

	General Fund			Debt Service Fund		
	Budgetary Basis (Non GAAP)			Budgetary Basis (Non GAAP)		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Property Taxes Collected	\$ 21,490	\$ 27,809	\$ 6,319	\$ 35,769	\$ 46,286	\$ 10,517
State Motor Vehicle Tax Allocation	60	64	4	100	106	6
Penalty Income	10	86	76	20	143	123
Interest on Taxes	90	49	(41)	130	82	(48)
Total Revenues	<u>21,650</u>	<u>28,008</u>	<u>6,358</u>	<u>36,019</u>	<u>46,617</u>	<u>10,598</u>
<b>Expenditures</b>						
Operating Expenses						
Audit Fees	4,000	3,824	176	-	-	-
Broker Fees	1,000	500	500	-	-	-
Collection Fee - County Treasurer	-	544	(544)	-	904	(904)
Engineering	500	1,178	(678)	-	-	-
Insurance and Trustee Bonding	3,000	2,907	93	-	-	-
Legal Fees	8,500	5,998	2,502	-	-	-
Repairs and Maintenance	5,000	-	5,000	-	-	-
Sewer Maintenance	5,000	-	5,000	-	-	-
Street Maintenance	60,000	1,424	58,576	-	-	-
Utilities	2,300	1,323	977	-	-	-
Total Operating Expenses	<u>89,300</u>	<u>17,698</u>	<u>71,602</u>	<u>-</u>	<u>904</u>	<u>(904)</u>
Debt Service						
Bond Principal Payment	-	-	-	30,000	30,000	-
Bond Interest Payment	-	-	-	9,925	9,925	-
Total Expenditures	<u>89,300</u>	<u>17,698</u>	<u>71,602</u>	<u>39,925</u>	<u>40,829</u>	<u>(904)</u>
Excess/(Deficiency) of Revenues Over Expenditures	(67,650)	10,310	77,960	(3,906)	5,788	9,694
<b>Other Financing Sources (Uses)</b>						
Issuance of Warrants	-	17,156	17,156	-	-	-
Retirement of Warrants	-	(17,156)	(17,156)	-	-	-
Sinking Fund	-	-	-	(40,000)	-	40,000
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	<u>\$ (67,650)</u>	<u>10,310</u>	<u>\$ 77,960</u>	<u>\$ (43,906)</u>	<u>5,788</u>	<u>\$ 49,694</u>
Fund Balance, Beginning of Year		<u>111,884</u>			<u>50,312</u>	
Fund Balance, End of Year		<u>\$ 122,194</u>			<u>\$ 56,100</u>	

The accompanying notes are an integral part of these financial statements.

**Note 1 –Summary of Significant Accounting Policies (continued)**

Investments –Investments are stated at cost or amortized cost, which approximates market.

Bond Issue Costs and Amortization –In the government-wide financial statements bond issue costs are amortized over the terms of each bond, using the straight-line method of amortization. Fund financial statements expense bond issue costs when incurred.

Contributions in Aid of Construction –This is an equity account, which includes the proceeds of Federal and State Grants, contributions from other governmental units, and contributions from any other source.

Subsequent Events –The District has evaluated subsequent events through December 11, 2012, the date which the financial statements were available to be issued.

*Concentration of Credit Risks*

Taxes and Special Assessments Receivable –Receivables for real estate and property taxes and special assessments are due from property owners within the boundaries of the District located in Sarpy County, Nebraska.

Budget and Budgetary Accounting –The District is required by Nebraska law to adopt an annual operating budget for all the funds over which the District controls. The budget is adopted using the cash basis of accounting. Under the cash basis of accounting, revenues and expenditures are recorded when cash is received or paid. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The Board of Trustees considers a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) Expenditures and transfers cannot exceed appropriations at the fund level. When expenditures and transfers are required for functions that have not been budgeted, authorization to amend the budget and to incur the expenditures is permitted following a public hearing. No significant supplemental appropriations were made for the fiscal year ended June 30, 2012.
- d) A majority vote by the Board of Trustees authorizes transfer of budgeted amounts from the General Fund to the Debt Service Fund.
- e) Prior to September 20, the budget is legally enacted by a resolution of the Board of Trustees. On or before September 20, the budget document is filed with the County Board and State Auditor of Public Accounts.
- f) Appropriations for the General Fund and the Debt Service Fund lapse at the end of the fiscal year.

**Note 2 -Deposits and Investments**

Listed below is a summary of the deposits and investments that comprise the Cash on Deposit, County Treasurer and Investments on the June 30, 2012, basic financial statements.

**Deposits.** At June 30, 2012, the carrying amounts of the District's deposits were \$122,194 in the General Fund and \$56,100 in the Debt Service Fund. The County Treasurer balances for all funds totaled \$178,294. For purposes of classifying categories of custodial risk, the County Treasurer balances of the District's deposits as of June 30, 2012 were entirely insured by the federal depository insurance corporation.

**Investments** . As of June 30, 2012 the District held no investments.

**Note 3 -Capital Assets and Accumulated Depreciation**

A summary of capital assets for the year ended June 30, 2012 is as follows:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Sales or</u> <u>Disposals</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>Depreciable Capital Assets:</u>				
Infrastructure Assets	\$ 506,559	\$ -	\$ -	\$ 506,559
Less: Accumulated Depreciation	<u>(463,669)</u>	<u>(2,876)</u>	<u>-</u>	<u>(466,545)</u>
Net Capital Assets	<u>\$ 42,890</u>	<u>\$ (2,876)</u>	<u>\$ -</u>	<u>\$ 40,014</u>

The District recorded depreciation expense of \$2,876 for the year ended June 30, 2012.

**Note 4-Long-Term Debt**

Long-term debt is comprised of the following:

Bonds Payable –On August 15, 1995, the District issued \$475,000 in general obligation bonds. The bonds were issued for the purpose of refinancing existing bonds and accrued interest on the outstanding bonds.

The bonds mature according to the following schedule and bear interest, which is payable semi-annually at the rates indicated. The bonds are callable at August 15, 2000, and at any time thereafter.

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Payable</u>
November 1, 2012	6.15%	35,000
November 1, 2013	6.20%	35,000
November 1, 2014	6.25%	35,000
November 1, 2015	6.25%	<u>40,000</u>
		<u>\$ 145,000</u>

**Note 4 Long Term Debt (continued)**

Transactions for long-term debt for the year ended June 30, 2012 are summarized as follows:

<u>Type of Debt</u>	<u>Balance June 30, 2011</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance June 30, 2012</u>
Bond Issue, 1995	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 145,000</u>

Aggregate maturities during the next five years are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 35,000	\$ 7,934	\$ 42,934
2014	35,000	5,773	40,773
2015	35,000	3,594	38,594
2016	40,000	1,250	41,250
2017	-	-	-
	<u>\$ 145,000</u>	<u>\$ 18,551</u>	<u>\$ 163,551</u>

**Note 5 Tax Levy**

Property taxes are levied in August and become due December 31. The first half payment is due March 31 and becomes delinquent April 1 of the following year and the second half payment is due July 31 and becomes delinquent August 1 of the following year. The County Treasurer bills and collects all property taxes for the District. If the taxes remain delinquent after February of the following year, the County places a lien on the property.

Property tax revenues are recognized when they are assessed. Delinquent taxes are considered fully collectable and, therefore, no allowance for uncollectible taxes is provided.

The District has levied real and personal property taxes as follows:

<u>Fiscal Year</u>	District Valuation of <u>Property</u>	<u>District Tax Levy per \$100</u>		
		<u>General</u>	<u>Service</u>	<u>Total</u>
2011-2012	<u>\$17,451,705</u>	<u>0.128068</u>	<u>0.213160</u>	<u>0.341228</u>

**Note 6 Risk Management**

The District is exposed to various risks of loss, including those related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SANITARY AND IMPROVEMENT DISTRICT NO. 87 OF SARPY COUNTY, NEBRASKA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General and Debt Service Funds**  
**For the year ended June 30, 2012**

	General Fund			Debt Service Fund		
	Budgetary Basis (Non GAAP)			Budgetary Basis (Non GAAP)		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Property Taxes Collected	\$ 21,490	\$ 27,809	\$ 6,319	\$ 35,769	\$ 46,286	\$ 10,517
State Motor Vehicle Tax Allocation	60	64	4	100	106	6
Penalty Income	10	86	76	20	143	123
Interest on Taxes	90	49	(41)	130	82	(48)
Total Revenues	<u>21,650</u>	<u>28,008</u>	<u>6,358</u>	<u>36,019</u>	<u>46,617</u>	<u>10,598</u>
<b>Expenditures</b>						
Operating Expenses						
Audit Fees	4,000	3,824	176	-	-	-
Broker Fees	1,000	500	500	-	-	-
Collection Fee - County Treasurer	-	544	(544)	-	904	(904)
Engineering	500	1,178	(678)	-	-	-
Insurance and Trustee Bonding	3,000	2,907	93	-	-	-
Legal Fees	8,500	5,998	2,502	-	-	-
Repairs and Maintenance	5,000	-	5,000	-	-	-
Sewer Maintenance	5,000	-	5,000	-	-	-
Street Maintenance	60,000	1,424	58,576	-	-	-
Utilities	2,300	1,323	977	-	-	-
Total Operating Expenses	<u>89,300</u>	<u>17,698</u>	<u>71,602</u>	<u>-</u>	<u>904</u>	<u>(904)</u>
Debt Service	-	-	-	-	-	-
Bond Principal Payment	-	-	-	30,000	30,000	-
Bond Interest Payment	-	-	-	9,925	9,925	-
Total Expenditures	<u>89,300</u>	<u>17,698</u>	<u>71,602</u>	<u>39,925</u>	<u>40,829</u>	<u>(904)</u>
Excess/(Deficiency) of Revenues Over Expenditures	(67,650)	10,310	77,960	(3,906)	5,788	9,694
<b>Other Financing Sources (Uses)</b>						
Issuance of Warrants	-	17,156	17,156	-	-	-
Retirement of Warrants	-	(17,156)	(17,156)	-	-	-
Sinking Fund	-	-	-	(40,000)	-	40,000
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	<u>\$ (67,650)</u>	<u>10,310</u>	<u>\$ 77,960</u>	<u>\$ (43,906)</u>	<u>5,788</u>	<u>\$ 49,694</u>
Fund Balance, Beginning of Year		<u>111,884</u>			<u>50,312</u>	
Fund Balance, End of Year		<u>\$ 122,194</u>			<u>\$ 56,100</u>	

The accompanying notes are an integral part of these financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 87 OF SARPY COUNTY, NEBRASKA**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget to GAAP Reconciliation**  
**For the year ended June 30, 2012**

	General Fund	Debt Service Fund	Total
<b>Sources/Inflows of Resources</b>			
Actual Amounts (Budgetary Basis) "Total Revenues" Available for Appropriation from the Budgetary Comparison Schedule	\$ 28,008	\$ 46,617	\$ 74,625
<b>Differences - Budget to GAAP:</b>			
Real estate and property tax revenue is recognized when assessed or when excess collections are recorded rather than when collected.	(5,459)	(9,086)	(14,545)
Total Revenues as Reported on the Government-Wide Statement of Activities (GAAP)	<u>\$ 22,549</u>	<u>\$ 37,531</u>	<u>\$ 60,080</u>
 <b>Uses/Outflows of Resources:</b>			
Actual Amounts (Budgetary Basis) of Total Expenditures from the Budgetary Comparison Schedule	\$ 17,698	\$ 40,829	\$ 58,527
<b>Differences - Budget to GAAP:</b>			
Expenditures are accrued during the year through accounts payable or other payables rather than expensed when paid.	(308)	195	(113)
Retirement of long-term debt principal is not an expenditure but rather a reduction in long-term liability.	-	(30,000)	(30,000)
Capital outlay is depreciated rather than expensed when paid. This is the amount of depreciation expense.	-	2,876	2,876
Total Expenditures as Reported on the Government-Wide Statement of Activities (GAAP)	<u>\$ 17,390</u>	<u>\$ 13,900</u>	<u>\$ 31,290</u>
 <b>Other Financing Sources/Uses:</b>			
Issuance of Warrants (Budgetary Basis)	\$ 17,156	\$ -	\$ 17,156
Retirement of Warrants (Budgetary basis)	(17,156)	-	(17,156)
Total Other Financing Sources/Uses (GAAP)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**SANITARY AND IMPROVEMENT DISTRICT NO. 87 OF SARPY COUNTY, NEBRASKA**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 1 – Summary of Significant Accounting Policies**

This summary of significant accounting policies of Sanitary and Improvement District No. 87 of Sarpy County, Nebraska (the District) is presented to assist in understanding the District's basic financial statements. The basic financial statements and notes are representations of the District's management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the basic financial statements.

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to governmental units.

*Reporting Entity*

The District is a governmental subdivision authorized under the statutes of the State of Nebraska. A Board of Trustees is elected by the property owners of the District and has decision-making authority to levy taxes, the power to designate management, and the ability to significantly influence operations. The board has governance responsibilities over all activities related to streets, utility systems, and other public improvements within the jurisdiction of the District. The board also has primary financial accountability for fiscal matters of the District. The District is engaged in a single government program and is not included in any other governmental "reporting entity" as defined by GASB pronouncements. In addition, there are no component units as defined by GASB 14, which are included in the District's reporting entity.

*Government Accounting Standards Board Statement No. 34*

Effective June 30, 2004, the District adopted GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments," Statement No. 37, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus," and Statement No. 38, "Certain Financial Statement Note Disclosures." These statements require the presentation of government-wide financial statements in addition to fund financial statements.

The primary impact of adopting the statements includes changing the presentation of fund equity to net assets and long-term debt in the statements in place of separate account groups, and presenting "Management's Discussion and Analysis." Management has elected to omit "Management's Discussion and Analysis" from the basic financial statements.

*Basis of Presentation*

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

**GovernmentWide Financial Statements**

The government-wide financial statements include the statement of net assets and the statement of activities, which report financial information for all non-fiduciary activities of the District. Individual funds are not displayed, and internal activity between or within funds is eliminated.

## **Note 1 –Summary of Significant Accounting Policies (continued)**

The government-wide Statement of Net Assets recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts –invested in capital assets, net of related debt; restricted net assets for debt service; and unrestricted net assets. Net assets are restricted when constraints placed on them are either externally imposed or imposed by law through constitutional provisions or enabling legislatures. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first then unrestricted resources, as they are needed.

The government-wide Statement of Activities reflects the expenses of the District's governmental activities, offset by general revenues to determine the change in net assets for the year.

### **Fund Financial Statements**

The fund financial statements provide additional and detailed information about the District. The emphasis of the fund financial statements is on the determination of financial position and changes in financial position rather than upon net income. The following is a description of the District's two major governmental funds:

General Fund –This fund is the operating fund of the District. It is used to account for all financial, except those accounted for in other funds.

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

### *Measurement Focus and Basis of Accounting*

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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

In the fund financial statements, both funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, that is when they become both measurable and available. Available means collectable within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized in the period the liability is incurred, except for unaccrued interest on general long-term debt, which is recognized when due.

**Note 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 management to make estimates and assumptions that affect the reported in the financial statements and accompanying notes. Actual results could differ from the estimates.

Revenue –See subsequent note "Tax Levy" for property tax revenues. State motor vehicle tax allocation, taxes collected in excess, interest on taxes, and miscellaneous revenues are recognized as the amounts are collected as the amounts earned cannot be measured. However, investment earnings are recorded as earned since they are measurable and available.

Special Assessments –Revenues on special assessments levied after June 15, 1987 are recognized as the amounts are collected on the fund financial statements and in the year when they were assessed on the government-wide statements. Uncollected special assessments outstanding are recorded as receivable on the government-wide statement of net assets and balance sheet and as receivable and deferred revenue on the fund financial statements. Special assessments levied before June 15, 1987 were recorded as income in the year assessed.

Long-Lived Assets –Long-lived assets and certain identifiable intangibles held and used by the entity are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This application has not materially affected the entity's reported earnings, financial condition or cash flows.

Capital Assets and Depreciation –Capital assets of the District are recorded at historical cost except for minor expenses for street and sidewalk improvements, recreational equipment, costs of constructing improvements for utilities, etc.

Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The estimated useful lives for significant assets capitalized are as follows:

Infrastructure Assets	25 Years
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Infrastructure assets include all water systems, drainage systems, easements, sewage disposal works system, waterways, electrical systems, and roads.

GASB 34 requires the District to report and depreciate new infrastructure assets effective July 1, 2003 and allows for an extended implementation period for retroactive reporting of infrastructure assets. The District has elected to report and depreciate all major general infrastructure assets retroactively.

Interest Expense –GASB 37 eliminated the requirement to capitalize construction-period interest for government activities. Effective July 1, 2003, all interest not related to long-term debt is expensed when incurred. Long-term debt related interest is expensed when incurred for government-wide financial statements and expensed when paid for fund financial statements.

**Note 1 –Summary of Significant Accounting Policies (continued)**

Investments –Investments are stated at cost or amortized cost, which approximates market.

Bond Issue Costs and Amortization –In the government-wide financial statements bond issue costs are amortized over the terms of each bond, using the straight-line method of amortization. Fund financial statements expense bond issue costs when incurred.

Contributions in Aid of Construction –This is an equity account, which includes the proceeds of Federal and State Grants, contributions from other governmental units, and contributions from any other source.

Subsequent Events –The District has evaluated subsequent events through December 11, 2012, the date which the financial statements were available to be issued.

*Concentration of Credit Risks*

Taxes and Special Assessments Receivable –Receivables for real estate and property taxes and special assessments are due from property owners within the boundaries of the District located in Sarpy County, Nebraska.

Budget and Budgetary Accounting –The District is required by Nebraska law to adopt an annual operating budget for all the funds over which the District controls. The budget is adopted using the cash basis of accounting. Under the cash basis of accounting, revenues and expenditures are recorded when cash is received or paid. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The Board of Trustees considers a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) Expenditures and transfers cannot exceed appropriations at the fund level. When expenditures and transfers are required for functions that have not been budgeted, authorization to amend the budget and to incur the expenditures is permitted following a public hearing. No significant supplemental appropriations were made for the fiscal year ended June 30, 2012.
- d) A majority vote by the Board of Trustees authorizes transfer of budgeted amounts from the General Fund to the Debt Service Fund.
- e) Prior to September 20, the budget is legally enacted by a resolution of the Board of Trustees. On or before September 20, the budget document is filed with the County Board and State Auditor of Public Accounts.
- f) Appropriations for the General Fund and the Debt Service Fund lapse at the end of the fiscal year.

**Note 2 -Deposits and Investments**

Listed below is a summary of the deposits and investments that comprise the Cash on Deposit, County Treasurer and Investments on the June 30, 2012, basic financial statements.

**Deposits.** At June 30, 2012, the carrying amounts of the District's deposits were \$122,194 in the General Fund and \$56,100 in the Debt Service Fund. The County Treasurer balances for all funds totaled \$178,294. For purposes of classifying categories of custodial risk, the County Treasurer balances of the District's deposits as of June 30, 2012 were entirely insured by the federal depository insurance corporation.

**Investments** . As of June 30, 2012 the District held no investments.

**Note 3 -Capital Assets and Accumulated Depreciation**

A summary of capital assets for the year ended June 30, 2012 is as follows:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Sales or</u> <u>Disposals</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>Depreciable Capital Assets:</u>				
Infrastructure Assets	\$ 506,559	\$ -	\$ -	\$ 506,559
Less: Accumulated Depreciation	<u>(463,669)</u>	<u>(2,876)</u>	<u>-</u>	<u>(466,545)</u>
Net Capital Assets	<u>\$ 42,890</u>	<u>\$ (2,876)</u>	<u>\$ -</u>	<u>\$ 40,014</u>

The District recorded depreciation expense of \$2,876 for the year ended June 30, 2012.

**Note 4-Long-Term Debt**

Long-term debt is comprised of the following:

Bonds Payable –On August 15, 1995, the District issued \$475,000 in general obligation bonds. The bonds were issued for the purpose of refinancing existing bonds and accrued interest on the outstanding bonds.

The bonds mature according to the following schedule and bear interest, which is payable semi-annually at the rates indicated. The bonds are callable at August 15, 2000, and at any time thereafter.

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Payable</u>
November 1, 2012	6.15%	35,000
November 1, 2013	6.20%	35,000
November 1, 2014	6.25%	35,000
November 1, 2015	6.25%	<u>40,000</u>
		<u>\$ 145,000</u>

**Note 4 Long Term Debt (continued)**

Transactions for long-term debt for the year ended June 30, 2012 are summarized as follows:

<u>Type of Debt</u>	<u>Balance June 30, 2011</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance June 30, 2012</u>
Bond Issue, 1995	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 145,000</u>

Aggregate maturities during the next five years are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 35,000	\$ 7,934	\$ 42,934
2014	35,000	5,773	40,773
2015	35,000	3,594	38,594
2016	40,000	1,250	41,250
2017	-	-	-
	<u>\$ 145,000</u>	<u>\$ 18,551</u>	<u>\$ 163,551</u>

**Note 5 Tax Levy**

Property taxes are levied in August and become due December 31. The first half payment is due March 31 and becomes delinquent April 1 of the following year and the second half payment is due July 31 and becomes delinquent August 1 of the following year. The County Treasurer bills and collects all property taxes for the District. If the taxes remain delinquent after February of the following year, the County places a lien on the property.

Property tax revenues are recognized when they are assessed. Delinquent taxes are considered fully collectable and, therefore, no allowance for uncollectible taxes is provided.

The District has levied real and personal property taxes as follows:

<u>Fiscal Year</u>	District Valuation of <u>Property</u>	<u>District Tax Levy per \$100</u>		
		<u>General</u>	<u>Service</u>	<u>Total</u>
2011-2012	<u>\$17,451,705</u>	<u>0.128068</u>	<u>0.213160</u>	<u>0.341228</u>

**Note 6 Risk Management**

The District is exposed to various risks of loss, including those related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**OTHER SUPPLEMENTARY INFORMATION**

**SANITARY AND IMPROVEMENT DISTRICT NO. 87 OF SARPY COUNTY, NEBRASKA**  
**Schedule of Taxes Receivable**  
**June 30, 2012**

**Tax Levy**

During 2011, the District's Board of Trustees approved a tax levy of 0.341228 per \$100 of actual value of taxable property. The June 30, 2012 taxes receivable based on this levy and the delinquent taxes receivable are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Valuation of Taxable Property	\$ 17,451,705	\$ 17,451,705
Tax Levy	<u>0.128068</u>	<u>0.213160</u>
Taxes Receivable – 2011-2012	22,350	37,200
Less: 2011-2012 Taxes Collected	<u>17,932</u>	<u>29,846</u>
Balance Taxes Receivable – 2011-2012	4,418	7,354
Add: Delinquent Taxes	<u>2,939</u>	<u>4,329</u>
Total Taxes Receivable	<u><u>\$ 7,357</u></u>	<u><u>\$ 11,683</u></u>

**SANITARY AND IMPROVEMENT DISTRICT NO. 87 OF SARPY COUNTY, NEBRASKA**  
**Information Required by Section 31-740**  
**Revised Statutes of Nebraska, 1998**  
**For the year ended June 30, 2012**

Gross Revenue from all Sources	\$ 60,080
Gross Revenue from all Sources in Previous Year	\$ 59,992
Amount Spent for Access to the Facilities and Use of the Services of the Library System	None
Amount Spent for Sewage Disposal	None
Amount Expended on Water Mains	None
Gross Amount of Sewage Processed	Not Applicable
Cost per Thousand Gallons of Processing Sewage	Not Applicable
Amount Expended for Repairs and Maintenance	\$ 1,224
Amount Expended for New Equipment	None
Amount Expended for New Construction Work	None
Amount Expended for Real Estate Acquisitions	None
Number of Employees at June 30, 2012	None
Salaries and Fees Paid Employees	None
Total Amount of Taxes Levied Upon the Property Within the District	\$ 59,550

**SANITARY AND IMPROVEMENT DISTRICT NO. 87 OF SARPY COUNTY, NEBRASKA**  
**Board of Trustees and Related Bonds**  
**June 30, 2012**

<u>Trustees</u>		<u>Bonds</u>	
<u>Name</u>	<u>Office</u>	<u>Insurer</u>	<u>Amount</u>
Byron Stigge	Chairperson	Universal Surety Co.	\$ 5,000
Linda Stigge	Clerk	Universal Surety Co.	\$ 20,000



**GORACKE, RITTERBUSH & PIOTROWSKI, L.L.P.**

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**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. 87  
of Sarpy County, Nebraska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sanitary and Improvement District No. 87 of Sarpy County, Nebraska, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2012. 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

Management of Sanitary and Improvement District No. 87 of Sarpy County, Nebraska is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Sanitary and Improvement District No. 87 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 Sanitary and Improvement District No. 87 of Sarpy County, Nebraska's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sanitary and Improvement District No. 87 of Sarpy County, Nebraska's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. 87 of Sarpy County, Nebraska's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Trustees and the Nebraska Auditor of Public Accounts. However this report is a matter of public record and its distribution is not limited.

*Goracke, Ritterbush & Piotrowski, L.L.P.*

Goracke, Ritterbush & Piotrowski, LLP  
December 11, 2012