

**CITY OF LA VISTA  
MAYOR AND CITY COUNCIL REPORT  
APRIL 17, 2018 AGENDA**

| <b>Subject:</b>                         | <b>Type:</b>                              | <b>Submitted By:</b>              |
|---|---|-----------------------------------|
| FY 2016/2017 AUDIT REPORT —<br>BKD, LLP | ◆ RESOLUTION<br>ORDINANCE<br>RECEIVE/FILE | CINDY MISEREZ<br>FINANCE DIRECTOR |

**SYNOPSIS**

A resolution has been prepared to accept the audit for the twelve months ending September 30, 2017. The Council will also be accepting the audit for the Economic Development Fund – LB840.

**FISCAL IMPACT**

N/A.

**RECOMMENDATION**

Approval.

**BACKGROUND**

The certified public accountants, BKD, LLP have submitted to the City their *Accountants' Report and General Purpose Financial Statement*. The audit states that the City's financial statements were tested and disclosed no instances of noncompliance with *Government Auditing Standards*.

**RESOLUTION NO. \_\_\_\_\_**

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA APPROVING THE FISCAL YEAR 2016-2017 MUNICIPAL AUDIT AS PREPARED BY THE AUDITING FIRM OF BKD, LLP, OMAHA, NEBRASKA.

WHEREAS, the City of La Vista has contracted with the firm of BKD, LLP, Omaha, Nebraska, to complete an audit of the City's fiscal year 2016-2017 municipal operations; and

WHEREAS, BKD, LLP has completed said audit and provided copies of their findings.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and City Council of La Vista, Nebraska, that the 2016-2017 municipal audit is hereby accepted and approved.

PASSED AND APPROVED THIS 17TH DAY OF APRIL, 2018.

CITY OF LA VISTA

\_\_\_\_\_  
Douglas Kindig, Mayor

ATTEST:

\_\_\_\_\_  
Pamela A. Buethe, CMC  
City Clerk

# **City of La Vista, Nebraska**

Independent Auditor's Report and Financial Statements

September 30, 2017



# City of La Vista, Nebraska

September 30, 2017

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## Independent Auditor's Report

The Honorable Mayor and City Council  
City of La Vista, Nebraska

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of La Vista, Nebraska (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of La Vista, Nebraska as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary information as 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

*BKD, LLP*

Omaha, Nebraska  
April 11, 2018

**City of La Vista, Nebraska**  
**Statement of Net Position**  
**September 30, 2017**

|                                       | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
|---------------------------------------|------------------------------------|-------------------------------------|----------------------|
| <b>Assets</b>                         |                                    |                                     |                      |
| Cash and cash equivalents             | \$ 13,947,642                      | \$ 1,703,898                        | \$ 15,651,540        |
| Restricted cash and cash equivalents  | 5,833,866                          | -                                   | 5,833,866            |
| Cash at County Treasurer              | 115,586                            | -                                   | 115,586              |
| Certificates of deposit               | 2,117,483                          | 252,057                             | 2,369,540            |
| Investments                           | 3,375,951                          | -                                   | 3,375,951            |
| Receivables                           | 18,496,429                         | 445,159                             | 18,941,588           |
| Internal balances                     | 18,855                             | (18,855)                            | -                    |
| Prepaid expenses                      | 134,883                            | 4,639                               | 139,522              |
| Capital assets                        |                                    |                                     |                      |
| Nondepreciable                        | 21,090,823                         | 9,524                               | 21,100,347           |
| Depreciable, net                      | 39,896,410                         | 5,148,817                           | 45,045,227           |
| Total assets                          | <u>105,027,928</u>                 | <u>7,545,239</u>                    | <u>112,573,167</u>   |
| <b>Deferred Outflows of Resources</b> |                                    |                                     |                      |
| Deferred charge on refunding          | <u>611,353</u>                     | <u>-</u>                            | <u>611,353</u>       |
| <b>Liabilities</b>                    |                                    |                                     |                      |
| Accounts payable                      | 1,337,764                          | 731,996                             | 2,069,760            |
| Accrued expenses                      | 1,349,797                          | 274,498                             | 1,624,295            |
| Sales tax refunds payable             | 2,053,344                          | -                                   | 2,053,344            |
| Compensated absences                  |                                    |                                     |                      |
| Payable within one year               | 60,857                             | 4,723                               | 65,580               |
| Payable in more than one year         | 1,405,014                          | 107,661                             | 1,512,675            |
| Notes payable                         |                                    |                                     |                      |
| Due within one year                   | 34,880                             | -                                   | 34,880               |
| Due in more than one year             | 47,926                             | -                                   | 47,926               |
| Bonds payable                         |                                    |                                     |                      |
| Due within one year                   | 4,065,000                          | -                                   | 4,065,000            |
| Due in more than one year             | <u>50,462,525</u>                  | <u>-</u>                            | <u>50,462,525</u>    |
| Total liabilities                     | <u>60,817,107</u>                  | <u>1,118,878</u>                    | <u>61,935,985</u>    |
| <b>Net Position</b>                   |                                    |                                     |                      |
| Net investment in capital assets      | 28,465,755                         | 5,158,341                           | 33,624,096           |
| Restricted for debt service           | 4,419,875                          | -                                   | 4,419,875            |
| Restricted for community betterment   | 2,734,800                          | -                                   | 2,734,800            |
| Unrestricted                          | <u>9,201,744</u>                   | <u>1,268,020</u>                    | <u>10,469,764</u>    |
| Total net position                    | <u>\$ 44,822,174</u>               | <u>\$ 6,426,361</u>                 | <u>\$ 51,248,535</u> |



**City of La Vista, Nebraska**  
**Balance Sheet –**  
**Governmental Funds**  
**September 30, 2017**

|   | General<br>Fund     | Debt<br>Service<br>Fund | Keno<br>Fund        | Capital<br>Improvements<br>Fund | Economic<br>Development<br>Fund | 84th Street<br>Redevelopment<br>Fund | Total<br>Governmental<br>Funds |
|---|---------------------|-------------------------|---------------------|---------------------------------|---------------------------------|--------------------------------------|--------------------------------|
| <b>Assets</b>   |                     |                         |                     |                                 |                                 |                                      |                                |
| Cash and cash equivalents   | \$ 4,444,197        | \$ 5,239,014            | \$ 94,012           | \$ -                            | \$ 309,425                      | \$ 3,860,994                         | \$ 13,947,642                  |
| Restricted cash and cash equivalents                                  | -                   | 521,013                 | 68,952              | -                               | -                               | 5,243,901                            | 5,833,866                      |
| Cash at County Treasurer  | 95,759              | 19,827                  | -                   | -                               | -                               | -                                    | 115,586                        |
| Certificates of deposit   | 1,260,876           | -                       | 856,607             | -                               | -                               | -                                    | 2,117,483                      |
| Investments   | 1,519,954           | 35,440                  | 1,820,557           | -                               | -                               | -                                    | 3,375,951                      |
| Due from other funds  | 17,047              | 2,377                   | -                   | -                               | -                               | -                                    | 19,424                         |
| Receivables   | 1,387,076           | 825,530                 | 98,082              | -                               | 15,810,692                      | 375,049                              | 18,496,429                     |
| Prepaid expenses  | 134,883             | -                       | -                   | -                               | -                               | -                                    | 134,883                        |
| Total assets  | <u>\$ 8,859,792</u> | <u>\$ 6,643,201</u>     | <u>\$ 2,938,210</u> | <u>\$ -</u>                     | <u>\$ 16,120,117</u>            | <u>\$ 9,479,944</u>                  | <u>\$ 44,041,264</u>           |
| <b>Liabilities</b>  |                     |                         |                     |                                 |                                 |                                      |                                |
| Accounts payable  | \$ 290,998          | \$ 3,878                | \$ 106,152          | \$ 870,738                      | \$ -                            | \$ 65,998                            | \$ 1,337,764                   |
| Accrued expenses  | 401,309             | -                       | 81,550              | -                               | -                               | -                                    | 482,859                        |
| Due to other funds  | 2,377               | -                       | 3,497               | 11,240                          | -                               | -                                    | 17,114                         |
| Total liabilities   | <u>694,684</u>      | <u>3,878</u>            | <u>191,199</u>      | <u>881,978</u>                  | <u>-</u>                        | <u>65,998</u>                        | <u>1,837,737</u>               |
| <b>Deferred Inflows of Resources</b>                                  |                     |                         |                     |                                 |                                 |                                      |                                |
| Unavailable revenues  | <u>108,847</u>      | <u>421,358</u>          | <u>12,211</u>       | <u>-</u>                        | <u>-</u>                        | <u>-</u>                             | <u>542,416</u>                 |
| <b>Fund Balances</b>  |                     |                         |                     |                                 |                                 |                                      |                                |
| Nonspendable  | 134,883             | -                       | -                   | -                               | -                               | -                                    | 134,883                        |
| Restricted for:   |                     |                         |                     |                                 |                                 |                                      |                                |
| Debt service  | -                   | 6,217,965               | -                   | -                               | -                               | -                                    | 6,217,965                      |
| Community betterment  | -                   | -                       | 2,734,800           | -                               | -                               | -                                    | 2,734,800                      |
| Economic development  | -                   | -                       | -                   | -                               | 16,120,117                      | -                                    | 16,120,117                     |
| 84th street redevelopment   | -                   | -                       | -                   | -                               | -                               | 9,413,946                            | 9,413,946                      |
| Committed for:  |                     |                         |                     |                                 |                                 |                                      |                                |
| Capital improvements  | -                   | -                       | -                   | -                               | -                               | -                                    | -                              |
| Unassigned  | <u>7,921,378</u>    | <u>-</u>                | <u>-</u>            | <u>(881,978)</u>                | <u>-</u>                        | <u>-</u>                             | <u>7,039,400</u>               |
| Total fund balances   | <u>8,056,261</u>    | <u>6,217,965</u>        | <u>2,734,800</u>    | <u>(881,978)</u>                | <u>16,120,117</u>               | <u>9,413,946</u>                     | <u>41,661,111</u>              |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 8,859,792</u> | <u>\$ 6,643,201</u>     | <u>\$ 2,938,210</u> | <u>\$ -</u>                     | <u>\$ 16,120,117</u>            | <u>\$ 9,479,944</u>                  | <u>\$ 44,041,264</u>           |

**City of La Vista, Nebraska**  
**Reconciliation of the Balance Sheet**  
**of Governmental Funds to the**  
**Statement of Net Position**  
**September 30, 2017**

|  |                                    |
|--|------------------------------------|
| <b>Total Fund Balances - Total Governmental Funds</b>  | <b>\$ 41,661,111</b>               |
| Amounts reported for governmental activities in the statement of net position are different because:   |                                    |
| Capital assets, net of accumulated depreciation used in governmental activities, are not financial resources and, therefore, are not reported in the funds.  | 60,987,233                         |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Other related amounts include interest payable of \$763,741, bond premiums of \$197,564 and bond discounts of \$30,039. Amount also includes retainage payable of \$90,986. | (55,460,724)                       |
| Deferred outflows of resources related to refunded debt are not current financial resources, and therefore, are not reported in the funds.   | 611,353                            |
| Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.  | (1,465,871)                        |
| Sales tax refunds payable are not due and payable in the current period and, therefore, are not reported in the funds.   | (2,053,344)                        |
| Deferred inflows represents funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.   | <u>542,416</u>                     |
| <b>Net Position of Governmental Activities</b>   | <b><u><u>\$ 44,822,174</u></u></b> |

**City of La Vista, Nebraska**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances –**  
**Governmental Funds**  
**Year Ended September 30, 2017**

|  | General<br>Fund     | Debt<br>Service<br>Fund | Keno<br>Fund        | Capital<br>Improvements<br>Fund | Economic<br>Development<br>Fund | 84th Street<br>Redevelopment<br>Fund | Total                |
|--|---------------------|-------------------------|---------------------|---------------------------------|---------------------------------|--------------------------------------|----------------------|
| <b>Revenues</b>  |                     |                         |                     |                                 |                                 |                                      |                      |
| Property tax   | \$ 5,616,897        | \$ 2,058,024            | \$ -                | \$ -                            | \$ -                            | \$ -                                 | \$ 7,674,921         |
| Sales and use tax  | 4,570,142           | 2,284,871               | -                   | -                               | -                               | 2,285,071                            | 9,140,084            |
| Occupation tax   | 1,743,994           | -                       | -                   | -                               | -                               | -                                    | 1,743,994            |
| Motor vehicle tax  | 472,382             | 5,435                   | -                   | -                               | -                               | -                                    | 477,817              |
| Licenses and permits   | 547,546             | -                       | -                   | -                               | -                               | -                                    | 547,546              |
| Intergovernmental  | 2,201,182           | -                       | -                   | -                               | -                               | -                                    | 2,201,182            |
| Charges for services   | 352,183             | -                       | -                   | -                               | -                               | -                                    | 352,183              |
| Keno   | -                   | -                       | 1,228,240           | -                               | -                               | -                                    | 1,228,240            |
| Interest income  | 22,778              | 14,155                  | 7,142               | 266                             | 1,186,594                       | 16,968                               | 1,247,903            |
| Special assessments  | -                   | 21,843                  | -                   | -                               | -                               | -                                    | 21,843               |
| Miscellaneous  | 204,545             | 526,208                 | 35,242              | -                               | -                               | -                                    | 765,995              |
| <b>Total revenues</b>  | <b>15,731,649</b>   | <b>4,910,536</b>        | <b>1,270,624</b>    | <b>266</b>                      | <b>1,186,594</b>                | <b>2,302,039</b>                     | <b>25,401,708</b>    |
| <b>Expenditures</b>  |                     |                         |                     |                                 |                                 |                                      |                      |
| Current  |                     |                         |                     |                                 |                                 |                                      |                      |
| General government   | 2,601,682           | 348,716                 | 28,055              | -                               | -                               | -                                    | 2,978,453            |
| Public works   | 2,068,969           | -                       | -                   | -                               | -                               | -                                    | 2,068,969            |
| Public safety  | 6,157,356           | -                       | -                   | -                               | -                               | -                                    | 6,157,356            |
| Culture and recreation   | 2,564,596           | -                       | -                   | -                               | -                               | -                                    | 2,564,596            |
| Community betterment   | -                   | -                       | 555,357             | -                               | -                               | -                                    | 555,357              |
| Community development  | 583,862             | -                       | -                   | -                               | 499                             | 258,164                              | 842,525              |
| State sales tax refunds  | 796,535             | 398,267                 | -                   | -                               | -                               | 398,267                              | 1,593,069            |
| Capital outlay   | 723,376             | -                       | -                   | 8,600,293                       | -                               | -                                    | 9,323,669            |
| Debt service   |                     |                         |                     |                                 |                                 |                                      |                      |
| Principal retirement   | 33,904              | 3,255,000               | -                   | -                               | 730,000                         | -                                    | 4,018,904            |
| Interest   | -                   | 647,875                 | -                   | -                               | 1,265,741                       | 114,331                              | 2,027,947            |
| <b>Total expenditures</b>  | <b>15,530,280</b>   | <b>4,649,858</b>        | <b>583,412</b>      | <b>8,600,293</b>                | <b>1,996,240</b>                | <b>770,762</b>                       | <b>32,130,845</b>    |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>201,369</b>      | <b>260,678</b>          | <b>687,212</b>      | <b>(8,600,027)</b>              | <b>(809,646)</b>                | <b>1,531,277</b>                     | <b>(6,729,137)</b>   |
| <b>Other Financing Sources (Uses)</b>                                |                     |                         |                     |                                 |                                 |                                      |                      |
| Transfers, net   | (1,276,118)         | (67,193)                | 81,341              | 7,453,572                       | 800,000                         | (6,767,955)                          | 223,647              |
| <b>Total other financing sources (uses)</b>                          | <b>(1,276,118)</b>  | <b>(67,193)</b>         | <b>81,341</b>       | <b>7,453,572</b>                | <b>800,000</b>                  | <b>(6,767,955)</b>                   | <b>223,647</b>       |
| <b>Net Change in Fund Balances</b>                                   | <b>(1,074,749)</b>  | <b>193,485</b>          | <b>768,553</b>      | <b>(1,146,455)</b>              | <b>(9,646)</b>                  | <b>(5,236,678)</b>                   | <b>(6,505,490)</b>   |
| <b>Fund Balances, Beginning of Year</b>                              | <b>9,131,010</b>    | <b>6,024,480</b>        | <b>1,966,247</b>    | <b>264,477</b>                  | <b>16,129,763</b>               | <b>14,650,624</b>                    | <b>48,166,601</b>    |
| <b>Fund Balances, End of Year</b>                                    | <b>\$ 8,056,261</b> | <b>\$ 6,217,965</b>     | <b>\$ 2,734,800</b> | <b>\$ (881,978)</b>             | <b>\$ 16,120,117</b>            | <b>\$ 9,413,946</b>                  | <b>\$ 41,661,111</b> |

**City of La Vista, Nebraska**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Changes in Net Position of Governmental Activities**  
**Year Ended September 30, 2017**

|   |                                   |
|---|-----------------------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>   | <b>\$ (6,505,490)</b>             |
| <br>Amounts reported for governmental activities in the statement of activities are different because:  |                                   |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.                    | 6,333,384                         |
| Governmental funds report the effect of premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.   | 26,485                            |
| Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.   | 4,018,904                         |
| In the statement of activities, interest is accrued on outstanding bonds and notes, whereas in governmental funds, an interest expenditure is reported when due.  | 53,589                            |
| Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.  | (149,830)                         |
| Sales tax refunds do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds until the refunds are paid. This is the amount by which refunds accrued in the statement of activities exceed payments made in the governmental funds. | (455,421)                         |
| Deferred inflows represent funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.   | (650,002)                         |
| Governmental funds report capital asset transfers to proprietary funds as expenditures. However, in the statement of activities, these transfers are shown at the net value.  | (37,923)                          |
| Amortization on deferred amounts on refunding that do not represent activity in the governmental funds.   | <u>(80,740)</u>                   |
| <b>Change in Net Position of Governmental Activities</b>  | <b><u><u>\$ 2,552,956</u></u></b> |

# City of La Vista, Nebraska

## Balance Sheet – Proprietary Funds September 30, 2017

|  | Golf<br>Fund     | Sewer<br>Fund       | Total               |
|--|------------------|---------------------|---------------------|
| <b>Assets</b>                          |                  |                     |                     |
| <b>Current Assets</b>                  |                  |                     |                     |
| Cash and cash equivalents              | \$ -             | \$ 1,703,898        | \$ 1,703,898        |
| Certificates of deposit                | -                | 252,057             | 252,057             |
| Accounts receivable                    | -                | 445,159             | 445,159             |
| Prepaid expenses                       | -                | 4,639               | 4,639               |
| Total current assets                   | <u>-</u>         | <u>2,405,753</u>    | <u>2,405,753</u>    |
| <b>Non-Current Assets</b>              |                  |                     |                     |
| Land                                   | -                | 9,524               | 9,524               |
| Equipment and furniture                | 215,389          | 1,309,701           | 1,525,090           |
| Utility systems                        | -                | 7,747,465           | 7,747,465           |
| Vehicles                               | 108,643          | 419,425             | 528,068             |
| Buildings and improvements             | -                | 9,365               | 9,365               |
| Accumulated depreciation               | <u>(290,585)</u> | <u>(4,370,586)</u>  | <u>(4,661,171)</u>  |
| Capital assets - net of depreciation   | <u>33,447</u>    | <u>5,124,894</u>    | <u>5,158,341</u>    |
| Total assets                           | <u>\$ 33,447</u> | <u>\$ 7,530,647</u> | <u>\$ 7,564,094</u> |
| <b>Liabilities and Net Position</b>    |                  |                     |                     |
| <b>Current Liabilities</b>             |                  |                     |                     |
| Accounts payable                       | \$ -             | \$ 731,996          | \$ 731,996          |
| Accrued expenses                       | -                | 274,498             | 274,498             |
| Due to other funds                     | 18,855           | -                   | 18,855              |
| Compensated absences - current portion | -                | 4,723               | 4,723               |
| Total current liabilities              | <u>18,855</u>    | <u>1,011,217</u>    | <u>1,030,072</u>    |
| <b>Non-Current Liabilities</b>         |                  |                     |                     |
| Compensated absences                   | -                | 107,661             | 107,661             |
| Total non-current liabilities          | <u>-</u>         | <u>107,661</u>      | <u>107,661</u>      |
| <b>Net Position</b>                    |                  |                     |                     |
| Net investment in capital assets       | 33,447           | 5,124,894           | 5,158,341           |
| Unrestricted                           | <u>(18,855)</u>  | <u>1,286,875</u>    | <u>1,268,020</u>    |
| Total net position                     | <u>14,592</u>    | <u>6,411,769</u>    | <u>6,426,361</u>    |
| Total liabilities and net position     | <u>\$ 33,447</u> | <u>\$ 7,530,647</u> | <u>\$ 7,564,094</u> |

**City of La Vista, Nebraska**  
**Statement of Revenues, Expenses, and Changes in Net Position –**  
**Proprietary Funds**  
**Year Ended September 30, 2017**

|   | <b>Golf<br/>Fund</b> | <b>Sewer<br/>Fund</b> | <b>Total</b>        |
|---|----------------------|-----------------------|---------------------|
| <b>Operating Revenues</b>                                       |                      |                       |                     |
| User fees   | \$ -                 | \$ 3,593,560          | \$ 3,593,560        |
| Permits and hookups   | -                    | 236,130               | 236,130             |
| Grant income  | -                    | 19,731                | 19,731              |
| Merchandise sales   | 3,393                | -                     | 3,393               |
| Other revenue   | 77                   | -                     | 77                  |
|   | <u>3,470</u>         | <u>3,849,421</u>      | <u>3,852,891</u>    |
| Total operating revenues  |                      |                       |                     |
| <b>Operating Expenses</b>                                       |                      |                       |                     |
| General and administrative                                      | 1,025                | 548,905               | 549,930             |
| Maintenance   | 1,156                | 2,771,274             | 2,772,430           |
| Depreciation and amortization                                   | 10,534               | 220,653               | 231,187             |
|   | <u>12,715</u>        | <u>3,540,832</u>      | <u>3,553,547</u>    |
| Total operating expenses  |                      |                       |                     |
| <b>Operating Income (Loss)</b>                                  | <u>(9,245)</u>       | <u>308,589</u>        | <u>299,344</u>      |
| <b>Nonoperating Revenues</b>                                    |                      |                       |                     |
| Interest income   | 152                  | 1,679                 | 1,831               |
|   | <u>152</u>           | <u>1,679</u>          | <u>1,831</u>        |
| Total nonoperating revenues                                     |                      |                       |                     |
| <b>Income (Loss) Before Transfers and Capital Contributions</b> | (9,093)              | 310,268               | 301,175             |
| <b>Operating Transfer</b>                                       | (223,135)            | (512)                 | (223,647)           |
| <b>Capital Contribution</b>                                     | <u>-</u>             | <u>37,923</u>         | <u>37,923</u>       |
| <b>Change in Net Position</b>                                   | (232,228)            | 347,679               | 115,451             |
| <b>Net Position, Beginning of Year</b>                          | <u>246,820</u>       | <u>6,064,090</u>      | <u>6,310,910</u>    |
| <b>Net Position, End of Year</b>                                | <u>\$ 14,592</u>     | <u>\$ 6,411,769</u>   | <u>\$ 6,426,361</u> |

**City of La Vista, Nebraska**  
**Statement of Cash Flows –**  
**Proprietary Funds**  
**Year Ended September 30, 2017**

|  | <b>Golf<br/>Fund</b> | <b>Sewer<br/>Fund</b> | <b>Total</b>        |
|--|----------------------|-----------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>  |                      |                       |                     |
| Receipts from customers  | \$ 3,470             | \$ 3,800,379          | \$ 3,803,849        |
| Payments to suppliers  | (16,125)             | (2,194,427)           | (2,210,552)         |
| Payments to employees  | (16,251)             | (749,772)             | (766,023)           |
| Grant income   | -                    | 19,731                | 19,731              |
|  | <u>(28,906)</u>      | <u>875,911</u>        | <u>847,005</u>      |
| <b>Net cash provided by (used in) operating activities</b>   |                      |                       |                     |
| <b>Cash Flows from Noncapital Financing Activities</b>   |                      |                       |                     |
| Transfers  | (223,135)            | (512)                 | (223,647)           |
| Net repayments between funds   | (12,853)             | 31,708                | 18,855              |
|  | <u>(235,988)</u>     | <u>31,196</u>         | <u>(204,792)</u>    |
| <b>Net cash provided by (used in) noncapital financing activities</b>                                    |                      |                       |                     |
| <b>Cash Flows from Capital and Related Financing Activities</b>  |                      |                       |                     |
| Acquisition of capital assets  | -                    | (41,363)              | (41,363)            |
|  | <u>-</u>             | <u>(41,363)</u>       | <u>(41,363)</u>     |
| <b>Net cash used in capital and related financing activities</b>   |                      |                       |                     |
| <b>Cash Flows from Investing Activities</b>  |                      |                       |                     |
| Interest income  | 152                  | 943                   | 1,095               |
|  | <u>152</u>           | <u>943</u>            | <u>1,095</u>        |
| <b>Net cash provided by investing activities</b>   |                      |                       |                     |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | (264,742)            | 866,687               | 601,945             |
| <b>Cash and Cash Equivalents, Beginning of Year</b>  | 264,742              | 837,211               | 1,101,953           |
| <b>Cash and Cash Equivalents, End of Year</b>  | <u>\$ -</u>          | <u>\$ 1,703,898</u>   | <u>\$ 1,703,898</u> |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>  |                      |                       |                     |
| Operating income (loss)  | \$ (9,245)           | \$ 308,589            | \$ 299,344          |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                      |                       |                     |
| Depreciation and amortization  | 10,534               | 220,653               | 231,187             |
| Changes in operating assets and liabilities:   |                      |                       |                     |
| Receivables  | -                    | (29,311)              | (29,311)            |
| Payables and accrued expenses  | (30,195)             | 380,619               | 350,424             |
| Prepaid expenses   | -                    | (4,639)               | (4,639)             |
|  | <u>(28,906)</u>      | <u>875,911</u>        | <u>847,005</u>      |
| <b>Net Cash Provided by (Used in) Operating Activities</b>   |                      |                       |                     |
| <b>Supplemental Cash Flows Information</b>   |                      |                       |                     |
| Transfer of capital asset from governmental activities   | \$ -                 | \$ 37,923             | \$ 37,923           |

# **City of La Vista, Nebraska**

## **Notes to Financial Statements**

### **September 30, 2017**

#### **Note 1: Summary of Significant Accounting Policies**

##### ***Introduction***

The accounting and reporting framework and the more significant accounting principles and practices of the City of La Vista, Nebraska (the “City”) are discussed in the subsequent section of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the City’s financial activities for the fiscal year ended September 30, 2017.

The City of La Vista, Nebraska operates under a Council-Mayor form of government and provides the following services: public safety (Police and Fire), public works (highway and streets), sanitary sewer, culture and recreation, community development (public improvements), planning and zoning, and general administrative services.

##### ***Financial Reporting Entity***

These financial statements present the financial statements of the City as the primary government. In determining its reporting entity, the City has considered all potential component units for which it is financially accountable, including other organizations which are fiscally dependent on the City, or the significance of their relationship with the City is such that exclusion would make the financial statements misleading or incomplete. The Governmental Accounting Standards Board (“GASB”) has set forth criteria to be considered in determining financial accountability, which was used in making this evaluation.

The City has determined the La Vista Municipal Facilities Corporation is a blended component unit as the governing body consists of members appointed by the City government and the City is obligated to help support the component unit. A blended component unit, although a legally separate entity, is a direct part of the government’s operations.

##### ***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). Accordingly, all of the City’s assets, deferred outflows of resources, liabilities and deferred inflow of resources, including capital assets and long-term liabilities, are included in the statement of net position. However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 1: Summary of Significant Accounting Policies - Continued**

***Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued***

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period and that it is legally available for such purposes. Expenditures are recorded when the related fund liability is incurred, except for debt service expenditures and other certain long-term obligations, which are reported as expenditures in the year due.

Major revenues that are determined to be susceptible to accrual include real estate taxes, sales taxes, earned interest, and charges for services. Major revenues not susceptible to accrual because they are either not available early enough to pay liabilities from the current period or are not measurable until received include franchise taxes, special assessments, licenses, permits, and fines. Revenues not considered available are recorded as deferred inflows of resources.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

***Basis of Presentation***

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 1: Summary of Significant Accounting Policies - Continued**

***Basis of Presentation - Continued***

The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Separate financial statements are provided for governmental funds and proprietary funds. Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Major individual funds are reported in separate columns in the fund financial statements. A fund is considered major if it is the primary operating fund of the City, meets specific criteria set forth by GASB or is identified as a major fund by the City's management.

***Fund Types and Major Funds***

Governmental funds are those through which most general governmental functions of the City are financed. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The City reports the following major governmental funds:

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services and interest income.

Debt Service Fund is used to account for financial resources that are restricted for, and the payment of, general long-term debt principal, interest, and related costs.

Keno Fund is used to account for the revenues and expenses related to the Keno operations of the City. These funds are used for community betterment.

Capital Improvements Fund is used to account for financial resources that are committed to expenditures for capital outlay.

Economic Development Fund is used to account for revenues and expenditures to support the City's commercial developments, rehabilitate residential neighborhoods and expand industrial development in order to ensure economic stability and vitality of the City.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 1: Summary of Significant Accounting Policies - Continued**

***Fund Types and Major Funds - Continued***

84<sup>th</sup> Street Redevelopment Fund is used to account for revenues and expenditures to support the redevelopment of the 84<sup>th</sup> Street corridor between Harrison Street and Giles Street to improve the economic viability of a town center and central park. A voter approved sales tax levy provides the revenue for this fund.

Proprietary funds are used to account for the City's ongoing organizations and activities that are similar to those often found in the private sector. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included in the balance sheet. Proprietary fund operating statements present increases and decreases in total net position.

The City reports the following major proprietary funds:

Sewer Fund accounts for the activities of the government's sewer utility.

Golf Fund accounts for the activities of the government's golf course. In 2016, the golf course ceased operations and all subsequent activity relates to closure related items.

***Cash and Investments***

The City maintains a cash deposit pool that is available for use by all funds. The pool consists of bank deposits and investments. The equity of proprietary funds in this pool is considered to be cash and cash equivalents for purposes of the statement of cash flows. In addition, cash and investments are separately held by several of the City's funds.

Nonnegotiable certificates of deposit are carried at amortized cost, which approximates fair value. The City invests in an external investment pool which primarily invests in government agency securities, certificates of deposit, demand deposits and repurchase agreements which are valued at amortized cost, which approximates fair value based on the short-term nature of the investments. The City carries its interest in the external investment pool at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes dividend and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is assigned to the funds with which the related investment asset is associated.

***Special Assessments***

Special assessments are recorded as revenue in the year the assessments become current. Annual installments not yet due are reflected as special assessments receivables and deferred inflows of resources.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 1: Summary of Significant Accounting Policies - Continued**

***Unbilled Sewer Revenue***

Billings for sewer revenues are rendered on a monthly basis. Unbilled sewer revenues, representing estimated consumer usage for the period between the last billing date and the end of the year, have been recorded and are included in accounts receivable.

***Capital Assets and Depreciation***

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements; proprietary capital assets are also reported in their respective fund. The City maintains infrastructure asset records consistent with all other capital assets. The City generally capitalizes assets with a cost of \$2,500 or more as purchase and construction outlays occur. Such assets are recorded at historical cost or estimated historical cost. Donated assets are stated at acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

|                                    |               |
|------------------------------------|---------------|
| Buildings                          | 10 – 45 years |
| Improvements                       | 5 – 30 years  |
| Infrastructure                     | 20 – 60 years |
| Equipment, furniture, and fixtures | 5 – 20 years  |

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category, the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 1: Summary of Significant Accounting Policies - Continued**

***Deferred Outflows/Inflows of Resources - Continued***

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category and is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, and grants that are deferred and recognized as an inflow of resources in the period that the amounts become available.

***Long-Term Obligations***

In government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond discounts or premiums are amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

***Compensated Absences***

Vacation leave and other compensated absences with similar characteristics are accrued as the benefits are earned if the leave is attributable to past services and it is probable that the City will compensate the employees for such benefits. Sick leave and other compensated absences with similar characteristics are accrued as the benefits are earned only to the extent that it is probable that the City will compensate the employees for such benefits. Such accruals are based on current salary rates plus an additional amount for compensation-related payments such as Social Security and Medicare taxes and pension amounts using rates in effect at that date. Vacation and sick leave is accrued in accordance with the City's policy, when incurred in the government-wide and proprietary fund financial statements. In the governmental funds, only compensated absences expected to be liquidated with expendable available financial resources are recorded as a fund liability.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 1: Summary of Significant Accounting Policies - Continued**

***Sales Tax Refunds Payable***

Qualified companies in the State of Nebraska are allowed certain benefits under various legislative acts and incentive programs, including refunds of sales and use taxes paid. These refunds can include the local option tax as well as state taxes. Under state statute, the State Tax Commissioner must notify an affected city, village, county, or municipal county of any refund claims of more than twenty-five thousand dollars by June 15 of a given year. The notification must be made by July 1 of the same year and the refund will be made on or after November 15. The City accrues these tax refunds due upon receipt of notification from the State Tax Commissioner.

***Net Position***

Net position is required to be classified into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

*Net investment in capital assets* – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvements of those assets are also included in this component of net position. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to unspent proceeds is not included in the calculation of net investment in capital assets.

*Restricted* – This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* – This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

***Fund Balance Classification***

The fund balances for the City’s governmental funds are displayed in five components:

*Nonspendable* – Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

*Restricted* – Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 1: Summary of Significant Accounting Policies - Continued**

***Fund Balance Classification - Continued***

*Committed* – Committed fund balances may be used only for the specific purposes determined by resolution of the City Council. Commitments may be changed or lifted only by issuance of a resolution by the City Council.

*Assigned* – Assigned fund balances are intended to be used by the City for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. At September 30, 2017, the City did not have any assigned funds.

*Unassigned* – Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

Fund balances are classified as restricted, committed, assigned, or unassigned. When expenditures are incurred that use funds from more than one classification, the City will generally determine the order which the funds are used on a case-by-case basis, taking into account any applicable requirements of grant agreements, contracts, business circumstances, or other constraints. If no other constraints exist, the order of spending of resources will be restricted, committed, assigned and, lastly, unassigned.

***Use of Estimates***

The preparation of 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note 2: Budget and Budgetary Accounting**

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

- The City's department heads and mid-level managers prepare and submit budget requests for the following fiscal year to the City Administrator who then reviews the request with the department and division heads.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 2: Budget and Budgetary Accounting - Continued**

- After this review process has been completed, the City Administrator presents these budget requests to the Mayor and City Council along with recommendations as to what changes, if any, should be made. These budget requests and recommendations are reviewed by the City Council at meetings open to the public.
- A public hearing on the budget is then conducted at a City Council meeting to obtain comments from citizens.
- Prior to September 20, the City Council legally enacts the ensuing fiscal year's budget through the passage of a resolution adopting the budget.
- Formal budgetary integration is employed as a management control device during the year for the General, Debt Service and Proprietary Funds.
- The budgets adopted are stated on a cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Note 3: Deposits and Investments**

***Deposits***

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Nebraska; bonds of any city, county, school district or special road district of the State of Nebraska; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits. The statutes allow pledged securities to be reduced by the amount of the deposit insured by the Federal Deposit Insurance Corporation (FDIC).

At September 30, 2017, all of the City's deposits in excess of FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent of the City.

***Investments***

Generally, the City's investing activities are managed under the custody of the City Finance Director. The City does not have a specific investment policy, but follows state statutes. The City may legally invest in state-sponsored pooled investment funds and in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. Agencies and instrumentalities.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 3: Deposits and Investments - Continued**

***Investments - Continued***

*Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates (market rates) will affect the fair value of an investment.

*Custodial Credit Risk* – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in possession of an outside party.

*Credit Risk* – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City’s only investments are units of participation in the short-term investment pool of the Nebraska Public Agency Investment Trust (“NPAIT”). NPAIT is a special purpose government established under Nebraska statute. The investment pool or trust is not registered and is not rated for credit risk. The City limits its interest rate risk by investing only in the short-term pool, which consists primarily of government agency or government securitized investments with maturities of less than one year. The amount invested in the NPAIT pool was \$3,375,951 at September 30, 2017.

*Concentration of Credit Risk* – The City places no limit on the amount that may be invested in any one issuer.

***Summary of Carrying Values***

The carrying values of deposits and investments are included in the government-wide statement of net position as follows:

|                          |                      |
|--------------------------|----------------------|
| Carrying Values          |                      |
| Cash at County Treasurer | \$ 115,586           |
| Deposits                 | 23,854,946           |
| Investments              | <u>3,375,951</u>     |
|                          | <u>\$ 27,346,483</u> |

Included in the following statement of net position captions as follows:

|                                      |                      |
|--------------------------------------|----------------------|
| Cash and cash equivalents            | \$ 15,651,540        |
| Restricted cash and cash equivalents | 5,833,866            |
| Cash at Country Treasurer            | 115,586              |
| Certificates of deposit              | 2,369,540            |
| Investments                          | <u>3,375,951</u>     |
|                                      | <u>\$ 27,346,483</u> |

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 4: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

***Investments***

The City's investments in external pooled investments are carried at cost and thus are not included within the fair value hierarchy.

**Note 5: Property Taxes**

The tax levy for the City is certified by the Sarpy County Board each year. Real estate taxes are due and attached as an enforceable lien on December 31 following the levy date. The first half of real estate taxes becomes delinquent on April 1 and the second half becomes delinquent August 1 following the levy date. Delinquent taxes bear interest at a 14% annual rate. Property taxes are collected by the County Treasurer and are periodically remitted to the City.

The tax rate to finance governmental services other than the payment of principal and interest on long-term debt for the year ended September 30, 2017, was \$0.4100 per \$100 of assessed valuation and the debt service requirement was \$0.1400 per \$100 of assessed valuation. The assessed valuation for the 2016-2017 tax year was \$1,410,681,076.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 6: Receivables**

Receivables at September 30, 2017, consist of the following:

| Fund                      | Taxes               | Accounts<br>Receivable | Special<br>Assessments | Interest          | Note<br>Receivable   | Gross<br>Receivables | Allowance for<br>Uncollectibles | Net<br>Receivables   |
|---------------------------|---------------------|------------------------|------------------------|-------------------|----------------------|----------------------|---------------------------------|----------------------|
| General                   | \$ 810,084          | \$ 576,992             | \$ -                   | \$ -              | \$ -                 | \$ 1,387,076         | \$ -                            | \$ 1,387,076         |
| Debt Service              | 395,532             | -                      | 501,285                | 207,063           | -                    | 1,103,880            | 278,350                         | 825,530              |
| Keno                      | -                   | 98,082                 | -                      | -                 | -                    | 98,082               | -                               | 98,082               |
| 84th Street Redevelopment | 375,049             | -                      | -                      | -                 | -                    | 375,049              | -                               | 375,049              |
| Economic Development      | -                   | -                      | -                      | -                 | 15,810,692           | 15,810,692           | -                               | 15,810,692           |
| Sewer                     | -                   | 445,159                | -                      | -                 | -                    | 445,159              | -                               | 445,159              |
|                           | <u>\$ 1,580,665</u> | <u>\$ 1,120,233</u>    | <u>\$ 501,285</u>      | <u>\$ 207,063</u> | <u>\$ 15,810,692</u> | <u>\$ 19,219,938</u> | <u>\$ 278,350</u>               | <u>\$ 18,941,588</u> |

**Note Receivable**

The City has a note receivable (“Loan”) from an entity associated with the interests of developer John Q. Hammons and related companies and entities (“developer”), an owner and developer of hotels and motels, for an economic development project involving construction of two hotels and a conference center in the City. The Hammons Interests are all privately held and have undertaken to provide only limited publicly available financial information. The City obtained a deed of trust on the conference center in connection with the Loan.

As of September 30, 2017, the balance of the loan with the developer was \$15,810,692 with an interest rate equal to the average coupon rate of the bonds issued to fund the loan. The balance of the note was due in a single balloon payment on September 30, 2017.

In June of 2016, the developer filed for protection under Chapter 11 of the United States Bankruptcy Code. Significant payments remain outstanding on the Loan, including all of the principal amount. Payments received by the City on the Loan have not been pledged for the payment of economic development bonds and are subject to being applied to other economic development purposes so long as the Loan remains outstanding. The City will remain obligated on the economic development bonds, including certain tax revenues and sales tax revenues of the City, regardless of whether the principal of the Loan is repaid.

The Bankruptcy Court has allowed the developer to continue to remit the quarterly interest payments to the City and interest payments are current through the December 31, 2017 payment. The developer did not make the principal balloon payment on September 30, 2017 or since. A plan for repayment will be presented to the Bankruptcy Court in 2018. It is unclear what impact the bankruptcy filing will have on the repayment of the note. Management has determined that no allowance is necessary at September 30, 2017.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 7: Capital Assets and Depreciation**

Capital asset activity for the year ended September 30, 2017, was as follows:

|   | <b>Beginning<br/>Balance</b> | <b>Increases</b>    | <b>Decreases</b>    | <b>Transfers</b>   | <b>Ending<br/>Balance</b> |
|---|------------------------------|---------------------|---------------------|--------------------|---------------------------|
| <b>Governmental Activities</b>              |                              |                     |                     |                    |                           |
| Land, not being depreciated                 | \$ 11,344,222                | \$ -                | \$ -                | \$ -               | \$ 11,344,222             |
| Construction in progress                    | 3,683,310                    | 8,349,337           | (422,511)           | (1,863,535)        | 9,746,601                 |
| Total capital assets, not being depreciated | <u>15,027,532</u>            | <u>8,349,337</u>    | <u>(422,511)</u>    | <u>(1,863,535)</u> | <u>21,090,823</u>         |
| Capital assets, being depreciated           |                              |                     |                     |                    |                           |
| Buildings                                   | 19,086,165                   | 95,297              | -                   | -                  | 19,181,462                |
| Improvements/infrastructure                 | 56,634,329                   | 20,315              | -                   | 1,772,396          | 58,427,040                |
| Equipment/furniture/vehicles                | 9,530,926                    | 592,639             | (25,543)            | 53,216             | 10,151,238                |
| Total capital assets, being depreciated     | <u>85,251,420</u>            | <u>708,251</u>      | <u>(25,543)</u>     | <u>1,825,612</u>   | <u>87,759,740</u>         |
| Accumulated Depreciation                    |                              |                     |                     |                    |                           |
| Buildings                                   | (11,186,263)                 | (740,002)           | -                   | -                  | (11,926,265)              |
| Improvements/infrastructure                 | (26,437,090)                 | (1,736,513)         | -                   | -                  | (28,173,603)              |
| Equipment/furniture/vehicles                | (7,275,238)                  | (513,767)           | 25,543              | -                  | (7,763,462)               |
| Total accumulated depreciation              | <u>(44,898,591)</u>          | <u>(2,990,282)</u>  | <u>25,543</u>       | <u>-</u>           | <u>(47,863,330)</u>       |
| Capital assets being depreciated, net       | <u>40,352,829</u>            | <u>(2,282,031)</u>  | <u>-</u>            | <u>1,825,612</u>   | <u>39,896,410</u>         |
| Governmental activities capital assets, net | <u>\$ 55,380,361</u>         | <u>\$ 6,067,306</u> | <u>\$ (422,511)</u> | <u>\$ (37,923)</u> | <u>\$ 60,987,233</u>      |

Depreciation was charged to functions/programs as follows:

|  |                     |
|--|---------------------|
| <b>Governmental Activities</b>                     |                     |
| General government                                 | \$ 171,949          |
| Public safety                                      | 623,293             |
| Culture and recreation                             | 282,498             |
| Public works                                       | <u>1,912,542</u>    |
| Total governmental activities depreciation expense | <u>\$ 2,990,282</u> |

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 7: Capital Assets and Depreciation - Continued**

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u> | <u>Transfers</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|------------------|------------------|---------------------------|
| <b>Business-type Activities</b>              |                              |                     |                  |                  |                           |
| Land, not being depreciated                  | \$ 9,524                     | \$ -                | \$ -             | \$ -             | \$ 9,524                  |
| Capital assets, being depreciated            |                              |                     |                  |                  |                           |
| Building and improvements                    | 9,365                        | -                   | -                | -                | 9,365                     |
| Sewer line system                            | 7,709,542                    | -                   | -                | 37,923           | 7,747,465                 |
| Equipment and furniture                      | 2,011,795                    | 41,363              | -                | -                | 2,053,158                 |
| Total capital assets, being depreciated      | <u>9,730,702</u>             | <u>41,363</u>       | <u>-</u>         | <u>37,923</u>    | <u>9,809,988</u>          |
| Accumulated depreciation                     |                              |                     |                  |                  |                           |
| Building and improvements                    | (9,365)                      | -                   | -                | -                | (9,365)                   |
| Sewer line system                            | (3,162,361)                  | (154,653)           | -                | -                | (3,317,014)               |
| Equipment and furniture                      | (1,258,258)                  | (76,534)            | -                | -                | (1,334,792)               |
| Total accumulated depreciation               | <u>(4,429,984)</u>           | <u>(231,187)</u>    | <u>-</u>         | <u>-</u>         | <u>(4,661,171)</u>        |
| Capital assets being depreciated, net        | <u>5,300,718</u>             | <u>(189,824)</u>    | <u>-</u>         | <u>37,923</u>    | <u>5,148,817</u>          |
| Business-type activities capital assets, net | <u>\$ 5,310,242</u>          | <u>\$ (189,824)</u> | <u>\$ -</u>      | <u>\$ 37,923</u> | <u>\$ 5,158,341</u>       |

Depreciation was charged to functions/programs as follows:

|   |                   |
|---|-------------------|
| <b>Business-type Activities</b>                     |                   |
| Golf  | \$ 10,534         |
| Sewer   | <u>220,653</u>    |
| Total business-type activities depreciation expense | <u>\$ 231,187</u> |

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 8: Long-term Liabilities**

General obligation bonds, issued by the City for various municipal improvements, are repaid with property taxes recorded in the Debt Service Fund. The City has pledged its full faith and credit as collateral for the general obligation bonds. The City has no debt outstanding subject to legal debt limitations. The City's borrowing capacity is restrained by maintaining the City's debt at a responsible level.

The following is a summary of long-term debt activity of the City for the year ended September 30, 2017:

|  | <b>Beginning<br/>Balance</b> | <b>Additions</b>  | <b>Reductions</b>   | <b>Ending<br/>Balance</b> | <b>Due Within<br/>One Year</b> |
|--|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| <b>Governmental Activities</b>                   |                              |                   |                     |                           |                                |
| Long-term debt                                   |                              |                   |                     |                           |                                |
| General obligation bonds                         | \$ 47,130,000                | \$ -              | \$ 3,985,000        | \$ 43,145,000             | \$ 4,065,000                   |
| Bond anticipation notes                          | 11,215,000                   | -                 | -                   | 11,215,000                | -                              |
| Installment notes payable                        | 116,710                      | -                 | 33,904              | 82,806                    | 34,880                         |
| Premium/discount on<br>bonds issued              | 194,010                      | -                 | 26,485              | 167,525                   | -                              |
| Other long-term liabilities                      |                              |                   |                     |                           |                                |
| Compensated absences                             | <u>1,316,041</u>             | <u>842,013</u>    | <u>692,183</u>      | <u>1,465,871</u>          | <u>60,857</u>                  |
| Governmental activities<br>long-term liabilities | <u>\$ 59,971,761</u>         | <u>\$ 842,013</u> | <u>\$ 4,737,572</u> | <u>\$ 56,076,202</u>      | <u>\$ 4,160,737</u>            |
| <b>Business-type Activities</b>                  |                              |                   |                     |                           |                                |
| Other long-term liabilities                      |                              |                   |                     |                           |                                |
| Compensated absences                             | <u>\$ 122,814</u>            | <u>\$ 34,692</u>  | <u>\$ 45,122</u>    | <u>\$ 112,384</u>         | <u>\$ 4,723</u>                |

The compensated absences reported as governmental activities will be paid from the General Fund. The compensated absences of the business-type activities will be paid from the Sewer Fund.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 8: Long-term Liabilities - Continued**

Long-term bonded debt and notes payable are comprised of the following:

|   | <b>Interest<br/>Rate</b> | <b>Maturity<br/>Date</b> | <b>Date<br/>Callable</b> | <b>Ending<br/>Balance</b> |
|---|--------------------------|--------------------------|--------------------------|---------------------------|
| <b>Governmental Activities</b>                                    |                          |                          |                          |                           |
| General obligation bonds  |                          |                          |                          |                           |
| July 7, 2007, EDP taxable bonds                                   | 6.000-7.730%             | 10/15/2029               | 10/15/2012               | \$ 16,420,000             |
| July 15, 2011, refunding bonds for fire facility                  | 2.000-4.150%             | 12/15/2026               | 07/15/2016               | 3,390,000                 |
| June 28, 2012, GO refunding bonds                                 | 0.300-3.250%             | 12/15/2032               | 06/28/2017               | 6,110,000                 |
| December 31, 2014, GO refunding bonds                             | 1.750-2.450%             | 08/15/2023               | 12/31/2019               | 4,325,000                 |
| December 31, 2014, highway allocation refunding bonds             | 1.850-3.250%             | 11/15/2028               | 12/31/2019*              | 690,000                   |
| December 31, 2014, public safety tax anticipation refunding bonds | 1.850-2.350%             | 11/15/2022               | 12/31/2019               | 635,000                   |
| December 31, 2014, facilities corp refunding bonds                | 1.750-3.650%             | 03/15/2035               | 12/31/2019               | 2,145,000                 |
| December 1, 2015 GO refunding bonds                               | 0.500-2.350%             | 12/15/2026               | 12/01/2020               | 7,430,000                 |
| May 25, 2016 highway allocation refunding bonds                   | 1.000-3.125%             | 05/01/2041               | 05/01/2041**             | <u>2,000,000</u>          |
| Total general obligation bonds                                    |                          |                          |                          | <u>\$ 43,145,000</u>      |
| Bond anticipation note ***  |                          |                          |                          |                           |
| September 8, 2016 bond anticipation notes                         | 1.000%                   | 03/15/2018               | 03/15/2017               | \$ 11,215,000             |
| Installment notes payable   |                          |                          |                          |                           |
| January 5, 2015, dump truck note payable                          | 2.89%                    | 01/05/2020               |                          | \$ 82,806                 |

\* Bonds are subject to mandatory redemption in various amounts prior to maturity beginning November 15, 2015.

\*\* Bonds are subject to mandatory redemption in various amounts prior to maturity beginning May 1, 2017.

\*\*\* Bond anticipation notes were issued to pay the costs of certain public infrastructure projects within the 84<sup>th</sup> Street Redevelopment Area of the City. In December 2017, the City issued \$18,840,000 of Tax Supported Improvement Bonds, Series 2017, to pay the costs of constructing public infrastructure improvements and costs of redevelopment in the 84<sup>th</sup> Street Redevelopment Project area. Proceeds of the Tax Supported Improvement Bonds were used to retire the outstanding Bond Anticipation Notes. Interest rates on the Tax Supported Improvement Bonds range from 1.25% to 5.00% and have a final maturity of July 15, 2042. The Bond Anticipation Notes are classified as a long-term liability on the statement of net position.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 8: Long-term Liabilities - Continued**

Maturities of the long-term debt, subject to mandatory redemption are as follows:

**Governmental Activities**

| Year Ending<br>September 30, | General Obligation Bonds |                      | Installment Notes |                 |
|------------------------------|--------------------------|----------------------|-------------------|-----------------|
|                              | Principal                | Interest             | Principal         | Interest        |
| 2018                         | \$ 4,065,000             | \$ 1,814,453         | \$ 34,880         | \$ 1,916        |
| 2019                         | 4,175,000                | 1,697,919            | 35,901            | 894             |
| 2020                         | 3,975,000                | 1,575,068            | 12,025            | 66              |
| 2021                         | 3,940,000                | 1,449,562            | -                 | -               |
| 2022                         | 4,070,000                | 1,309,461            | -                 | -               |
| 2023-2027                    | 14,655,000               | 4,374,066            | -                 | -               |
| 2028-2032                    | 7,080,000                | 946,761              | -                 | -               |
| 2033-2037                    | 750,000                  | 123,114              | -                 | -               |
| 2038-2042                    | 435,000                  | 34,531               | -                 | -               |
|                              | <u>\$ 43,145,000</u>     | <u>\$ 13,324,935</u> | <u>\$ 82,806</u>  | <u>\$ 2,876</u> |

**Note 9: Interfund Balances and Activity**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds.

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (b) move revenues from restricted funds to funds where the expenditures were incurred related to the restrictions and to (c) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfer To/From Other Funds at September 30, 2017, consists of the following cash and capital asset transfers:

| Transfer To          | Transfer From       |                   |                   |               |                                |                   | Total               |
|----------------------|---------------------|-------------------|-------------------|---------------|--------------------------------|-------------------|---------------------|
|                      | General Fund        | Debt Service Fund | Keno Fund         | Sewer Fund    | 84th Street Redevelopment Fund | Golf Fund         |                     |
| General Fund         | \$ -                | \$ -              | \$ 60,000         | \$ -          | \$ -                           | \$ -              | \$ 60,000           |
| Debt Service         | 445,477             | -                 | -                 | -             | -                              | -                 | 445,477             |
| Keno                 | -                   | 188,781           | -                 | -             | -                              | 223,135           | 411,916             |
| Capital Improvements | 90,641              | 323,889           | 270,575           | 512           | 6,767,955                      | -                 | 7,453,572           |
| Economic Development | 800,000             | -                 | -                 | -             | -                              | -                 | 800,000             |
|                      | <u>\$ 1,336,118</u> | <u>\$ 512,670</u> | <u>\$ 330,575</u> | <u>\$ 512</u> | <u>\$ 6,767,955</u>            | <u>\$ 223,135</u> | <u>\$ 9,170,965</u> |

As of September 30, 2017, the balance due to/from other funds primarily resulted from the respective funds overdrawing its share of pooled cash and the transfer of golf course employees to the city parks & recreation department.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 10: Reconciliation of Budget Basis to GAAP**

Amounts presented on a non-GAAP budget basis of accounting differ from those presented in accordance with GAAP due to the treatment afforded accruals, encumbrances, and funds for which legally adopted annual budgets are not established. A reconciliation for the year ended September 30, 2017, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

|  | <b>General<br/>Fund</b>    | <b>Keno<br/>Fund</b>     | <b>Economic<br/>Development<br/>Fund</b> | <b>84th Street<br/>Redevelopment<br/>Fund</b> |
|--|----------------------------|--------------------------|--|---|
| Net change in fund balance   |                            |                          |  |   |
| Balance on a GAAP basis  | \$(1,074,749)              | \$ 768,553               | \$ (9,646)                               | \$ (5,236,678)                                |
| Basic differences (accruals) occur because the cash basis of accounting used for budgeting differs from the modified accrual basis of accounting prescribed for governmental funds | <u>275,553</u>             | <u>38,335</u>            | <u>-</u>                                 | <u>66,915</u>                                 |
| Balance on a budget basis  | <u><u>\$ (799,196)</u></u> | <u><u>\$ 806,888</u></u> | <u><u>\$ (9,646)</u></u>                 | <u><u>\$ (5,169,763)</u></u>                  |

**Note 11: Retirement Plans**

The employees of the City are covered by several defined contribution retirement plans as detailed below. All plans are administered by outside trustees and, therefore, are not included in the City's basic financial statements. Any plan provisions or amendments are reviewed and approved by the Mayor and City Council.

***City Administrator's Retirement Plan***

The City has a defined contribution pension plan covering the City Administrator. The plan requires that both the employee and the City contribute an amount equal to 6% of the employee's base salary per pay period. The City's pension expense and plan member's contributions to the plan for the year ended September 30, 2017, were \$8,961 each.

***Civilian Employee Retirement Plan***

The City has a defined contribution pension plan covering all civilian employees who are eligible. The plan requires that both the employee and the City contribute an amount equal to 6% of the employee's base salary per pay period. The plan allows for forfeitures to be used to pay administration costs of the plan and then used to reduce the City's contributions. Employees are fully vested in their contributions and begin vesting in employer contributions after four years and are fully vested after seven years. The City's pension expense and plan members' contributions to the plan for the year ended September 30, 2017, were \$221,970 each. The City used forfeitures of \$161 to offset the City's contributions to the plan in 2017.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 11: Retirement Plans - Continued**

***Police Retirement Plan***

The City has a defined contribution pension plan for its full time employees in the Police Department. The plan was converted effective January 1, 1984, from a defined benefit plan to a defined contribution plan. The plan requires that both the employee and the City contribute an amount equal to 7% of the employee's base salary per pay period. The plan allows for forfeitures to be used to pay administration costs of the plan and then used to reduce the City's contributions. Employees are fully vested in their contributions and begin vesting in employer contributions after four years and are fully vested after seven years. The City's pension expense and plan members' contributions to the plan for the year ended September 30, 2017, were \$199,929 each. The City used no forfeitures to offset the City's contributions to the plan in 2017.

***Fire Retirement Plan***

The City has a defined contribution pension plan for its full time employees in the Fire Department. The plan was effective June 2007. The plan requires that the employee contribute an amount equal to 6.5% and the City contribute an amount equal to 13% of the employee's base salary per pay period. The plan allows for forfeitures to be allocated to the Unallocated Employer Account and if the Unallocated Employer Account is sufficient to meet plan liabilities, then forfeitures shall first be used to pay expenses of administration and then reduce City contributions. Employees are fully vested in their own contributions and begin vesting in employer contributions after four years and are fully vested after seven years. The City's pension expense and contributions to the plan for the year ended September 30, 2017, were \$10,549 and the plan members' contributions to the plan for the year ended September 30, 2017 were \$5,275.

***Deferred Compensation Plan***

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all regular permanent full and part-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefits of the participants and their beneficiaries. The plan assets are held in trust by a third party for the employees and are not reflected in these financial statements.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 12: Keno Fund Operations**

The following data summarizes the Keno (Special Revenue) Fund's activity for the year ended September 30, 2017:

|                               |                     |
|-------------------------------|---------------------|
| Gross sales                   | \$ 17,530,647       |
| Less: prizes paid             | (14,164,143)        |
| Operator's commission         | (2,171,920)         |
| Deposits to progressive games | <u>33,656</u>       |
| Net Keno revenue              | <u>\$ 1,228,240</u> |

**Note 13: Risk Management**

The City is exposed to various risks of loss related to torts, theft, damage to, or destruction of assets, errors or omissions, injuries to employees, or natural disasters. These risks are transferred to independent insurance carriers and no self-insurance program is maintained by the City. City management believes adequate coverage exists for potential exposures as of September 30, 2017. The City did not pay any settlement amounts which exceeded its insurance coverage for any of the three preceding years.

**Note 14: Commitments and Contingencies**

***Commitments***

During the year, the City has accepted various bids for street improvements and other projects in the normal course of business that have not been completed and/or fully paid for at year-end.

***Claims and Litigation***

The City is involved in various litigation matters in the normal course of business. The outcome of such litigation is not expected to have a material effect on the City's financial position or results of operations.

***Government Grants***

The City participates in a number of federally assisted grant programs, which are subject to financial and compliance audits or reviews. The amount of expenditures, if any, which may be disallowed by the granting agencies, is not determinable at this time; however, City officials do not believe that such amounts, if any, will be significant.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 14: Commitments and Contingencies - Continued**

***Community Development Block Grant Program***

The City is participating in the State of Nebraska Department of Economic Development Community Development Block Grant (“CDBG”) program. Under this program, the City has received federal funds from the State of Nebraska to undertake community development activities, as authorized. As of September 30, 2017, the City has entered into loan agreements with three businesses to provide CDBG funds. Since fiscal year 2010, the City has loaned a total of \$1,097,362 to these businesses, of which \$0 was loaned in fiscal year 2017. Under the agreements with these businesses, if the businesses meet certain criteria, some or all of their loans may be forgiven. As any repayments on these loans would be returned to the State, the City charges these loans to expense in the year advanced.

***Sales Tax Refunds***

Qualified companies in the State of Nebraska are allowed certain benefits under various legislative acts and incentive programs, including refunds of sales and use taxes paid. These refunds can include the local option tax as well as state taxes. Under state statute, the State Tax Commissioner must notify an affected city, village, county, or municipal county of any refund claims of more than twenty-five thousand dollars by June 15 of a given year. The notification must be made by July 1 of the same year and the refund will be made on or after November 15. The amount of tax refunds due, if any, under these acts and programs is not determinable by the City until notification is made by the State.

As of September 30, 2017, the City had been notified of \$2,053,344 of sales tax refunds due, which are to be repaid starting in October 2017 through June 2018. This amount is recognized on the government-wide statement of net position.

Between October 2017 and February 2018, the City was notified by the State of approximately \$383,200 of additional sales tax refunds due beginning in December 2018.

**Note 15: Interlocal Agreement**

In October 2013, the City entered into an interlocal agreement with the City of Papillion (“Papillion”) and the Papillion Rural Fire District (“RFD”) to allow Papillion to expand its fire department operations to provide fire and emergency medical services (“EMS”) for all of the participants to the agreement and areas within each participants’ boundaries beginning April 1, 2014. In consideration for these services, the City and RFD each contribute proportionate funding and use of their respective fire and EMS equipment, fire apparatuses, EMS medic units and other fire or EMS vehicles and fire department real property. The agreement will terminate on September 30, 2033, with optional ten-year terms thereafter.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 15: Interlocal Agreement - Continued**

Under the terms of the agreement, the participants have created a mutual finance organization as authorized under the Nebraska Municipal Finance Assistance Act, known as the Papillion Fire Protection Mutual Finance Organization (“MFO”). The MFO is responsible for transacting business for financing the operation and equipment needs of the fire department or MFO; having charge and custody of and managing all funds of the MFO; and seeking funding from the Nebraska Mutual Finance Assistance Fund or other potential funding organizations. The participants in the MFO are required to levy a general fund property tax at an equal rate for the purpose of jointly funding the single fire department operations. The rate must have unanimous approval from all participants and exclude levies for bonded indebtedness and lease-purchase contracts in existence on July 1, 1998. The Papillion Finance Director serves as the fiscal agent of the MFO.

As of September 30, 2017, the MFO has not issued debt nor acquired title to any assets. Any debt or assets of the MFO would be split amongst the participants.

During the year ended September 30, 2017, the City paid \$2,086,764 to Papillion in consideration of services rendered. The City received \$671,323 from the MFO, as determined by the terms of the interlocal agreement.

**Note 16: Tax Abatements**

The City provides tax abatements under the Tax Increment Financing Program (TIF), the Nebraska Advantage Act and the Employment and Investment Growth Act.

TIF provides property tax abatements to encourage improvements to blighted property. The program is established under the auspices of a state statute (Article 21, Section 18-2101 – 2144) empowering cities and counties to establish such programs. The abatements equal 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, as administered as a rebate of the incremental taxes generated from improvements to property, and last for 15 years (or fewer, if the loan is paid off). Eligibility for approval requires the property to have no loss of pre-existing tax revenues, and the developer demonstrates the project is not feasible without TIF. Abatements are obtained through application by the property owner and are reviewed and approved by the Council prior to commencing the improvements. This refund reduces the next property tax paid to the City. As of September 30, 2017, the City has entered into agreements with developers under TIF; however, no property taxes have been abated as the related projects are not yet complete.

The Employment and Investment Growth Act under State Legislative Bill (LB) 775 and the Nebraska Advantage Act under LB 312 grants tax credits and sales tax refunds for companies that hire at least 30 new employees and invest at least \$3 million. These acts allow a refund of sales tax paid on equipment or other taxable property purchased in connection with the project. This refund to companies reduces the net monthly sales receipts remitted to the City.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2017**

**Note 16: Tax Abatements - Continued**

Taxes abated under these programs for the fiscal year ended September 30, 2017 were as follows:

Tax Increment Financing Program - \$0

Employment and Investment Growth Act  
and Nebraska Advantage Act - \$2,048,490

**Note 17: Subsequent Events**

The City entered into construction contracts in November 2017 for City Centre and 84<sup>th</sup> Street Redevelopment improvements with total contract amounts of approximately \$8,160,000. These costs are expected to be paid in future years as the project costs are incurred.

In November 2017, the City issued \$18,840,000 of Tax Supported Improvement Bonds, Series 2017, to pay the costs of constructing public infrastructure and costs of redevelopment in the 84<sup>th</sup> Street Redevelopment Project Area. Interest rates on the bonds range from 1.25% to 5.00% and have a final maturity of July 15, 2042.

## **Required Supplementary Information**

**City of La Vista, Nebraska**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances – Budget and Actual (Budget Basis) –**  
**General Fund**  
**Year Ended September 30, 2017**

|   | <b>Original<br/>Budget</b>   | <b>Final<br/>Budget</b>      | <b>Actual</b>              | <b>Variance<br/>With<br/>Final<br/>Budget<br/>Positive<br/>(Negative)</b> |
|---|------------------------------|------------------------------|----------------------------|---|
| <b>Revenues</b>                             |                              |                              |                            |   |
| Taxes                                       | \$ 12,322,833                | \$ 12,322,833                | \$ 11,549,711              | \$ (773,122)  |
| Licenses and permits                        | 647,786                      | 647,786                      | 613,803                    | (33,983)  |
| Intergovernmental revenues                  | 2,236,399                    | 2,236,399                    | 2,186,370                  | (50,029)  |
| Charges for services                        | 306,295                      | 306,295                      | 365,050                    | 58,755  |
| Grant income                                | 81,259                       | 81,259                       | 25,697                     | (55,562)  |
| Interest income                             | 26,594                       | 26,594                       | 22,766                     | (3,828)   |
| Miscellaneous                               | 179,589                      | 179,589                      | 191,087                    | 11,498  |
| <b>Total revenues</b>                       | <u>15,800,755</u>            | <u>15,800,755</u>            | <u>14,954,484</u>          | <u>(846,271)</u>  |
| <b>Expenditures</b>                         |                              |                              |                            |   |
| General government                          | 3,065,171                    | 3,065,171                    | 2,522,909                  | 542,262   |
| Public works                                | 2,264,829                    | 2,264,829                    | 1,974,666                  | 290,163   |
| Public safety                               | 6,249,613                    | 6,249,613                    | 6,171,077                  | 78,536  |
| Culture and recreation                      | 2,039,647                    | 2,039,647                    | 1,767,015                  | 272,632   |
| Public library                              | 802,913                      | 802,913                      | 713,185                    | 89,728  |
| Community development                       | 613,192                      | 613,192                      | 571,430                    | 41,762  |
| Capital outlay                              | 724,199                      | 724,199                      | 757,280                    | (33,081)  |
| <b>Total expenditures</b>                   | <u>15,759,564</u>            | <u>15,759,564</u>            | <u>14,477,562</u>          | <u>1,282,002</u>  |
| <b>Excess of Revenues Over Expenditures</b> | 41,191                       | 41,191                       | 476,922                    | 435,731   |
| <b>Other Financing Sources (Uses)</b>       |                              |                              |                            |   |
| Operating transfers                         | <u>(1,365,825)</u>           | <u>(1,365,825)</u>           | <u>(1,276,118)</u>         | <u>89,707</u>   |
| <b>Net Change in Fund Balances</b>          | <u><u>\$ (1,324,634)</u></u> | <u><u>\$ (1,324,634)</u></u> | <u><u>\$ (799,196)</u></u> | <u><u>\$ 525,438</u></u>  |

**City of La Vista, Nebraska**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances – Budget and Actual (Budget Basis) –**  
**Keno Fund**  
**Year Ended September 30, 2017**

|   | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b>  | <b>Actual</b>            | <b>Variance<br/>With<br/>Final<br/>Budget<br/>Positive<br/>(Negative)</b> |
|---|----------------------------|--------------------------|--------------------------|---|
| <b>Revenues</b>                             |                            |                          |                          |   |
| Keno  | \$ 1,360,000               | \$ 1,360,000             | \$ 1,262,016             | \$ (97,984)   |
| Other Sales                                 | 25,700                     | 25,700                   | 34,306                   | 8,606   |
| Interest income                             | 8,957                      | 8,957                    | 7,142                    | (1,815)   |
| Total revenues                              | <u>1,394,657</u>           | <u>1,394,657</u>         | <u>1,303,464</u>         | <u>(91,193)</u>   |
| <b>Expenditures</b>                         |                            |                          |                          |   |
| General government                          | 25,235                     | 25,235                   | 28,055                   | (2,820)   |
| Community betterment                        | 683,841                    | 683,841                  | 549,862                  | 133,979   |
| Total expenditures                          | <u>709,076</u>             | <u>709,076</u>           | <u>577,917</u>           | <u>131,159</u>  |
| <b>Excess of Revenues Over Expenditures</b> | 685,581                    | 685,581                  | 725,547                  | 39,966  |
| <b>Other Financing Sources (Uses)</b>       |                            |                          |                          |   |
| Operating transfers out (in)                | <u>(549,832)</u>           | <u>(549,832)</u>         | <u>81,341</u>            | <u>631,173</u>  |
| Total other financing sources               | (549,832)                  | (549,832)                | 81,341                   | 631,173   |
| <b>Net Change in Fund Balances</b>          | <u><u>\$ 135,749</u></u>   | <u><u>\$ 135,749</u></u> | <u><u>\$ 806,888</u></u> | <u><u>\$ 671,139</u></u>  |

**City of La Vista, Nebraska**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances – Budget and Actual (Budget Basis) –**  
**Economic Development Fund**  
**Year Ended September 30, 2017**

|  | <u>Original<br/>Budget</u>  | <u>Final<br/>Budget</u>     | <u>Actual</u>            | <b>Variance<br/>With<br/>Final<br/>Budget<br/>Positive<br/>(Negative)</b> |
|--|-----------------------------|-----------------------------|--------------------------|---|
| <b>Revenues</b>  |                             |                             |                          |   |
| Interest income  | \$ 30,067                   | \$ 30,067                   | \$ 21                    | \$ (30,046)   |
| Interest income on note  | 16,997,264                  | 16,997,264                  | 1,186,573                | (15,810,691)  |
| Total revenues   | <u>17,027,331</u>           | <u>17,027,331</u>           | <u>1,186,594</u>         | <u>(15,840,737)</u>   |
| <b>Expenditures</b>  |                             |                             |                          |   |
| Debt service principal retirement                                    | 730,000                     | 730,000                     | 730,000                  | -   |
| Debt service interest  | 1,265,741                   | 1,265,741                   | 1,265,741                | -   |
| Community development  | 10,000                      | 10,000                      | 499                      | 9,501   |
| Total expenditures   | <u>2,005,741</u>            | <u>2,005,741</u>            | <u>1,996,240</u>         | <u>9,501</u>  |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>15,021,590</u>           | <u>15,021,590</u>           | <u>(809,646)</u>         | <u>(15,831,236)</u>   |
| <b>Other Financing Sources</b>                                       |                             |                             |                          |   |
| Operating transfers in   | 800,000                     | 800,000                     | 800,000                  | -   |
| Total other financing sources  | <u>800,000</u>              | <u>800,000</u>              | <u>800,000</u>           | <u>-</u>  |
| <b>Net Change in Fund Balances</b>                                   | <u><u>\$ 15,821,590</u></u> | <u><u>\$ 15,821,590</u></u> | <u><u>\$ (9,646)</u></u> | <u><u>\$ (15,831,236)</u></u>   |

**City of La Vista, Nebraska**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances – Budget and Actual (Budget Basis) –**  
**84<sup>th</sup> Street Redevelopment Fund**  
**Year Ended September 30, 2017**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>      | <u>Variance<br/>With<br/>Final<br/>Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|--------------------|---|
| <b>Revenues</b>  |                            |                         |                    |   |
| Sales tax  | \$ 2,174,920               | \$ 2,174,920            | \$ 1,887,721       | \$ (287,199)  |
| Interest income  | 23,842                     | 23,842                  | 16,968             | (6,874)   |
| Total revenues   | <u>2,198,762</u>           | <u>2,198,762</u>        | <u>1,904,689</u>   | <u>(294,073)</u>  |
| <b>Expenditures</b>  |                            |                         |                    |   |
| Debt service principal retirement                                    | \$ 11,210,000              | 11,210,000              | -                  | 11,210,000  |
| Debt service interest  | 114,229                    | 114,229                 | 114,331            | (102)   |
| Community development  | 152,000                    | 152,000                 | 192,166            | (40,166)  |
| Total expenditures   | <u>11,476,229</u>          | <u>11,476,229</u>       | <u>306,497</u>     | <u>11,169,732</u>   |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>(9,277,467)</u>         | <u>(9,277,467)</u>      | <u>1,598,192</u>   | <u>10,875,659</u>   |
| <b>Other Financing Sources (Uses)</b>                                |                            |                         |                    |   |
| Operating transfers  | (8,647,500)                | (8,647,500)             | (6,767,955)        | 1,879,545   |
| Bond proceeds  | 13,100,170                 | 13,100,170              | -                  | (13,100,170)  |
| Total other financing sources  | <u>4,452,670</u>           | <u>4,452,670</u>        | <u>(6,767,955)</u> | <u>(11,220,625)</u>   |
| <b>Net Change in Fund Balances</b>                                   | <u>\$ (4,824,797)</u>      | <u>(4,824,797)</u>      | <u>(5,169,763)</u> | <u>\$ (344,966)</u>   |

# **Economic Development Fund**

## **City of La Vista, Nebraska**

Independent Auditor's Report and Financial Statements

September 30, 2017 and 2016



**Economic Development Fund  
City of La Vista, Nebraska  
September 30, 2017 and 2016**

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## Independent Auditor's Report

The Honorable Mayor and City Council  
Economic Development Fund  
City of La Vista, Nebraska

We have audited the accompanying financial statements of the Economic Development Fund, a governmental fund, of the City of La Vista, Nebraska, which comprise the balance sheets as of September 30, 2017 and 2016, and the related statements of revenues, expenditures, and changes in fund balance for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Economic Development Fund of the City of La Vista, Nebraska as of September 30, 2017 and 2016, and its changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 1, the financial statements of the Economic Development Fund are intended to present the financial position and changes in financial position of only that portion of the governmental activities and each major fund of the City of La Vista, Nebraska that is attributable to the transactions of the Economic Development Fund. They do not purport to, and do not, present fairly the financial position of the City of La Vista, Nebraska as of September 30, 2017 and 2016, and its changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

**BKD, LLP**

Omaha, Nebraska  
April 11, 2018

**Economic Development Fund  
City of La Vista, Nebraska  
Balance Sheets  
September 30, 2017 and 2016**

|                                     | <b>2017</b>   | <b>2016</b>   |
|-------------------------------------|---------------|---------------|
| <b>Assets</b>                       |               |               |
| Cash and cash equivalents           | \$ 309,425    | \$ 319,071    |
| Note receivable                     | 15,810,692    | 15,810,692    |
| Total assets                        | \$ 16,120,117 | \$ 16,129,763 |
| <br><b>Liabilities</b>              | <br>\$ -      | <br>\$ -      |
| <br><b>Fund Balance</b>             |               |               |
| Restricted for economic development | 16,120,117    | 16,129,763    |
| Total liabilities and fund balances | \$ 16,120,117 | \$ 16,129,763 |

**Economic Development Fund  
City of La Vista, Nebraska**  
**Statements of Revenues, Expenditures, and  
Changes in Fund Balance**  
**Years Ended September 30, 2017 and 2016**

|  | <u>2017</u>                 | <u>2016</u>                 |
|--|-----------------------------|-----------------------------|
| <b>Interest Income</b>                           | \$ 1,186,594                | \$ 1,186,593                |
| <b>Expenditures</b>                              |                             |                             |
| Community development                            | 499                         | 3,872                       |
| Debt service                                     |                             |                             |
| Principal retirement                             | 730,000                     | 685,000                     |
| Interest   | 1,265,741                   | 1,311,427                   |
| Total expenditures                               | <u>1,996,240</u>            | <u>2,000,299</u>            |
| <b>Deficiency of Revenues Under Expenditures</b> | (809,646)                   | (813,706)                   |
| <b>Transfers</b>                                 | <u>800,000</u>              | <u>600,000</u>              |
| <b>Net Change in Fund Balance</b>                | (9,646)                     | (213,706)                   |
| <b>Fund Balance, Beginning of Year</b>           | <u>16,129,763</u>           | <u>16,343,469</u>           |
| <b>Fund Balance, End of Year</b>                 | <u><u>\$ 16,120,117</u></u> | <u><u>\$ 16,129,763</u></u> |

# **Economic Development Fund City of La Vista, Nebraska**

## **Notes to Financial Statements**

**September 30, 2017 and 2016**

### **Note 1: Summary of Significant Accounting Policies**

#### ***Organization***

On September 30, 2003, the citizens of the City of La Vista, Nebraska (the “City”) voted to establish the Economic Development Program to create jobs and/or develop tourism for the purpose of supporting the City’s commercial developments, rehabilitate residential neighborhoods and expand industrial development in order to ensure the economic stability and vitality of the City.

#### ***Financial Reporting Entity***

The financial statements of the Economic Development Fund include all significant separately administered activities for which the Economic Development Fund is financially accountable. Financial accountability is determined on the basis of selection of governing authority, imposition of will, a financial benefit/burden relationship, and/or fiscal dependency. The Economic Development Fund’s financial statements are included in the City’s financial statements as a major governmental fund.

The financial statements present only the Economic Development Fund and do not purport to, and do not, present fairly the financial position of the City as of September 30, 2017 and 2016, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

#### ***Basis of Accounting***

The Economic Development Fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period and that it is legally available for such purposes. Expenditures are recorded when the related fund liability is incurred, except for debt service expenditures which are reported as expenditures in the year due.

#### ***Use of Estimates***

The preparation of 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# **Economic Development Fund City of La Vista, Nebraska**

## **Notes to Financial Statements**

**September 30, 2017 and 2016**

### **Note 1: Summary of Significant Accounting Policies - Continued**

#### ***Cash and Cash Equivalents***

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Economic Development Fund follows the City's deposit policy for custodial credit risk which requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Nebraska; bonds of any city, county, school district or special road district of the State of Nebraska; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits. The Statutes allow pledged securities to be reduced by the amount of the deposit insured by the Federal Deposit Insurance Corporation (FDIC).

The Economic Development Fund participates in the pooled cash accounts maintained by the City. The Fund's share of this pool was \$309,425 and \$319,071 at September 30, 2017 and 2016, respectively.

### **Note 2: Note Receivable**

The City has a note receivable ("Loan") from an entity associated with the interests of developer John Q. Hammons and related companies and entities ("developer"), an owner and developer of hotels and motels, for an economic development project involving construction of two hotels and a conference center in the City. The Hammons Interests are all privately held and have undertaken to provide only limited publicly available financial information. The City obtained a deed of trust on the conference center in connection with the Loan.

As of September 30, 2017 and 2016, the balance of the loan with the developer was \$15,810,692 with an interest rate equal to the average coupon rate of the bonds issued to fund the loan. Accrued interest receivable on the loan amounted to \$0 at September 30, 2017 and 2016. The balance of the note was due in a single balloon payment on September 30, 2017.

In June of 2016, the developer filed for protection under Chapter 11 of the United States Bankruptcy Code. Significant payments remain outstanding on the Loan, including all of the principal amount. Payments received by the City on the Loan have not been pledged for the payment of economic development bonds and are subject to being applied to other economic development purposes so long as the Loan remains outstanding. The City will remain obligated on the economic development bonds, including certain tax revenues and sales tax revenues of the City, regardless of whether principal of the Loan is repaid.

**Economic Development Fund  
City of La Vista, Nebraska  
Notes to Financial Statements  
September 30, 2017 and 2016**

**Note 2: Note Receivable - Continued**

The Bankruptcy Court has allowed the developer to continue to remit the quarterly interest payments to the City and interest payments are current through the December 31, 2017 payment. The developer did not make the principal balloon payment on September 30, 2017 or since. A plan for repayment will be presented to the Bankruptcy Court in 2018. It is unclear what impact the bankruptcy filing will have on the repayment of the note. Management has determined that no allowance is necessary at September 30, 2017 and 2016.

**Note 3: Long-term Debt**

Economic Development Fund long-term bonded debt is comprised of the following individual issue:

| Description                                     | Interest Rate | Maturity Date | Original Balance | 2017 Principal Outstanding | 2016 Principal Outstanding |
|---|---------------|---------------|------------------|----------------------------|----------------------------|
| Economic Development Fund<br>Bonds, Series 2007 | 6.00-7.73%    | 10/15/2029    | \$20,695,000     | \$ 16,420,000              | \$ 17,150,000              |

The City issued these taxable special purpose economic development bonds in July 2007. Debt service on these bonds is to be funded from local tax revenue and other sources at the City's discretion.

The annual debt service requirements to maturity for bonded debt as of September 30, 2017, is as follows:

| <u>Year Ending September 30,</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|----------------------------------|----------------------|---------------------|----------------------|
| 2018                             | \$ 780,000           | \$ 1,216,439        | \$ 1,996,439         |
| 2019                             | 835,000              | 1,162,459           | 1,997,459            |
| 2020                             | 890,000              | 1,103,548           | 1,993,548            |
| 2021                             | 960,000              | 1,037,288           | 1,997,288            |
| 2022                             | 1,035,000            | 961,419             | 1,996,419            |
| 2023-2027                        | 6,570,000            | 3,415,500           | 9,985,500            |
| 2028-2032                        | 5,350,000            | 641,976             | 5,991,976            |
| Total                            | <u>\$ 16,420,000</u> | <u>\$ 9,538,629</u> | <u>\$ 25,958,629</u> |

**Economic Development Fund  
City of La Vista, Nebraska  
Notes to Financial Statements  
September 30, 2017 and 2016**

**Note 4: City Transfer**

The general fund of the City transferred \$800,000 and \$600,000 to the Economic Development Fund in 2017 and 2016, respectively, to assist in funding debt service payments.