

BUDGET SUMMARY



Budget Process

BASIS OF ACCOUNTING AND BUDGET

Understanding the Budget

The required type of accounting for governmental entities is called "Fund Accounting." This method refers to the management and allocation of revenue an organization acquires through donations, tax payments, grants, and other public sources. The fund accounting method allows entities to maintain tight controls over resources, while also compartmentalizing activities into different funds to clarify how resources are being directed. The purpose of this section is to provide a general explanation of fund accounting, fund types, and other special terms as they relate to local government.

Fund Accounting

To ensure legal compliance and financial management for the various restricted revenues and program expenditures, the City's accounting and budget structure is segregated into various funds. This approach is unique to the government sector. Fund accounting segregates functions and activities into separate self-balancing funds that are created and maintained for specific purposes. For example, the government fund category of special revenue funds is used to account for expenditures of restricted revenues, while the proprietary fund category of enterprise funds is used to account for self-sustaining "business" related activities for which a fee is charged to cover all costs associated with that business. The General Fund is the City's main operating fund and is used to account for all financial resources, except those required to be accounted for in another fund or for which separate tracking is desired.

The City prepares its budget for all funds on a cash basis, while the Comprehensive Annual Financial Report (CAFR) shows the status of the City's finances on the basis of "generally accepted accounting principles" (GAAP). The primary differences between the CAFR and the budget

are the recognition of debt issuance and debt service principal payments, the recognition of depreciation expense, and the treatment of capital outlay. Under GAAP standards, the City is required to use a modified accrual basis of accounting for governmental funds, while proprietary funds are required to use full accrual. Under the cash basis method of accounting, expenditures are recognized when cash is disbursed, and revenues are recognized when cash is received.

Below are definitions of the accounting methods the City uses in its various financial reports:

Cash Basis - a basis of accounting in which income is recorded when cash is received, and expenses are recorded when cash is paid out.

Modified Accrual Basis - a basis of accounting in which revenues are recognized in the period they become available and measurable, and expenditures are recognized in the period the associated liability is incurred.

Full Accrual Basis - a basis of accounting which recognizes revenues when earned (rather than when received) and expenses when an obligation to pay is incurred (rather than when the payment is made).

The City has the following fund types:

Governmental funds are generally used to account for tax-supported activities. Most government functions are accounted for in this type of fund. Within the governmental funds are the following fund types.

- **General Fund** is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.
- **Special Revenue Funds** account for and report the proceeds of specific revenue sources which are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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- **Debt Service Funds** account for servicing of general long-term debt not being financed by proprietary funds.
- **Capital Project Funds** account for and report financial resources which are restricted, committed, or assigned to expenditures for capital outlay including the acquisition or construction of capital facilities and other capital assets.

The City has the following major governmental funds:

- **General Fund** is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- **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 a special revenue fund used to account for the revenues and expenses related to the Keno operations of the City. These funds are used for community betterment.
- **Capital Improvement Fund** is a capital projects fund used to account for facility maintenance and capital projects identified in the CIP and not included in other funds.
- **Economic Development Fund** is a debt service fund used to account for revenues and expenditures to support the payment of long-term debt principal, interest, and related costs. The bond proceeds are used to issue grants to support commercial developments, rehabilitate residential neighborhoods, and expand industrial development in order to ensure economic stability and vitality of the City.
- **84th Street Redevelopment Fund** is a special revenue fund used to account for revenues and expenditures to support the redevelopment of the 84th Street Corridor between Harrison Street and Giles Road to improve the economic viability of a town center and central park. A voter approved sales tax levy provides the revenue for this fund.

- **Police Academy Fund** is a special revenue fund used to account for revenues and expenditures to support the operation of a law enforcement training academy as defined in an interlocal agreement between Sarpy County, Douglas County, City of Papillion, and City of Bellevue.

The following funds are budgeted as individual funds, but are combined with other funds for purposes of financial reporting in the Comprehensive Annual Financial Report (CAFR).

- **Off Street Parking Fund** is used to account for the budgeted revenues, expenditures, debt service, and construction related to Parking District No. 1 located in Southport and Parking District No. 2 in City Centre.

In the financial reports, operational costs for each parking district are included in the General Fund. The debt service payments for Parking District No. 1 and Parking District No. 2 are included in the Debt Service Fund, and construction payments are included in the Capital Improvement Fund.

- **Tax Increment Financing Funds 1A, 1B, 2 & 3** are funds designed to account for property tax increases from the designated substandard and blighted areas which are in the process of economic revitalization.

These funds are budgeted as separate funds but included in the General Fund for financial reporting purposes.

- **Qualified Sinking Fund** is a reserve fund created to provide a mechanism to set aside funds periodically for the acquisition or replacement of tangible personal property with a useful life of five years or more.

The activity of this fund is included in the General Fund in the CAFR.

Proprietary fund types

Enterprise funds are used to account for those operations which are financed and operating in a manner similar to private business or where the City Council has decided the revenues earned,

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costs incurred, and/or net income is necessary for management accountability.

The City has one major enterprise fund.

- **Sewer Fund** accounts for the activities of the government's sewer utility.
- **Sewer Reserve Fund** accumulates reserve funds for sewer infrastructure projects and capital item expenditures.

A legally adopted budget is adopted by the City Council for all funds.

FY21 & FY22 BUDGET PREPARATION

Management Preparation

The FY21 - FY22 Biennial Budget marks the City's third biennial budget. Prior to FY17, the City prepared an annual budget. The Biennial Budget begins with an annual strategic planning work session in January or February, which provides additional direction on priorities for additions to the Biennial Budget.

At a budget kick-off meeting in early February, each department is provided a list of budget assumptions which include utility operating increases and a proposed annexation schedule for use in development of their base budget. Each department is asked to identify one-time expenditures and provide justification for new personnel or equipment requests. The complete budget assumption information is provided on page 261. Because the budget is prepared early in the second year of the previous biennium, departments must provide current fiscal year-end estimates of revenues and expenditures in addition to a three-year projection beyond the two years of the biennium. Estimates made for the projected years are not adopted by the City Council but do serve as a financial planning tool. Estimates made for the current fiscal year are updated periodically through the budget schedule leading up to the final adoption in September. This estimate impacts the fund balance that is carried forward into the new biennium.

After the budget request is completed, each department presents the department budget to the Executive Budget Team which consists of the City Administrator, Assistant City Administrator, Assistant to the City Administrator, Director of Administrative Services, Director of Public Works, Chief of Police, Finance Director, and City Clerk. The Executive Budget Team will then make the decisions regarding each department's budget primarily concerning staffing levels, capital outlay purchases, and one-time expenditures.

Capital Improvement Program

The Capital Improvement Program (CIP) is a five-year financial plan which outlines the City's proposed infrastructure and capital projects. The CIP is considered a major financial planning and policy tool for the Mayor and City Council which identifies the capital improvement projects and schedules the projects for funding and implementation.

Introduction of the Recommended Budget

The Recommended Budget is presented to the Mayor and City Council in a Budget Workshop meeting in July. The City Administrator introduces the Recommended Budget, and each department presents their requests. The Finance Department presents the revenue forecast and an overview of each fund. Each presenter responds to questions and receives comments from the individual City Council members.

Upon submission, the budget becomes a public record and is open to public inspection. The FY21 - FY22 Recommended Budget was presented to the La Vista City Council at the Budget Workshop on July 20 and 21, 2020.

Budget Review by City Council

After the introduction of the Recommended Budget, the City Council begins its deliberations and review of the financial plan recommended by City management. At a series of budget hearings,

Budget Process

the Finance Director presents an overview of the budget to inform the City Council of various changes, assumptions, and increases and decreases included in the Recommended Budget. Upon conclusion of the budget hearings, the City Council is then prepared to receive citizen input and approve the budget resolutions in preparation for final adoption of the budget.

Citizen Input

Public notices and announcements are published in local newspapers and on the City website to notify citizens in advance of opportunities to participate in public meetings and provide input on the budget to the City Council and City management.

Citizens may participate in the budget process as early as the annual retreat held in January or February. Citizens have the opportunity to provide input to the City Council at the Budget Workshop and at each of the three readings of the budget as required by State statute. The public hearings are held in the evening hours to provide as many citizens as possible the opportunity to offer comments to the City Council. The Budget Workshop binder document is available on the City's website, and two paper copies are placed in the lobby of City Hall the Friday prior to the budget hearings.

Adoption of the Budget and Tax Levy Certification

After the third reading of the budget ordinance, the City Council adopts the budget ordinance with a two-thirds vote. The Council also sets the property tax levy which is then communicated to the County Board. The City Council also may approve by a two-thirds vote a 1% increase in restricted funds authority. The budget then must be submitted to the State of Nebraska Auditor of Public Accounts no later than September 20 along with a list of all interlocal agreements.

Amending the Budget

An amendment may be necessary due to unanticipated events and situations which could cause the City's expenditures to exceed the appropriated fund expenditures. The City's legal level of budget control is at the fund level. The City may reallocate expenditures between departments as long as the total expenditures within the fund do not exceed the appropriation.

Amendments to the budget must be prepared in the same manner as the original budget, requiring three readings of the budget ordinance. The public is invited to comment at public hearings prior to the City Council vote on the ordinance. Public hearing notices outlining the budget amendment are advertised in a newspaper of public circulation prior to the City Council meetings.

The City files at least one amendment prior to the beginning of the second adopted fiscal year to include the updated property valuations from the County Assessor's office and revised revenue projections. Any other major revenue forecast revision and expenditure changes are included.

BIENNIAL BUDGET CALENDAR

Like any complex organization with a biennial budget, the process to develop and produce the budget is ongoing. As can be seen by the detail in the budget calendar, work to prepare the FY21 - FY22 Biennial Budget began in October 2019 and continues throughout the budget cycle.

Budget Process

FY21 - FY22 BIENNIAL BUDGET PREPARATION PROCESS

| 2019 | 2020 | 2021 |
|---------------------------------------|--|--|
| October | | |
| Year-end processing | Year-end processing | Year-end processing |
| CIP project closeouts | CIP project closeouts | CIP project closeouts for audit |
| Complete Amended Budget Document | Complete Budget Document | Complete Budget Document |
| Prepare department template/GFOA doc. | | |
| November | | |
| CIP project form distribution (DPT) | | CIP project form distribution |
| December | | |
| Budget planning meeting | Budget planning meeting | Budget planning meeting |
| CIP project submittals (DPT) | CIP project submittals due (DPT) | Update Budget Calendar |
| CIP revenue projections (EBT) | Preliminary revenue analysis | CIP project submittals due (DPT) |
| Preliminary revenue analysis | | CIP revenue projections (EBT) |
| | | Preliminary revenue analysis |
| January | | |
| | City Council retreat (budget priorities) | City Council retreat (planning) |
| | Managing Directors' budget expectations | City Council CIP priority review |
| | Preparation of 1 & 6 Year Road Plan | CIP project status review |
| | CIP prioritization review (EBT) | Preparation of 1 & 6 Year Road Plan |
| | Review Business Plans (DPT) | Review Business Plans (DPT) |
| February | | |
| | Budget assumptions and launch (DPT) | Prepare budget assumptions |
| | Finance training on budget modules & budget principles (DPT) | Finance training on budget modules & budget principles (DPT) |
| March | | |
| | Revenue analysis (Final) | Assign year-end estimate & Y2 amendments (DPT) |
| | Prepare pay matrix for City Council | Revenue analysis |
| | | Prepare pay matrix for City Council |
| April | | |
| | Establish salary and benefit base | YEEs & proposed Y2 budget amends due to Finance (DPT) |
| | Budgets due to Finance (DPT) | EBT review of revenue projections |
| | Department briefings for BPT | Update salary & benefit information |
| | Initial budget draft to EBT | Budget analysis (DPT) |
| | Begin expenditure analysis | |

Budget Process

FY21 - FY22 BIENNIAL BUDGET PREPARATION PROCESS

| 2019 | 2020 | 2021 |
|------------------|--|--|
| May | | |
| | Budget analysis (BPT) | Prepare amended Y2 budget |
| | Department narratives due (DPT) | Draft for department review |
| | Budget draft department review | |
| June | | |
| | Budget meeting with Mayor | Preliminary valuations (June 20) |
| | Preliminary valuations (June 20) | Finalize revised Y2 budget for City Council Workshop (June 30) |
| | Finalize budget analysis (June 1) | CIP carryover update |
| | CIP carryover updates | |
| | Budget Workshop binder completed (June 30) | |
| July | | |
| | Budget draft to Mayor & City Council | Y2 amended budget recommendation to City Council |
| | Budget presentation preparation (DPT) | Amended Y2 budget presentation preparation |
| | 1 & 6 Year Road Plan to Planning Commission | 1 & 6 Year Road Plan to Planning Commission |
| | 1 & 6 Year Road Plan to City Council | 1 & 6 Year Road Plan to City Council |
| | City Council Budget Workshop (DPT) | City Council Budget Workshop (DPT) |
| | CIP to Planning Commission | CIP to Planning Commission |
| August | | |
| | Material CIP carryover changes | Material CIP carryover changes |
| | City Council - 1st reading | City Council - 1st reading |
| | City Council - public hearing & 2nd reading | City Council - public hearing & 2nd reading |
| | Final valuation (August 20) | Final valuation (August 20) |
| | 1 & 6 Year Road Plan submitted to State | 1 & 6 Year Road Plan submitted to State |
| | Budget debrief | Budget debrief |
| September | | |
| | City Council - 3rd reading | City Council - 3rd reading |
| | Final budget submitted to State (September 20) | Final budget submitted to State (September 20) |
| | Begin Budget Document preparation | Begin amended Budget Document preparation |

Legend:

BPT - Budget Preparation Team
 DPT - Department Preparation Team
 EBT - Executive Budget Team
 YEE - Year-End Estimate
 CIP - Capital Improvement Program

All Funds Summary

INTRODUCTION

This section presents the most significant aspects of the City's finances. The All Funds Summary covers the overall picture of the City's revenues, expenditures, transfers, and fund balances. The individual Fund Summaries cover the operational detail for specific programs. The Department Summaries delve into the operations of specific programs essential to achieving the City's strategic goals. The budget is based on a number of assumptions more fully detailed in the Appendix section of this document on page 261.

BUDGET OVERVIEW

The City's \$44.1 million and \$49.7 million spending plans, in FY21 and FY22, respectively, maintain a stable property tax levy rate of .55/\$100 of assessed valuation, along with a high level of service to which La Vista residents are accustomed. The adopted budget for FY21 represents a 19.1% decrease from the FY20 budget of \$54.6 million for all funds. The FY22 budget is a 12.7% increase over the FY21 budget.

The FY20 budget was impacted by the global coronavirus pandemic and several budgetary measures were implemented to mitigate the anticipated revenue loss from the economic impact associated with stay at home health directives. Construction progress of the developer's City Centre projects slowed and, in turn, delayed the start of related public infrastructure projects. In addition, bids for two major road projects were rejected, and the start of a major portion of the Capital Improvement Program was delayed.

Fortunately, the FY20 revenue shortfall was not of the magnitude initially anticipated and, when coupled with expenditure reductions, resulted in a FY20 year-end estimated fund balance of \$21.3 million, an increase of \$2.1 million over the FY20 budget of \$19.2 million.

The FY21 budget continues to reflect COVID-19 related economic uncertainty, while the FY22 budget shows a gradual return to more normal business operations. Although appropriation levels may represent more of a return to usual operating levels, the decision to purchase capital items and fill vacant positions will be made deliberately in light of the continuing impact of the pandemic and the revenue outlook.

City's overall revenue and spending plan by fund is summarized in Exhibit 1.0.

NET FUND BALANCE CHANGE

Exhibit 1.1 shows the relationship between revenue and expense, with the net difference applied towards either a contribution to the fund balance or a use of the fund balance in a given fiscal year.

The drawdown of the total fund balance in FY19 is due to expenditure of prior fiscal year bond proceeds for 84th Street redevelopment public infrastructure.

The FY20 year-end estimate decrease in fund balance is a result of pandemic-impacted hospitality industry revenue. No additional borrowing occurred in FY20, and actual construction expenditures in the FY20 year-end estimate were significantly below the FY20 budget.

The FY21 budget is estimated to contribute to the fund balance, mostly due to bond proceeds received that will be expended in FY21 and FY22. The fund balance decreased in FY22 due to the expenditure of the prior fiscal year bond proceeds. The FY21 - FY22 B budget does contain borrowing to support construction of public infrastructure.

To view the resulting fund balances, refer to Exhibit 1.2.

All Funds Summary

ALL FUNDS SUMMARY

EXHIBIT 1.0

| | FY19 Actuals | FY20 Budget | FY20 Estimated Year-End | FY21 Adopted Budget | FY22 Adopted Budget | FY23 Projected Budget | FY24 Projected Budget |
|----------------------------|---------------------|---------------------|-------------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|
| REVENUES BY FUND | | | | | | | |
| General | 18,225,412 | 19,268,775 | 19,195,021 | 18,573,006 | 19,041,248 | 22,735,120 | 23,437,301 |
| Sewer | 4,150,503 | 4,410,092 | 4,272,043 | 4,469,263 | 8,687,819 | 4,916,551 | 5,155,860 |
| Debt Service | 4,401,637 | 4,037,476 | 3,544,008 | 3,401,489 | 3,471,003 | 4,205,132 | 4,241,476 |
| Capital Improvement | 963,541 | 8,522,411 | 112,825 | 6,490,387 | 610,382 | 527 | 4,114,152 |
| Lottery | 1,170,137 | 1,206,420 | 1,441,000 | 940,945 | 1,129,587 | 1,130,205 | 1,131,374 |
| Economic Development | 109 | 3,000,517 | 26 | 3,010,070 | 10,070 | 70 | 70 |
| Off-Street Parking | 13,040 | 115,771 | 14,822 | 24,111 | 10,070,412 | 75,611 | 285,000 |
| Redevelopment | 2,437,852 | 8,941,569 | 2,038,564 | 11,653,587 | 2,261,370 | 6,971,108 | 3,003,846 |
| Police Academy | 81,974 | 100,083 | 102,655 | 148,423 | 148,696 | 205,259 | 205,111 |
| Sewer Reserve | 8,609 | 8,937 | 6,200 | 17,747 | 11,747 | 11,908 | 19,911 |
| Qualified Sinking Fund | 716 | 625 | 525 | 3,757 | 4,632 | 5,132 | 6,007 |
| TIF - City Centre Phase 1A | 18,067 | 541,612 | 95,628 | 305,081 | 514,534 | 514,534 | 514,534 |
| TIF - City Centre Phase 1B | - | - | 30,870 | 418,803 | 806,735 | 806,735 | 806,735 |
| TIF - City Centre Phase 2 | - | - | - | - | - | 85,784 | 85,784 |
| TIF - City Centre Phase 3 | - | - | - | - | - | - | 64,470 |
| TOTAL REVENUES | \$31,471,597 | \$50,154,288 | \$30,854,187 | \$49,456,669 | \$46,768,235 | \$41,663,676 | \$43,071,631 |

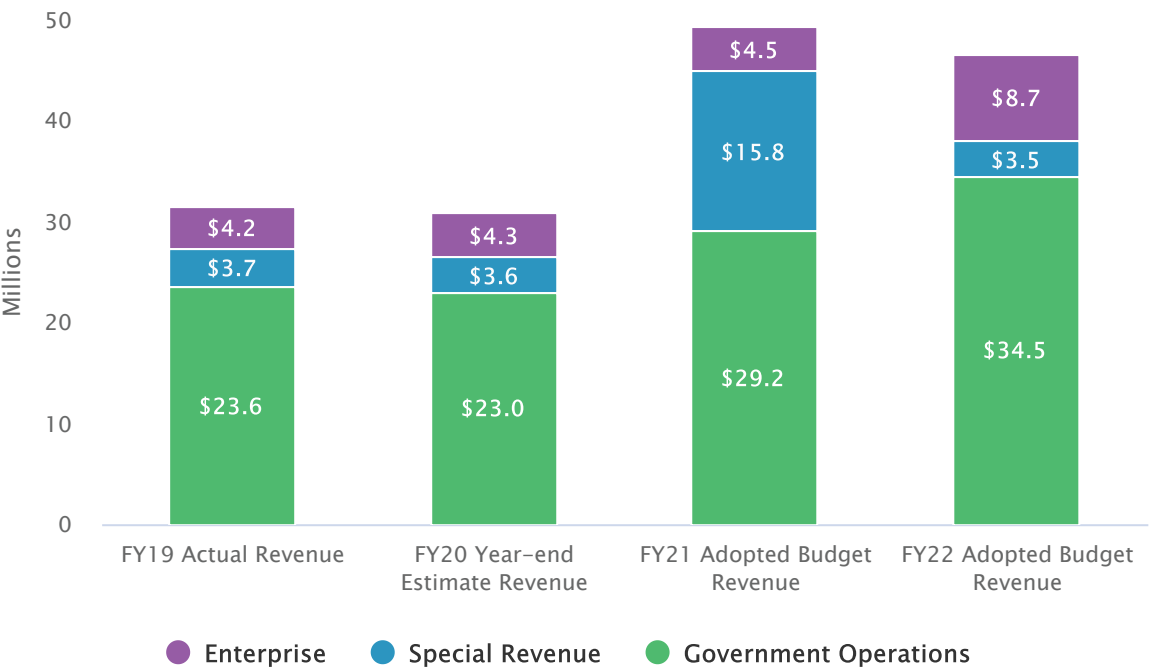
EXPENDITURES BY FUND

| | | | | | | | |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General | 16,746,161 | 18,932,599 | 17,631,826 | 19,306,753 | 20,388,771 | 21,320,375 | 21,971,791 |
| Sewer | 3,620,235 | 3,787,941 | 3,715,996 | 4,664,908 | 9,435,056 | 4,202,581 | 4,417,634 |
| Debt Service | 3,452,859 | 3,153,682 | 3,140,789 | 3,334,779 | 3,384,162 | 3,020,829 | 2,672,209 |
| Capital Improvement | 3,345,910 | 9,979,512 | 1,243,910 | 6,979,445 | 1,531,000 | 1,225,000 | 1,450,000 |
| Lottery | 591,355 | 710,076 | 582,406 | 685,187 | 657,151 | 619,272 | 607,935 |
| Economic Development | - | 3,137,466 | - | 1,082,510 | 2,239,553 | 428,969 | 428,017 |
| Off-Street Parking | 4,642,456 | 1,991,698 | 1,715,056 | 1,198,065 | 3,278,321 | 9,773,109 | 2,010,643 |
| Redevelopment | 6,503,389 | 12,233,687 | 4,941,528 | 5,988,575 | 7,384,800 | 5,584,000 | 2,077,150 |
| Police Academy | 94,632 | 98,596 | 102,170 | 116,612 | 124,797 | 215,129 | 223,389 |
| Sewer Reserve | - | - | - | - | - | - | - |
| Qualified Sinking Fund | - | - | - | - | - | - | - |
| TIF - City Centre Phase 1A | 181 | 541,612 | 66,178 | 352,417 | 514,534 | 514,534 | 514,534 |
| TIF - City Centre Phase 1B | - | - | 15,590 | 434,083 | 806,735 | 806,735 | 806,735 |
| TIF - City Centre Phase 2 | - | - | - | - | - | 85,784 | 85,784 |
| TIF - City Centre Phase 3 | - | - | - | - | - | - | 64,470 |
| TOTAL EXPENDITURES | \$38,997,178 | \$54,566,869 | \$33,155,449 | \$44,143,334 | \$49,744,880 | \$47,796,317 | \$37,330,291 |

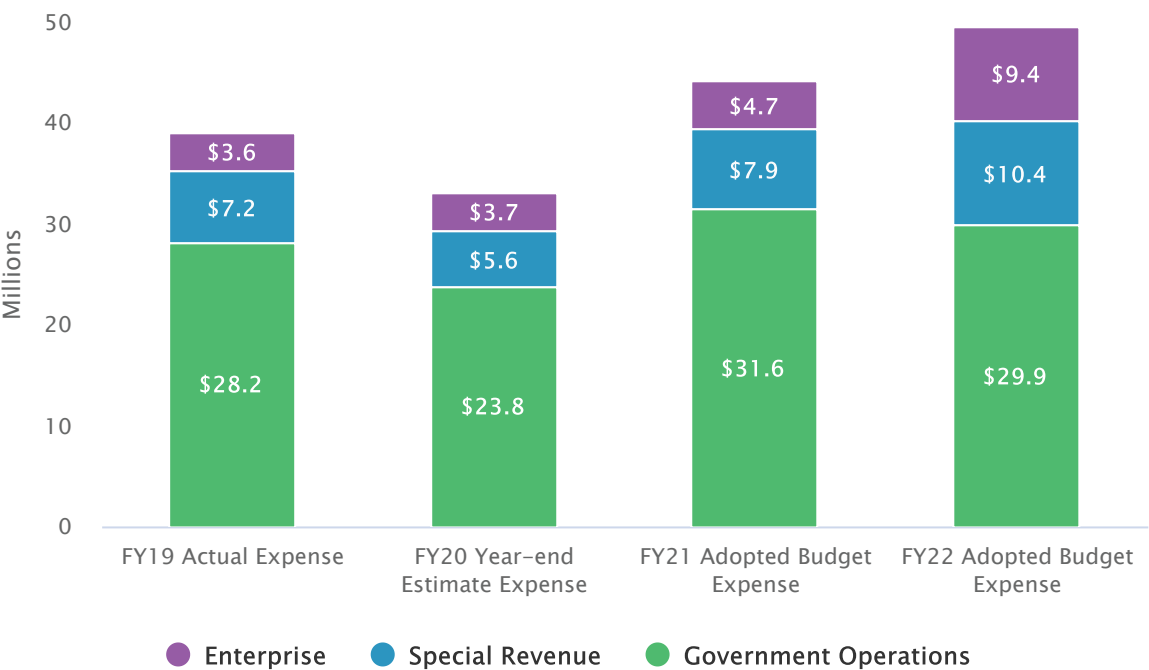
All Funds Summary

EXHIBIT 1.1

Revenue by Fund Type



Expense by Fund Type



Fund Balance by Fund

FUND BALANCE OVERVIEW

The City's accounts are organized on the basis of funds, and each fund is considered to be a separate accounting entity. Budget summaries including all funds are shown on the following pages, with revenue and expenditure detail immediately following. In depth information for

each fund can be found in the Fund Summaries section beginning on page 43.

Below are the anticipated changes in fund balances for each of the City's funds. Fund balance is the cumulative monies remaining after all revenues and transfers in are received and expenditures and transfers out are expended.

FUND BALANCE SUMMARY BY FUND

EXHIBIT 1.2

| Fund | FY19 Actuals | FY20 Budget | FY20 Estimated Year-End | FY21 Adopted Budget | FY22 Adopted Budget | FY23 Projected Budget | FY24 Projected Budget |
|-------------------------------|-------------------|-------------------|-------------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|
| General | 6,880,593 | 5,886,901 | 7,544,671 | 6,063,848 | 3,891,220 | 5,716,532 | 6,116,047 |
| Sewer | 1,094,287 | 990,808 | 910,334 | 1,064,689 | 1,167,602 | 999,710 | 1,019,743 |
| Debt Service | 3,792,183 | 3,635,756 | 3,084,851 | 2,546,407 | 1,778,979 | 1,880,442 | 3,551,878 |
| Capital Improvement | 24,186 | (290,415) | 41,535 | 36,922 | 41,304 | 66,831 | 2,780,983 |
| Lottery | 3,510,997 | 3,185,019 | 3,851,992 | 3,813,883 | 3,898,481 | 4,013,413 | 4,209,771 |
| Economic Development | 7,042 | (129,907) | 7,068 | 2,017,138 | 27,208 | 27,278 | 27,348 |
| Off-Street Parking | 1,232,062 | 753,046 | 64,459 | 165,570 | 8,167,243 | 87,458 | 10,966 |
| Redevelopment | 5,719,508 | 2,627,390 | 3,412,746 | 8,831,835 | 3,276,332 | 3,603,867 | 3,494,002 |
| Police Academy | 26,387 | 27,874 | 26,872 | 58,683 | 82,582 | 72,712 | 54,434 |
| Sewer Reserve | 1,209,734 | 1,947,301 | 1,955,934 | 1,623,681 | 785,428 | 1,679,498 | 2,417,902 |
| Qualified Sinking Fund | 100,716 | 551,341 | 351,241 | 404,998 | 534,630 | 514,762 | 720,769 |
| TIF - City Centre Phase 1A | 17,886 | 17,886 | 47,336 | - | - | - | - |
| TIF - City Centre Phase 1B | - | - | 15,280 | - | - | - | - |
| TOTAL FUND BALANCE | 23,615,581 | 19,203,000 | 21,314,319 | 26,627,654 | 23,651,009 | 18,662,503 | 24,403,843 |

Fund Balance by Fund

FY21 FUND BALANCE CHANGES BY FUND

EXHIBIT 1.3

| | FY20 Estimated Year-End | Revenues | Transfers In | Expenditures | Transfers Out | FY21 Estimated Fund Balance 9/30/21 | Incr/(Decr) Fund Balance | Percentage Increase/ Decrease |
|----------------------------|-------------------------------|---------------------|--------------------|---------------------|--------------------|---|--------------------------------|-------------------------------------|
| General | 7,544,671 | 18,573,006 | 193,867 | 19,306,753 | 940,943 | 6,063,848 | (1,480,823) | (20%) |
| Sewer | 910,334 | 4,469,263 | 350,000 | 4,664,908 | - | 1,064,689 | 154,355 | 17% |
| Debt Service | 3,084,851 | 3,401,489 | 577,831 | 3,334,779 | 1,182,985 | 2,546,407 | (538,444) | (17%) |
| Capital Improvement | 41,535 | 6,490,387 | 484,445 | 6,979,445 | - | 36,922 | (4,613) | (11%) |
| Lottery | 3,851,992 | 940,945 | - | 685,187 | 293,867 | 3,813,883 | (38,109) | (1%) |
| Economic Development | 7,068 | 3,010,070 | 82,510 | 1,082,510 | - | 2,017,138 | 2,010,070 | 28,439% |
| Off-Street Parking | 64,459 | 24,111 | 1,275,065 | 1,198,065 | - | 165,570 | 101,111 | 157% |
| Redevelopment | 3,412,746 | 11,653,587 | - | 5,988,575 | 245,923 | 8,831,835 | 5,419,089 | 159% |
| Police Academy | 26,872 | 148,423 | - | 116,612 | - | 58,683 | 31,811 | 118% |
| Sewer Reserve | 1,955,934 | 17,747 | - | - | 350,000 | 1,623,681 | (332,253) | (17%) |
| Qualified Sinking Fund | 351,241 | 3,757 | 50,000 | - | - | 404,998 | 53,757 | 15% |
| TIF - City Centre Phase 1A | 47,336 | 305,081 | - | 352,417 | - | - | (47,336) | (100%) |
| TIF - City Centre Phase 1B | 15,280 | 418,803 | - | 434,083 | - | - | (15,280) | (100%) |
| TOTAL ALL FUNDS | \$21,314,319 | \$49,456,669 | \$3,013,718 | \$44,143,334 | \$3,013,718 | \$26,627,654 | \$5,313,335 | 25% |

FY21 EXPLANATION OF CHANGES IN FUND BALANCE

General Fund - The FY21 ending fund balance is \$6.1 million, a decrease of \$1.5 million (20%) from the estimated FY20 ending fund balance of \$7.5 million.

FY21 revenues are projected to be \$622,000 lower than the FY20 year-end estimate as a result of COVID-19 pandemic related reductions in state highway allocation revenue and hotel occupation tax revenue which account for \$540,000 of the decrease.

FY21 expenditures are \$375,000 more than the FY20 budget. A number of activities were curtailed in the FY20 year-end estimate, a \$1.3 million reduction from the FY20 budget, due to the pandemic including: furloughs of part-time employees, hiring freeze, and a reduction of travel and training. FY21 reflects a gradual resumption of regular activities.

The result is an FY21 projected operating reserve of 32%, which is 7% higher than the operating reserve policy of up to 25%.

Sewer Fund - The ending fund balance of \$1.1 million is projected to increase by \$154,355 (17%) over the FY20 year-end estimate as a result of the implementation of a new five-year sewer rate plan in FY20. This yields a positive revenue impact of \$197,000 in FY21.

Debt Service Fund - The decrease in the FY21 fund balance of \$538,444 (17%) over the FY20 year-end estimate relates to the timing of capital improvement projects and subsequent transfers to the Capital Improvement Fund.

Capital Improvement Fund - Bond proceeds are the primary source of revenue for this fund, and the ending fund balance depends on the timing of project completion. Currently, a decrease in the fund balance of \$4,613 (11%) is budgeted.

Fund Balance by Fund

Lottery Fund - A 1% decrease in fund balance is projected in FY21. The COVID-19 pandemic yielded an increase in FY20 keno revenue of \$200,000 over the FY20 budget. This increase in combination with reduced community betterment expenditures due to event cancellations resulted in an FY20 year-end estimated contribution of \$340,000 to the FY20 ending fund balance.

FY21 shows a \$500,000 reduction in revenues over the FY20 year-end estimate due to return to pre-pandemic keno proceed levels as other cities' keno outlets reopen.

FY21 expenditures are only \$100,000 more than the FY20 year-end estimate due to expectations that community betterment events will continue to be curtailed by the pandemic.

FY21 transfers out are \$225,000 less than the FY20 year-end estimate. This is due to the project schedule determined by Metropolitan Community College for library construction projects.

Economic Development Fund - The increase in the fund balance to \$2.0 million in FY21 from a minimal amount in FY20 relates to bond proceeds which are scheduled to be received in FY21 and dispersed as a grant over FY21 and FY22.

Off-Street Parking Fund - The increase in fund balance of \$101,111 (157%) relates to timing of transfers from the General Fund, Debt Service Fund, and Redevelopment Fund, associated with the operations, debt service payments, and preliminary design for Parking Structure #2. The estimated FY21 ending fund balance is \$165,570.

Redevelopment Fund - The increase in fund balance of \$5.4 million (159%) relates to bond proceeds. The FY21 estimated ending fund balance is \$8.8 million due to unexpended bond proceeds.

Police Academy - The \$31,811 (118%) increase in fund balance is the result of an increase in the agency membership fees and newly implemented tuition fees for each student participating in the academy. The FY21 estimated ending fund balance is \$58,683.

TIF 1A & 1B - The 100% decrease in fund balance in the TIF Funds is associated with timing of revenue receipts and the developer's TIF loan payment schedule. The City expects the revenues to equal expenditures in any given year. Property tax proceeds are disbursed twice a fiscal year to the developer's bank for debt service.

Sewer Reserve Fund - The decrease in fund balance of \$332,253 (17%) relates to a transfer out of \$350,000 to the Sewer Fund for the East La Vista Sewer Replacement Project. The FY20 estimated ending fund balance is \$1.6 million and represents the accumulated transfers from the Sewer Fund in amounts exceeding a 25% operating reserve.

Qualified Sinking Fund - The increase in fund balance of \$53,757 (15%) is due to a transfer of \$50,000 from the Lottery Fund for the purchase of holiday lights as a future plan is developed for Civic Center Park.

Fund Balance by Fund

FY22 FUND BALANCE CHANGES BY FUND

EXHIBIT 1.4

| | FY21 Estimated Fund Balance 9/30/21 | Revenues | Transfers In | Expenditures | Transfers Out | FY22 Estimated Fund Balance 9/30/22 | Incr/(Decr) Fund Balance | Percentage Increase/ Decrease |
|----------------------------|---|---------------------|--------------------|---------------------|--------------------|---|--------------------------------|-------------------------------------|
| General | 6,063,848 | 19,041,248 | 212,688 | 20,388,771 | 1,037,793 | 3,891,220 | (2,172,628) | (36%) |
| Sewer | 1,064,689 | 8,687,819 | 850,150 | 9,435,056 | - | 1,167,602 | 102,913 | 10% |
| Debt Service | 2,546,407 | 3,471,003 | 604,171 | 3,384,162 | 1,458,440 | 1,778,979 | (767,428) | (30%) |
| Capital Improvement | 36,922 | 610,382 | 925,000 | 1,531,000 | - | 41,304 | 4,382 | 12% |
| Lottery | 3,813,883 | 1,129,587 | - | 657,151 | 387,838 | 3,898,481 | 84,598 | 2% |
| Economic Development | 2,017,138 | 10,070 | 239,553 | 2,239,553 | - | 27,208 | (1,989,930) | (99%) |
| Off-Street Parking | 165,570 | 10,070,412 | 1,209,582 | 3,278,321 | - | 8,167,243 | 8,001,673 | 4,833% |
| Redevelopment | 8,831,835 | 2,261,370 | - | 7,384,800 | 432,073 | 3,276,332 | (5,555,503) | (63%) |
| Police Academy | 58,683 | 148,696 | - | 124,797 | - | 82,582 | 23,899 | 41% |
| Sewer Reserve | 1,623,681 | 11,747 | - | - | 850,000 | 785,428 | (838,253) | (52%) |
| Qualified Sinking Fund | 404,998 | 4,632 | 125,000 | - | - | 534,630 | 129,632 | 32% |
| TIF - City Centre Phase 1A | - | 514,534 | - | 514,534 | - | - | - | - |
| TIF - City Centre Phase 1B | - | 806,735 | - | 806,735 | - | - | - | - |
| TOTAL ALL FUNDS | \$26,627,654 | \$46,768,235 | \$4,166,144 | \$49,744,880 | \$4,166,144 | \$23,651,009 | -\$2,976,645 | (11%) |

FY22 EXPLANATION OF CHANGES IN FUND BALANCE

General Fund - The FY22 ending fund balance is \$3.9 million, a decrease of \$2.2 million (36%) from FY21.

FY22 budgeted revenues show restoration of pre-pandemic activity levels with continued economic growth in sales tax revenue and recovery of hotel occupation tax revenue. The total budget increase in FY22 revenue over FY21 is expected to be \$468,000.

Expenditures also increase in FY22 for salaries and benefits and travel and training returning to pre-pandemic levels. The increase is \$1.2 million.

As events resume, the Lottery Fund transfer to the General Fund increases. The General Fund also begins transfers to the Economic Development Program Fund for debt service payments related to the economic development grant and resumes

transfers to the Qualified Sinking Fund for equipment replacement.

The FY22 operating reserve percent is projected at 19% of operating expenditures which is 6% below the reserve policy of up to 25%.

Sewer Fund - The ending fund balance is projected to increase \$102,913 (10%). The positive revenue impact of \$220,000 results from the third year of the sewer rate study.

Debt Service Fund - The decrease in fund balance of \$767,428 (30%) in the FY22 budget is the result of transfers and expenditures exceeding revenue..

Capital Improvement Fund - The ending fund balance will depend on the timing of capital project completion. Currently an increase in the fund balance of \$4,382 (12%) is budgeted for an estimated FY22 ending fund balance of \$41,304.

Lottery Fund - A 2% increase in fund balance is projected as Keno revenues increase from the prior

Fund Balance by Fund

year. The Keno facility remained open during the pandemic and was frequented by customers from other closed outlets.

Economic Development Fund - The decrease in the fund balance of \$2.0 million or 99% relates to the full disbursement of the economic development program grant.

Off-Street Parking Fund - The increase in fund balance of \$8.0 million relates to bond proceeds obtained in advance of the construction of Parking Structure #2 in FY23.

Redevelopment Fund - The decrease in fund balance of \$5.6 million (63%) leaving an FY22 estimated ending fund balance of \$3.3 million is due to partial expenditure of bond proceeds for public infrastructure in the 84th Street Corridor.

Police Academy - The \$23,899 (41%) increase in fund balance is due to an increase in the agency membership fees in addition to a newly implemented tuition fee for each student participating in the academy. The FY22 estimated ending fund balance is \$82,582

Sewer Reserve Fund - The decrease in fund balance of \$838,253 (52%) relates to a transfer out of to the Sewer Fund for the East La Vista Sewer Replacement Project with a remaining fund balance of \$785,428

Qualified Sinking Fund - The increase in fund balance of \$129,632 (32%) is due to the reinstatement of a transfer from the General Fund for equipment replacement. The FY22 estimated ending fund balance is \$534,630.

Revenue Summary by Fund

The municipal budget contains 22 separate revenue categories consisting of many individual revenue sources. Budgeted revenues for FY21 and FY22 total \$49.5 million and \$46.8 million, respectively.

Exhibit 1.5 below represents the trends for five of the largest revenue sources. These revenue sources represent between 70-90% of the City's budgeted revenues. Additional trends for specific revenues can be found in the individual fund summaries.

State revenue and occupation tax and franchise fees remain the same over the two budget years due to impacts of the pandemic on highway allocation funds and the consumer move away from cable TV to streaming services.

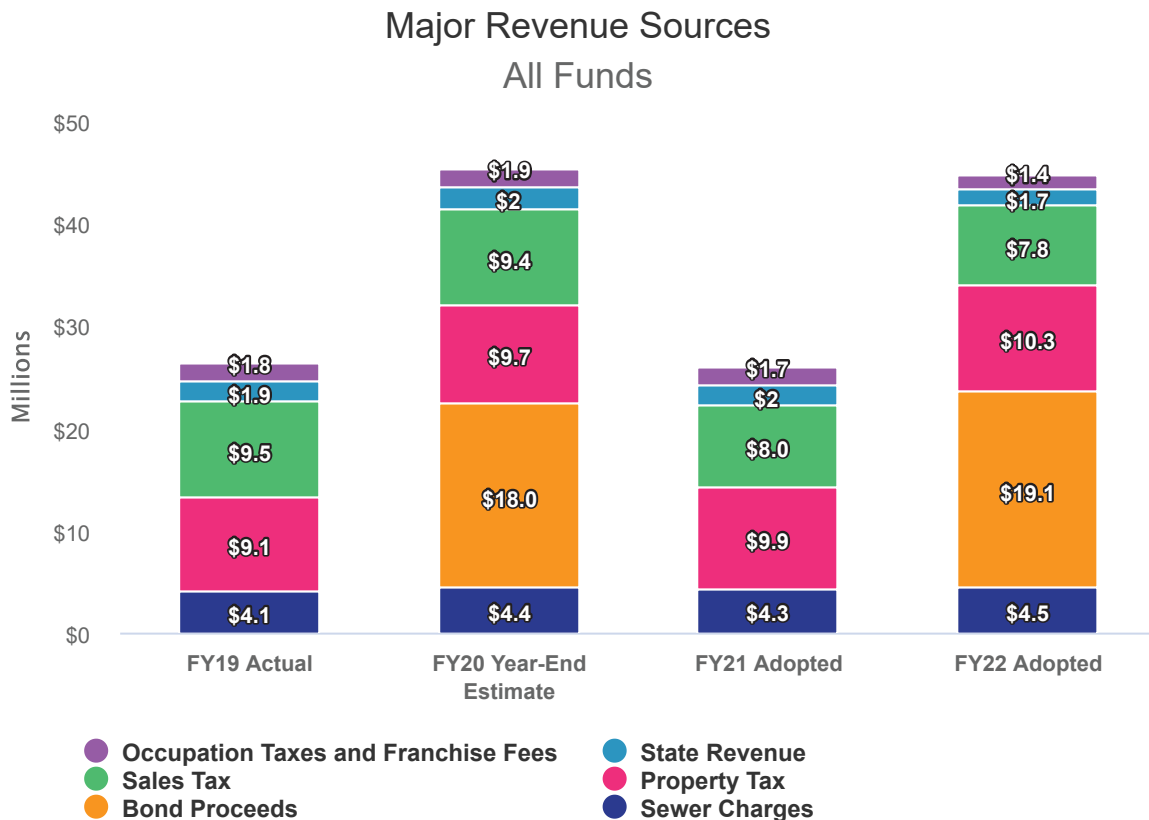
Sales and use tax reflects the net impact of sale and use tax incentive refunds and moderate growth.

Property tax growth anticipates the result of FY21 annexations and property valuation. Property tax growth from FY21 to FY22 is flat because the State requires that the FY21 property valuation be used in both years of a biennial budget. FY22 may be amended at a later date to reflect additional annexations and the FY21 property valuation.

Bond proceeds do not appear until the FY21 budget for major road projects, sewer rehabilitation, a parking structure, and public infrastructure associated with the redevelopment of 84th Street.

Sewer Fund revenue shows the annual impact of the most recent sewer rate study with a 5% growth rate to provide a balanced budget and build a maintenance reserve.

EXHIBIT 1.5



Revenue Summary by Fund

ALL FUNDS REVENUES BY SOURCE

EXHIBIT 1.6

| | FY19 Actuals | FY20 Budget | FY20 Estimated Year-End | FY21 Adopted Budget | FY22 Adopted Budget | FY23 Projected Budget | FY24 Projected Budget |
|-------------------------------------|-------------------|-------------------|-------------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|
| REVENUE | | | | | | | |
| Property Tax | 9,083,767 | 9,678,003 | 9,869,003 | 10,284,360 | 10,322,949 | 12,533,495 | 12,898,027 |
| Sales Tax | 9,509,935 | 9,383,327 | 7,952,256 | 7,774,155 | 8,072,561 | 10,231,448 | 10,651,887 |
| Payments in Lieu of Taxes | 343,156 | 382,428 | 341,771 | 391,989 | 401,789 | 411,834 | 415,952 |
| State Revenue | 1,861,074 | 1,958,268 | 1,966,668 | 1,739,301 | 1,809,262 | 2,254,894 | 2,277,443 |
| Occupation Taxes and Franchise Fees | 940,128 | 913,385 | 954,103 | 1,005,257 | 1,082,665 | 1,183,610 | 1,212,973 |
| Hotel Occupation Tax | 929,509 | 1,017,550 | 675,000 | 363,215 | 570,000 | 725,000 | 850,000 |
| Licenses and Permits | 432,358 | 440,250 | 421,740 | 436,113 | 433,186 | 470,762 | 466,261 |
| Interest Income | 274,392 | 160,720 | 192,726 | 236,288 | 245,872 | 203,897 | 205,887 |
| Recreation Fees | 176,723 | 172,710 | 94,039 | 171,782 | 171,782 | 171,782 | 171,882 |
| Special Services | 23,731 | 19,500 | 21,000 | 24,000 | 24,000 | 24,000 | 24,000 |
| Grant Income | 151,076 | 150,575 | 969,110 | 151,710 | 120,260 | 188,910 | 140,762 |
| Restaurant Tax | - | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 |
| Miscellaneous | 1,943,187 | 749,927 | 795,970 | 815,835 | 936,701 | 864,389 | 757,283 |
| Bond Proceeds | - | 18,000,000 | - | 19,105,000 | 14,610,000 | 4,055,000 | 4,100,000 |
| Sewer Charges | 4,135,717 | 4,406,033 | 4,259,043 | 4,459,566 | 4,676,939 | 4,906,102 | 5,146,251 |
| Special Assessments - Principal | 334,296 | 50,000 | 610 | - | - | - | - |
| Special Assessments - Interest | 115,512 | 25,000 | 823 | - | - | - | - |
| Community Betterment | 798,388 | 850,000 | 1,050,000 | 645,147 | 780,000 | 780,000 | 780,000 |
| Taxes - Form 51 | 318,819 | 340,000 | 350,000 | 258,067 | 312,000 | 312,000 | 312,000 |
| Police Academy | 81,762 | 100,000 | 102,405 | 148,000 | 148,000 | 204,500 | 204,500 |
| Tax Increment Financing | 18,067 | 541,612 | 126,498 | 723,884 | 1,321,269 | 1,407,053 | 1,471,523 |
| Parking Garage Fees | - | 115,000 | 11,422 | 23,000 | 29,000 | 35,000 | 285,000 |
| TOTAL REVENUES | 31,471,597 | 50,154,288 | 30,854,187 | 49,456,669 | 46,768,235 | 41,663,676 | 43,071,631 |

Revenue estimates are prepared by the Finance Department. The method used to estimate revenues varies depending upon the revenue source and the individual revenues included in said source. For instance, property taxes are estimated using current taxable property values provided by the County Assessor and the expected levy rate. State revenue estimates are provided by the Nebraska Department of Transportation. Sewer Charges are identified in the sewer rate study. Sales tax is estimated based on prior year trends and current economic conditions. Revenues are estimated to the detail level, not simply the category level, using many factors and variables to provide the most accurate revenue estimates possible.

The following is a general summary of each major revenue category, some of the individual revenues which make up each category, the revenue trends, and anticipated revenue.

Property Tax

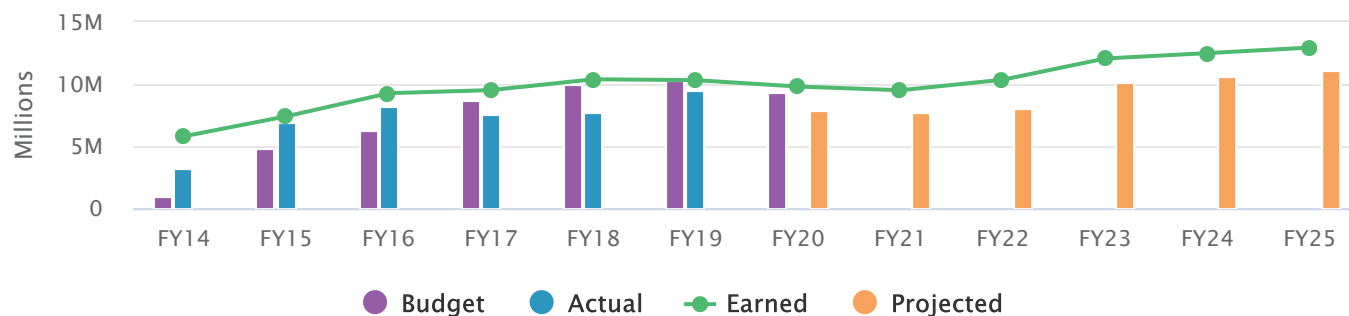
Property taxes are the primary funding source for the City's general governmental operations and account for 21% of the City's total revenues. Property taxes are levied in the General Fund and Debt Service Fund. In FY21, the General Fund portion of the property tax levy is changing from 0.49 to 0.50/\$100 of assessed value. In turn, the Debt Service Fund portion of the levy is decreasing from 0.06 to 0.05/\$100 of assessed value. The overall levy remains at 0.55/\$100 of assessed value.

Revenue Summary by Fund

EXHIBIT 1.7

Sales Tax

Budget, Actual, Projected, and Earned



Sales & Use Tax

Sales tax revenue accounts for approximately 16% of the City's total revenues. Sales tax revenue consists of Sales & Use Tax, Consumer Use Tax, and Motor Vehicle Tax. Each of these revenues is analyzed separately using their year over year historical growth information along with the area-wide economic growth and the consumer price index. The overall trends are displayed in Exhibit 1.7.

The City collects a 2% sales and use tax on transactions within the City on which the State of Nebraska is authorized to impose a sales tax. Revenue generated by the sales and use tax is allocated as follows: 1% to the General Fund; ½% to the Debt Service Fund to be used for major street improvement projects and other capital improvements; and ½% to the Redevelopment Fund to be used for public infrastructure projects within the 84th Street Redevelopment Area.

Across all Sales Tax components the City has experienced an average 3% year over year increase during the last 4 years. Because of the economic uncertainty associated with the COVID-19 pandemic, sales tax revenue growth in FY21 and FY22 is projected to decline approximately 15% and 7%, respectively, compared to the FY20 budget.

Revenues are also impacted by the Sales Tax incentive refunds. The FY21 budget anticipates \$1,000,442 in refunds for all funds (General, Debt Service, and Redevelopment) based on notification letters from the Nebraska Department of Revenue. Refunds projected for FY22 at the time of budget preparation were projected at \$2,000,000 for all funds. An exhibit of the sales tax reserve strategy for future sales tax rebates is included in the Appendix on page 308.

State Revenue

State revenue is primarily Highway Allocation monies received from the Nebraska Department of Transportation for the maintenance, construction, and/or debt service payments associated with the City's streets. The FY21 budget amount of \$1,593,382 has been provided by the Nebraska Department of Transportation. In FY22, a 4% increase to \$1,659,870 is projected based on prior year growth trends.

Occupation Taxes and Franchise Fees

Occupation taxes from business license fees are projected to be \$117,342 in FY21 and \$131,472 in FY22. The increase is due to new businesses in the City as well as monitoring business registration compliance.

Franchise fees consist of a 5% fee based on the gross revenue of cable and natural gas companies

Revenue Summary by Fund

granted a franchise by the City. These revenues are projected to slightly increase year over year based on consistent annual utilization of natural gas and cable utilities as well as anticipated utility rate increases. Also included in this category is a telephone occupation tax and a tax on a metropolitan utility district allowed by State statute. Total franchise fees in FY21 are projected to be \$853,258 and \$767,075 in FY22.

The City's Hotel Occupancy Tax rate is 5% of gross receipts from room rentals. The COVID-19 pandemic had a dramatic impact on the hospitality industry as evidenced by the FY20 year-end estimate which fell 34% short of the budget. It is anticipated that it will take some time for business travel and conference center activity to resume to pre-pandemic levels, and, as such, the hotel occupation tax revenue is budgeted for FY21 and FY22 at \$363,215 and \$570,000, respectively.

Bond Proceeds

This category is considered an other financing source by modified accounting rules. This is similar

in nature to revenue, but it provides a financial inflow to the City rather than an economic inflow. For budgetary purposes, bond proceeds are shown as revenues. Bond proceeds vary from year to year depending on the City's Capital Improvement Program. Bond proceeds account for 39% and 31% of the City's revenues in FY21 and FY22, respectively. Construction projects may overlap fiscal years resulting in an increase in fund balance for bond proceeds and then a decrease in fund balance in subsequent fiscal years.

Sewer Charges

The primary source of revenue for the Sewer Fund is the sewer use fees. A sewer rate study is conducted every 5 years to determine the recommended annual sewer rate increases. The most recent sewer rate study recommended an average rate increase of 5% annually from FY20 through FY24 for all classes of sewer customers. The average rate increase of 5% consists of an increase in the customer charge of 2% and an increase in the flow charge of 6%.

Expenditure Summary by Fund

EXPENDITURES

The City reports expenditures by type. There are eight expenditure types including personnel services, commodities, contractual services, maintenance, other charges, debt service, capital outlay, and capital improvement.

The expenditure budget for all funds in FY21 & FY22 totals \$44.1 million, and \$49.7 million, respectively. Expenditures for all funds are driven primarily by public infrastructure projects which account for

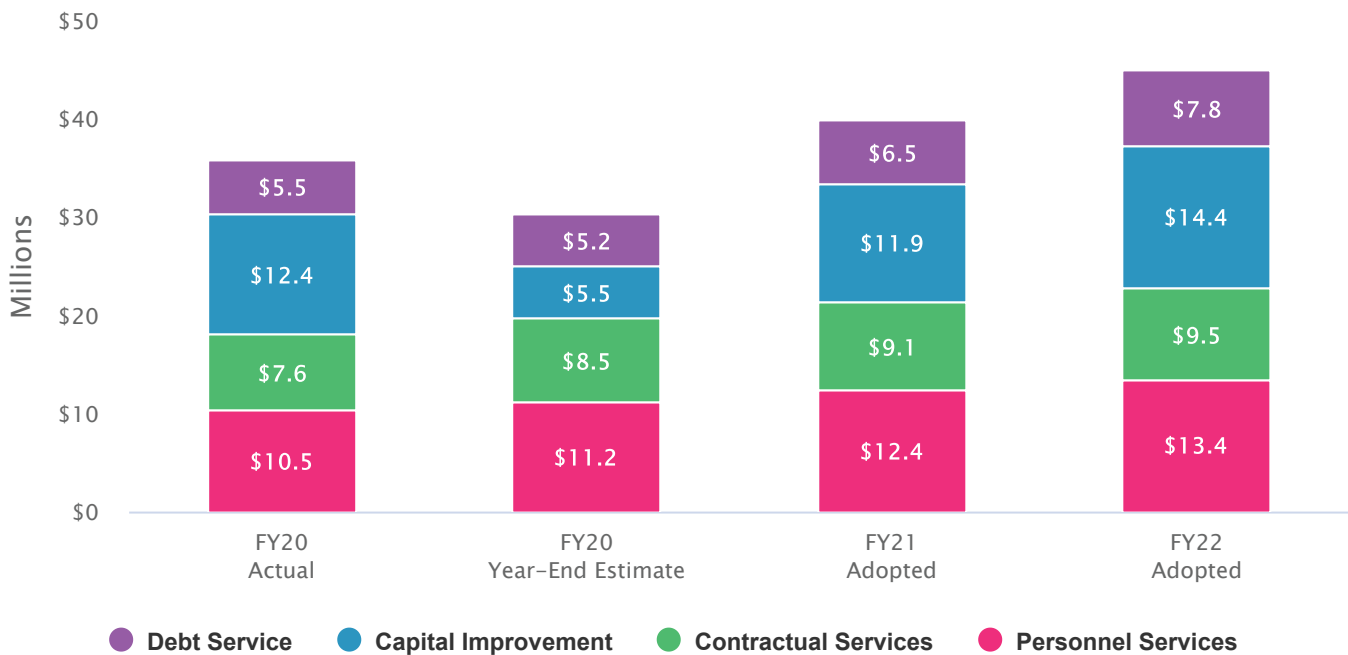
27% and 29% of the FY21 & FY22 expenditures, respectively. Personnel Services are also significant components of the City's overall expenditures.

Exhibit 1.10 represents the trends for major budgeted expenditures by type. The City budgets and monitors expenditures by fund. These expenditure categories represent at least 90% of the City's budgeted expenditures. Additional trends for specific expenditures can be found in the individual fund summaries.

EXHIBIT 1.8

Major Expenditure Categories

All Funds



Expenditure Summary by Fund

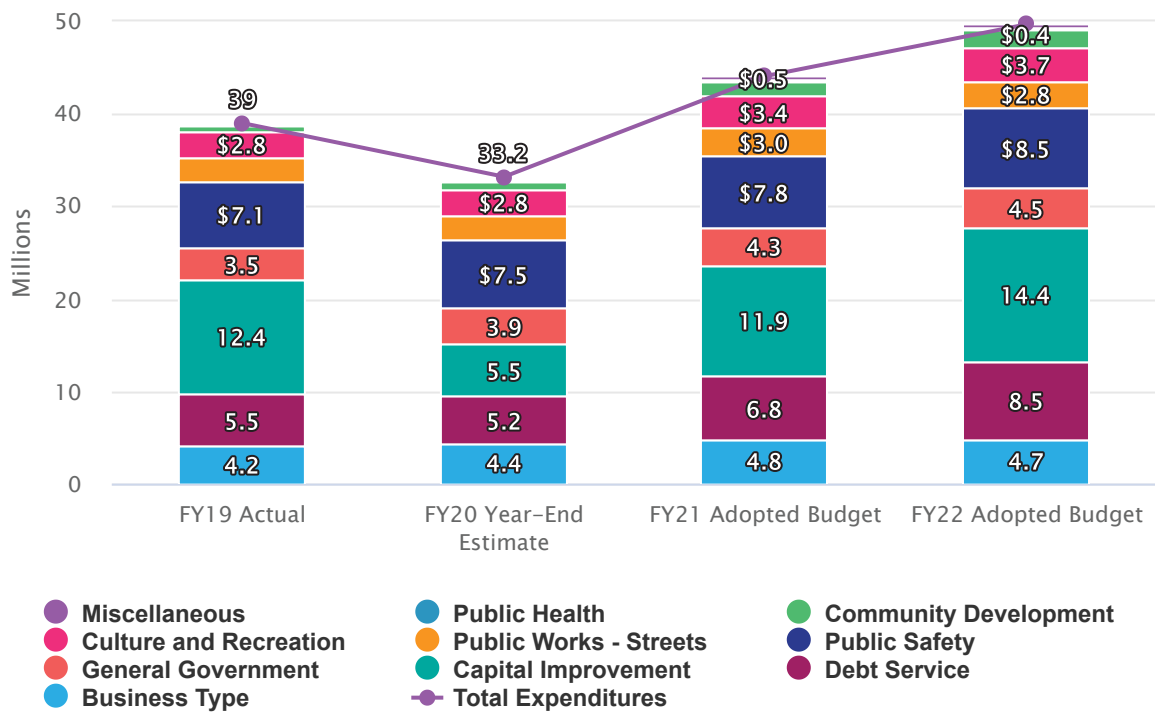
ALL FUNDS EXPENDITURES BY CATEGORY

EXHIBIT 1.9

| | FY19 Actuals | FY20 Budget | FY20 Estimated Year-End | FY21 Adopted Budget | FY22 Adopted Budget | FY23 Projected Budget | FY24 Projected Budget |
|---------------------------|-------------------|-------------------|-------------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|
| EXPENDITURES | | | | | | | |
| Personnel Services | 10,492,021 | 12,116,878 | 11,234,033 | 12,436,804 | 13,388,105 | 13,957,445 | 14,366,730 |
| Commodities | 503,111 | 580,014 | 524,249 | 592,060 | 590,324 | 609,093 | 615,735 |
| Contractual Services | 7,647,004 | 9,098,603 | 8,500,453 | 9,134,300 | 9,548,835 | 9,903,815 | 10,425,023 |
| Maintenance | 853,153 | 799,414 | 724,182 | 928,948 | 838,612 | 841,508 | 825,297 |
| Other Charges | 664,301 | 3,839,204 | 723,766 | 1,894,021 | 2,762,030 | 816,024 | 982,839 |
| Debt Service | 5,453,877 | 5,868,608 | 5,233,407 | 6,468,287 | 7,792,217 | 8,375,832 | 8,057,667 |
| Capital Outlay | 990,299 | 784,636 | 678,226 | 798,469 | 407,757 | 513,600 | 487,000 |
| Capital Improvement | 12,393,412 | 21,479,512 | 5,537,133 | 11,890,445 | 14,417,000 | 12,779,000 | 1,570,000 |
| TOTAL EXPENDITURES | 38,997,178 | 54,566,869 | 33,155,449 | 44,143,334 | 49,744,880 | 47,796,317 | 37,330,291 |

EXHIBIT 1.10

Expenditure Summary by Function



Expenditure Summary by Fund

EXPENDITURE SUMMARY BY FUNCTION OR PROGRAM TYPE

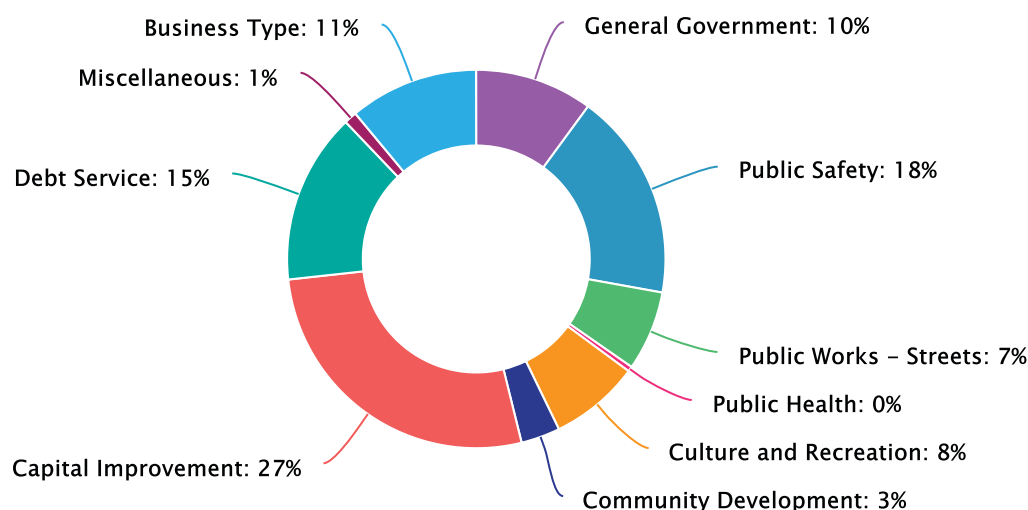
EXHIBIT 1.11

| Fund / Department | FY19 Actuals | FY20 Budget | FY20 Estimated Year-End | FY21 Adopted Budget | FY22 Adopted Budget | FY23 Projected Budget | FY24 Projected Budget |
|--------------------------------------|-------------------|-------------------|-------------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|
| General Government | 3,478,465 | 4,108,207 | 3,901,552 | 4,274,252 | 4,525,507 | 4,635,929 | 4,761,663 |
| Public Safety | 7,111,217 | 7,584,913 | 7,483,509 | 7,795,076 | 8,512,339 | 9,052,303 | 9,393,164 |
| Public Works - Streets | 2,609,354 | 2,967,455 | 2,641,504 | 2,996,748 | 2,784,495 | 2,976,392 | 2,859,720 |
| Public Health and Social Services | 136,289 | 184,160 | 153,332 | 183,498 | 173,317 | 175,249 | 198,340 |
| Culture and Recreation | 2,806,380 | 3,400,653 | 2,836,138 | 3,381,753 | 3,661,102 | 3,763,346 | 4,026,369 |
| Community Development | 604,637 | 1,228,823 | 697,559 | 1,461,926 | 2,053,280 | 2,124,209 | 2,204,058 |
| Capital Improvement | 12,393,412 | 21,479,512 | 5,537,133 | 11,890,445 | 14,417,000 | 12,779,000 | 1,570,000 |
| Debt Service | 5,455,358 | 8,484,322 | 5,154,839 | 6,845,756 | 8,521,190 | 7,070,805 | 6,804,140 |
| Miscellaneous | 223,726 | 582,211 | 399,311 | 477,173 | 387,979 | 384,827 | 568,729 |
| Business Type | 4,178,340 | 4,546,613 | 4,350,572 | 4,836,707 | 4,708,671 | 4,834,257 | 4,944,108 |
| TOTAL EXPENDITURES | 38,997,178 | 54,566,869 | 33,155,449 | 44,143,334 | 49,744,880 | 47,796,317 | 37,330,291 |

Exhibit 1.12 is a summary of all fund expenditures in each function or program category as required by the State of Nebraska. Details regarding which funds and or departments are included in these categories may be found in the Appendix on page 248.

EXHIBIT 1.12

All Funds Expenditure by Function or Program Type



Transfers Summary by Fund

TRANSFERS

Transfers are financial interrelationships moving money between funds. Transfers between funds are segregated from the operating and capital budgets as they are not actual outflows of City resources.

For FY21 & FY22, budgeted transfers out are \$3.0 million and \$4.2 million, respectively. Transfers are explained in detail in the following Fund Summaries section.

The General Fund transfers Highway Allocation funds to the Debt Service Fund for highway allocation bond debt service and to the Off-Street Parking Fund for operation expenditures. The General Fund also transfers to the Economic Development Fund for the debt service on bond funded grants.

The Qualified Sinking Fund was established to accumulate funds for large capital item purchases,

and transfers occur to and from the General Fund and from the Lottery Fund.

The Debt Service Fund transfers sales tax proceeds to the Capital Improvement Fund for cash funded construction expenditures. Since the debt for parking districts resides in the Off-Street Parking Fund, transfers occur from the Debt Service Fund and the Redevelopment Fund.

Funds are available in the Lottery Fund for community betterment, and these expenditures may occur in the General Fund. A transfer to the General Fund occurs for a portion of the Communications Division budget and employee overtime on community events.

Transfers do not occur to the Sewer Fund from the governmental funds, but the Sewer Fund and Sewer Reserve Fund transfer funds to each other based on the target operating reserve and the need for construction and capital outlay funds.

Transfers Summary by Fund

SUMMARY OF TRANSFERS BY FUND

EXHIBIT 1.13

| | FY19 Actual | FY20 Budget | FY20 Estimated Year-End | FY21 Adopted Budget | FY22 Adopted Budget | FY23 Projected Budget | FY24 Projected Budget |
|-------------------------------|--------------------|--------------------|-------------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|
| TRANSFERS BY FUND - IN | | | | | | | |
| General | 136,805 | 100,293 | 65,843 | 193,867 | 212,688 | 445,701 | 226,781 |
| Sewer | 342 | 3,000 | - | 350,000 | 850,150 | 300 | 300 |
| Debt Service | 182,411 | 214,782 | 441,452 | 577,831 | 604,171 | 600,300 | 654,759 |
| Capital Improvement Fund | 2,960,508 | 1,142,500 | 1,401,756 | 484,445 | 925,000 | 1,250,000 | 50,000 |
| Lottery | - | - | - | - | - | - | - |
| Economic Development | - | - | - | 82,510 | 239,553 | 428,969 | 428,017 |
| Off-Street Parking | 917,239 | 1,396,911 | 1,472,741 | 1,275,065 | 1,209,582 | 1,617,713 | 1,649,151 |
| Redevelopment | - | 200,000 | 940,110 | - | - | - | - |
| Police Academy | 20,000 | - | - | - | - | - | - |
| Sewer Reserve | 1,201,125 | 728,630 | 740,000 | - | - | 882,162 | 718,493 |
| Qualified Sinking Fund | 100,000 | 450,000 | 250,000 | 50,000 | 125,000 | 200,000 | 200,000 |
| TOTAL TRANSFERS - IN | \$5,518,430 | \$4,236,116 | \$5,311,902 | \$3,013,718 | \$4,166,144 | \$5,425,145 | \$3,927,501 |

| | | | | | | | |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| TRANSFERS BY FUND - OUT | | | | | | | |
| General | (572,661) | (1,430,161) | (964,960) | (940,943) | (1,037,793) | (1,179,269) | (1,292,776) |
| Sewer | (1,201,125) | (728,630) | (740,000) | - | - | (882,162) | (718,493) |
| Debt Service | (2,942,175) | (1,255,003) | (1,552,003) | (1,182,985) | (1,458,440) | (1,683,140) | (552,590) |
| Capital Improvement Fund | - | - | (253,322) | - | - | - | - |
| Lottery | (250,386) | (822,322) | (517,599) | (293,867) | (387,838) | (396,001) | (327,081) |
| Off-Street Parking | - | - | (940,110) | - | - | - | - |
| Redevelopment | (552,083) | - | (343,908) | (245,923) | (432,073) | (1,059,573) | (1,036,561) |
| Sewer Reserve | - | - | - | (350,000) | (850,000) | - | - |
| Qualified Sinking Fund | - | - | - | - | - | (225,000) | - |
| TOTAL TRANSFERS - OUT | \$(5,518,430) | \$(4,236,116) | \$(5,311,902) | \$(3,013,718) | \$(4,166,144) | \$(5,425,145) | \$(3,927,501) |

City Indebtedness

Debt service expenditures appear in five funds.

- **Debt Service Fund** for capital improvement expenditures
- **Sewer Fund** for debt associated with the construction and rehabilitation of the sewer system
- **Economic Development Fund** for the development for tourism and entertainment venues
- **Off-Street Parking Fund** regarding the construction of the City's parking garages
- **Redevelopment Fund** regarding the redevelopment of the 84th Street Corridor

Overall the City has strategically issued debt over the past years to maintain a favorable bond rating and continues to plan to maintain healthy ratios and the Aa3 bond rating for the adopted years. The following charts represent the current indebtedness of the City as of year ending FY20. Please refer to the Appendix on page 329 for the debt amortization table.

EXHIBIT 1.14

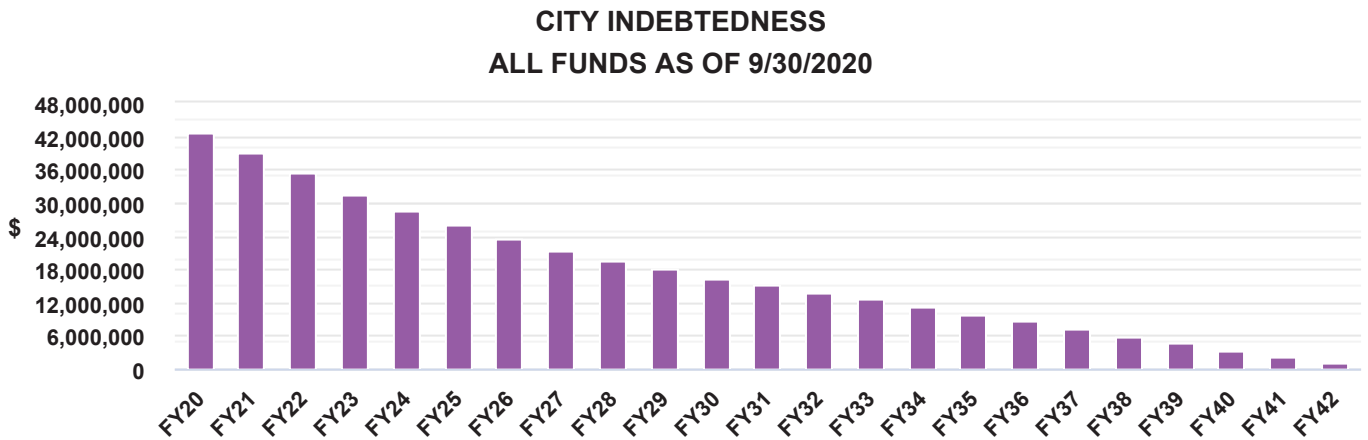
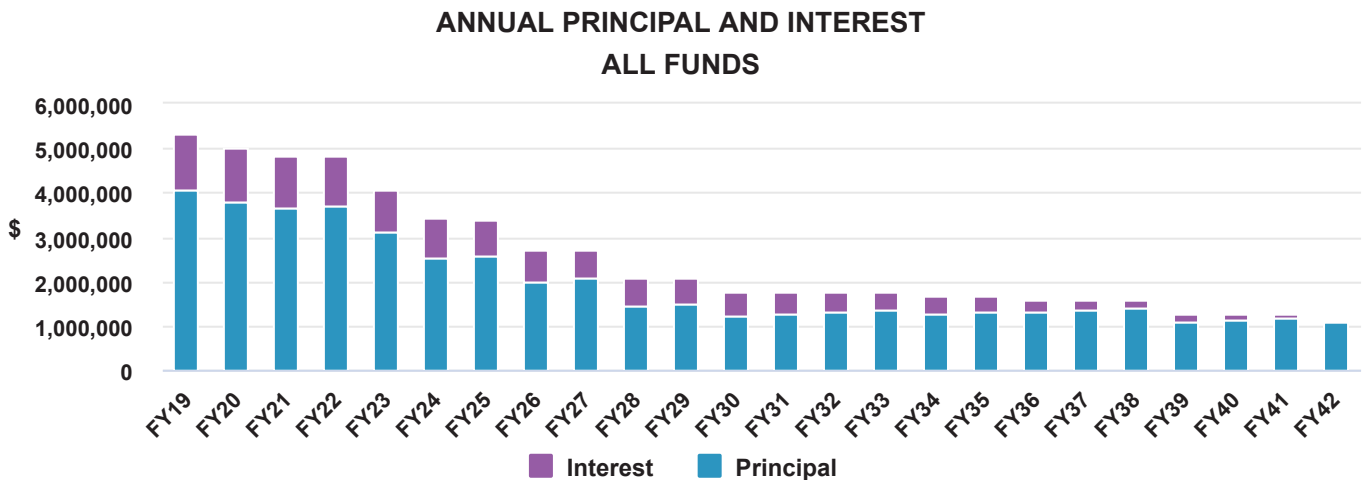


EXHIBIT 1.15



City Indebtedness

DEBT CAPACITY

The City's debt service expenditures appear in five funds: the Debt Service Fund, the Off-Street Parking Fund, the Economic Development Fund, the Redevelopment Fund, and the Sewer Fund. The following discussion encompasses the City's cumulative debt liability.

The City of La Vista has been able to maintain a Aa3 Moody's debt rating on its bond offerings by monitoring various debt burden ratios found in Exhibit 1.16. These ratios are also reported in the Comprehensive Annual Financial Report.

As of FY19, the bonded debt across all funds as a percent of assessed valuation was 2.8%. The City's benchmark is to maintain a ratio between 1.5% and 5%. The City strives to maintain a balance between issuing debt to fund its capital improvement projects and economic development initiatives without over-burdening the taxpayers. In the adopted FY21 - FY22 Biennial Budget, the City expects a debt to assessed valuation increase to 4% related to additional redevelopment growth initiatives for public infrastructure associated with City Centre.

The additional debt issuance will increase the City's bonded debt per capita from \$2,306 in

FY19 to \$4,215 in FY22. While this does exceed the benchmark, unlike other cities of our size, La Vista is located in a metropolitan area. This allows the City to experience the traffic, visitors, and economic activity of a larger community without the residents required to be within its borders. This is not expected to be a hindrance to the bond rating. This is also true for the debt as a percentage of per capita personal income.

Debt service as a percent of non-capital expenditures measures the extent to which debt service payments are a significant expenditure. Consistent with the City's initiative to maintain a balance in its overall debt outstanding, the City aims to ensure its debt service obligations do not impact service level. Anticipated budget activities project this ratio to decrease from 23% in FY19 to 20% in FY22. While this is above the 15% benchmark, the debt relating to the City's redevelopment and economic development activities project a favorable return on investment.

Overall, the City has strategically issued debt in order to maintain a favorable bond rating and continues to plan to maintain healthy ratios and the Aa3 rating for the adopted years.

DEBT BURDEN RATIO

EXHIBIT 1.16

| | Benchmark | FY19 | FY20 YEE | FY21 | FY22 |
|---|---------------|---------|----------|---------|---------|
| Bonded Debt as a Percentage of Assessed Valuation | 1.5% - 5% | 2.8% | 2.8% | 3.4% | 4.0% |
| Net Bonded Debt per Capita | \$0 - \$2,500 | \$2,306 | \$2,689 | \$3,501 | \$4,215 |
| Net Debt Per Capita as a Percentage of Personal Income per Capita | 0% - 7% | 4.5% | 5.1% | 6.5% | 7.6% |
| Debt Service as a Percentage of Non-Capital Expenditures | 15% | 23.9% | 21.6% | 20.1% | 19.7% |