

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
MARCH 18, 2014 AGENDA**

Subject:	Type:	Submitted By:
FY 2012/2013 AUDIT REPORT — BKD, LLP	◆ RESOLUTION ORDINANCE RECEIVE/FILE	SHEILA LINDBERG FINANCE DIRECTOR

SYNOPSIS

A resolution has been prepared to accept the audit for the twelve months ending September 30, 2013. The Council will also be accepting the audit for the Economic Development Fund – LB840.

FISCAL IMPACT

N/A.

RECOMMENDATION

Approval.

BACKGROUND

This is the sixth year for BKD, LLP as the City's financial auditors. They were the City auditors prior to 2005 for over ten years. This is the first year, since 2007, that BKD, LLP prepared and audited the financial statements.

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*. There were no findings as part of the audit. A deficiency was observed as noted below:

- Management has outsourced the recording of accrual entries and drafting of the financial statements due to lack of experience and resources within the finance department. Management provides supporting documents for the entries and reviews the draft financial statements.

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA APPROVING THE FISCAL YEAR 2012-2013 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 2012-2013 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 2012-2013 municipal audit is hereby accepted and approved.

PASSED AND APPROVED THIS 18TH DAY OF MARCH 2014.

CITY OF LA VISTA

Douglas Kindig, Mayor

ATTEST:

Pamela A. Buethe, CMC
City Clerk

City of La Vista, Nebraska

Auditor's Reports and Financial Statements

September 30, 2013



City of La Vista, Nebraska

September 30, 2013

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Independent Auditor's Report

The Mayor and City Council
City of La Vista, Nebraska

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, and each major fund of the City of La Vista, Nebraska as of and for the year ended September 30, 2013, and the related notes to the basic financial statements, which collectively comprise the City of La Vista'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 misstatements, 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 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 opinions.

Opinion

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 as of September 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 of 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2014, on our consideration of the City of La Vista's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of La Vista's internal control over financial reporting and compliance.

BKD, LLP

Omaha, Nebraska
March 6, 2014

City of La Vista, Nebraska
Statement of Net Position
September 30, 2013

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 7,370,595	\$ 563,183	\$ 7,933,778
Cash at County Treasurer	53,323	-	53,323
Certificates of deposit	2,601,152	1,000,586	3,601,738
Investments	6,398,338	-	6,398,338
Receivables	19,476,118	274,465	19,750,583
Deferred charges	611,376	4,387	615,763
Capital assets			
Non-depreciable	12,403,849	9,524	12,413,373
Depreciable, net	<u>43,196,794</u>	<u>6,117,215</u>	<u>49,314,009</u>
Total assets	<u>92,111,545</u>	<u>7,969,360</u>	<u>100,080,905</u>
Liabilities			
Accounts payable	542,119	542,345	1,084,464
Accrued expenses	1,349,014	167,151	1,516,165
Sales tax refunds payable	2,426,693	-	2,426,693
Compensated absences			
Payable within one year	32,607	2,720	35,327
Payable in more than one year	961,950	85,294	1,047,244
Notes payable			
Due within one year	92,594	32,779	125,373
Due in more than one year	17,995	50,399	68,394
Bonds payable			
Due within one year	3,815,000	125,000	3,940,000
Due in more than one year	<u>51,063,740</u>	<u>-</u>	<u>51,063,740</u>
Total liabilities	<u>60,301,712</u>	<u>1,005,688</u>	<u>61,307,400</u>
Net Position			
Net investment in capital assets	19,712,625	5,898,032	25,610,657
Restricted for community betterment	2,082,173	-	2,082,173
Unrestricted	<u>10,015,035</u>	<u>1,065,640</u>	<u>11,080,675</u>
Total net position	<u>\$ 31,809,833</u>	<u>\$ 6,963,672</u>	<u>\$ 38,773,505</u>

City of La Vista, Nebraska
Statement of Activities
Year Ended September 30, 2013

	Program Revenues				Net Revenues (Expenses) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 2,464,606	\$ 464,950	\$ 386,995	\$ -	\$ (1,612,661)	\$ -	\$ (1,612,661)
Public safety	4,928,992	-	133,030	-	(4,795,962)	-	(4,795,962)
Public works	3,470,958	-	1,350,559	748,876	(1,371,523)	-	(1,371,523)
Culture and recreation	2,507,328	475,908	-	-	(2,031,420)	-	(2,031,420)
Community betterment	542,381	1,256,231	-	-	713,850	-	713,850
Community development	3,041,707	-	64,125	-	(2,977,582)	-	(2,977,582)
Interest on long-term debt	2,442,261	-	-	-	(2,442,261)	-	(2,442,261)
Total governmental activities	<u>19,398,233</u>	<u>2,197,089</u>	<u>1,934,709</u>	<u>748,876</u>	<u>(14,517,559)</u>	<u>-</u>	<u>(14,517,559)</u>
Business-type activities							
Sewer	2,620,300	2,623,684	24,082	-	-	27,466	27,466
Golf	387,343	236,325	-	-	-	(151,018)	(151,018)
Total business-type activities	<u>3,007,643</u>	<u>2,860,009</u>	<u>24,082</u>	<u>-</u>	<u>-</u>	<u>(123,552)</u>	<u>(123,552)</u>
Total Primary Government	<u>\$ 22,405,876</u>	<u>\$ 5,057,098</u>	<u>\$ 1,958,791</u>	<u>\$ 748,876</u>	<u>(14,517,559)</u>	<u>(123,552)</u>	<u>(14,641,111)</u>
General Revenues							
Property taxes					5,746,838	-	5,746,838
Sales and use taxes					6,269,262	-	6,269,262
Occupation taxes					1,705,931	-	1,705,931
Motor vehicle taxes					354,182	-	354,182
Interest income					1,301,858	3,397	1,305,255
Miscellaneous					75,290	-	75,290
Transfers					(250,000)	250,000	-
Net position received from annexation					<u>4,888,458</u>	<u>756,870</u>	<u>5,645,328</u>
Total general revenues and transfers					<u>20,091,819</u>	<u>1,010,267</u>	<u>21,102,086</u>
Change in Net Position					5,574,260	886,715	6,460,975
Net Position, Beginning of Year					26,235,573	6,076,957	32,312,530
Net Position, End of Year					<u>\$ 31,809,833</u>	<u>\$ 6,963,672</u>	<u>\$ 38,773,505</u>

City of La Vista, Nebraska
Balance Sheet –
Governmental Funds
September 30, 2013

	General Fund	Debt Service Fund	Keno Fund	Capital Improvements Fund	Economic Development Fund	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 2,467,332	\$ 2,994,059	\$ 565,726	\$ 674,731	\$ 668,747	\$ 7,370,595
Cash at County Treasurer	49,328	3,995	-	-	-	53,323
Certificates of deposit	1,750,868	750,284	100,000	-	-	2,601,152
Investments	3,352,810	1,533,970	1,511,558	-	-	6,398,338
Receivables	1,272,078	2,531,945	93,016	-	16,107,335	20,004,374
Total assets	\$ 8,892,416	\$ 7,814,253	\$ 2,270,300	\$ 674,731	\$ 16,776,082	\$ 36,427,782
Liabilities						
Accounts payable	\$ 296,768	\$ 2,061	\$ 104,229	\$ 138,131	\$ 930	\$ 542,119
Accrued expenses	296,879	-	83,898	-	-	380,777
Deferred revenue	29,339	2,192,037	-	-	-	2,221,376
Total liabilities	622,986	2,194,098	188,127	138,131	930	3,144,272
Fund Balances						
Restricted for:						
Debt service	-	5,620,155	-	-	-	5,620,155
Community betterment	-	-	2,082,173	-	-	2,082,173
Economic development	-	-	-	-	16,775,152	16,775,152
Committed for capital improvements	-	-	-	536,600	-	536,600
Unassigned	8,269,430	-	-	-	-	8,269,430
Total fund balances	8,269,430	5,620,155	2,082,173	536,600	16,775,152	33,283,510
Total liabilities and fund balances	\$ 8,892,416	\$ 7,814,253	\$ 2,270,300	\$ 674,731	\$ 16,776,082	\$ 36,427,782

City of La Vista, Nebraska
Reconciliation of the Balance Sheet
of Governmental Funds to the
Statement of Net Position
September 30, 2013

Total Fund Balance - Total Governmental Funds \$ 33,283,510

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.	55,600,643
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 \$968,237, bond issue costs of \$611,376, bond premiums of \$35,427, and deferred refunding of \$751,687.	(55,346,190)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(994,557)
Sales tax refunds payable are not due and payable in the current period and, therefore, are not reported in the funds.	(2,426,693)
Special assessments receivable are offset by deferred revenue and, therefore, no allowance for doubtful accounts is necessary; also includes a portion of allowance for doubtful accounts allocated to interest.	(528,256)
Deferred revenues represents funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.	<u>2,221,376</u>
Net Position of Governmental Activities	<u><u>\$ 31,809,833</u></u>

City of La Vista, Nebraska
Statement of Revenues, Expenditures, and
Changes in Fund Balances –
Governmental Funds
Year Ended September 30, 2013

	General Fund	Debt Service Fund	Keno Fund	Capital Improvements Fund	Economic Development Fund	Total
Revenues						
Property tax	\$ 5,081,002	\$ 663,728	\$ -	\$ -	\$ -	\$ 5,744,730
Sales and use tax	4,179,508	2,089,754	-	-	-	6,269,262
Occupation tax	1,705,931	-	-	-	-	1,705,931
Motor vehicle tax	352,414	1,768	-	-	-	354,182
Licenses and permits	464,950	-	-	-	-	464,950
Intergovernmental	1,940,136	-	-	748,876	-	2,689,012
Charges for services	475,908	-	-	-	-	475,908
Keno	-	-	1,256,231	-	-	1,256,231
Interest income	15,528	91,667	7,299	-	1,187,364	1,301,858
Special assessments	-	140,471	-	-	-	140,471
Miscellaneous	36,416	-	25,850	-	-	62,266
Total revenues	14,251,793	2,987,388	1,289,380	748,876	1,187,364	20,464,801
Expenditures						
Current						
General government	2,030,790	56,562	27,443	-	-	2,114,795
Public works	2,122,632	-	-	-	-	2,122,632
Public safety	4,255,511	-	-	-	-	4,255,511
Culture and recreation	2,237,321	-	-	-	-	2,237,321
Community betterment	-	-	542,381	-	-	542,381
Community development	611,734	-	-	-	3,280	615,014
Capital outlay	169,838	-	5,000	1,177,785	-	1,352,623
Debt service						
Principal retirement	-	3,215,000	-	-	570,000	3,785,000
Interest	-	1,004,632	-	-	1,429,662	2,434,294
Total expenditures	11,427,826	4,276,194	574,824	1,177,785	2,002,942	19,459,571
Excess (Deficiency) of Revenues Over Expenditures						
	2,823,967	(1,288,806)	714,556	(428,909)	(815,578)	1,005,230
Other Financing Sources (Uses)						
Transfers	(1,172,630)	1,141,343	(1,123,704)	304,991	600,000	(250,000)
Net position received from annexation	1,225,608	604,832	-	-	-	1,830,440
Total other financing sources (uses)	52,978	1,746,175	(1,123,704)	304,991	600,000	1,580,440
Net Change in Fund Balances						
Fund Balances, Beginning of Year	2,876,945	457,369	(409,148)	(123,918)	(215,578)	2,585,670
Fund Balances, End of Year	\$ 8,269,430	\$ 5,620,155	\$ 2,082,173	\$ 536,600	\$ 16,775,152	\$ 33,283,510

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, 2013

Net Change in Fund Balances - Total Governmental Funds \$ 2,585,670

Amounts reported for governmental activities in the statement of activities 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.	(1,134,833)
Proceeds from debt issues are an other financing source in the governmental funds, but a debt issue increases long-term liabilities in the statement of net position. Other related amounts include the amount by which bond issue costs exceed amortization, which is an expenditure in the funds, but these costs are capitalized in the statement of net position and amortized over their useful lives.	19,422
Repayment of bond, note and warrant principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	3,785,000
In the statement of activities, interest is accrued on outstanding bonds and warrants, whereas in governmental funds, an interest expenditure is reported when due.	(2,176)
Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(79,932)
Sales tax refunds payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,426,693)
Special assessments receivable are offset by deferred revenue and, therefore, no allowance for doubtful accounts is necessary.	(94,973)
Deferred revenues represents funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.	(135,243)
Net position received from annexation as reported in the governmental funds includes only net position available in the current period, but in the Statement of Activities, net position received from annexation also includes non-current net position.	3,058,018
Change in Net Position of Governmental Activities	\$ 5,574,260

City of La Vista, Nebraska

Balance Sheet – Proprietary Funds September 30, 2013

	Golf	Sewer	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 83,632	\$ 479,551	\$ 563,183
Certificates of deposit	-	1,000,586	1,000,586
Accounts receivable	-	274,465	274,465
Total current assets	<u>83,632</u>	<u>1,754,602</u>	<u>1,838,234</u>
Non-Current Assets			
Deferred charges	<u>4,387</u>	-	<u>4,387</u>
Land	-	9,524	9,524
Equipment and furniture	190,017	1,112,912	1,302,929
Utility systems	-	7,674,911	7,674,911
Autos and trucks	108,643	375,903	484,546
Buildings and improvements	1,623,903	9,365	1,633,268
Accumulated depreciation	<u>(1,378,282)</u>	<u>(3,600,157)</u>	<u>(4,978,439)</u>
Capital assets - net of depreciation	<u>544,281</u>	<u>5,582,458</u>	<u>6,126,739</u>
Total non-current assets	<u>548,668</u>	<u>5,582,458</u>	<u>6,131,126</u>
Total assets	<u><u>\$ 632,300</u></u>	<u><u>\$ 7,337,060</u></u>	<u><u>\$ 7,969,360</u></u>
Liabilities and Net Position			
Current Liabilities			
Accounts payable	\$ 24,712	\$ 517,633	\$ 542,345
Accrued expenses	13,121	154,030	167,151
Compensated absences - current portion	194	2,526	2,720
Notes payable - current portion	3,081	29,698	32,779
Bonds payable - current portion	<u>125,000</u>	-	<u>125,000</u>
Total current liabilities	<u>166,108</u>	<u>703,887</u>	<u>869,995</u>
Non-Current Liabilities			
Compensated absences	9,498	75,796	85,294
Notes payable	-	50,399	50,399
Total non-current liabilities	<u>9,498</u>	<u>126,195</u>	<u>135,693</u>
Net Position			
Net investment in capital assets	395,671	5,502,361	5,898,032
Unrestricted	<u>61,023</u>	<u>1,004,617</u>	<u>1,065,640</u>
Total net position	<u>456,694</u>	<u>6,506,978</u>	<u>6,963,672</u>
Total liabilities and net position	<u><u>\$ 632,300</u></u>	<u><u>\$ 7,337,060</u></u>	<u><u>\$ 7,969,360</u></u>

City of La Vista, Nebraska
Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
Year Ended September 30, 2013

	Golf	Sewer	Total
Operating Revenues			
User fees	\$ 198,850	\$ 2,335,715	\$ 2,534,565
Permits and hookups	-	287,969	287,969
Grant income	-	24,082	24,082
Merchandise sales	35,203	-	35,203
Other revenue	2,272	-	2,272
 Total operating revenues	 236,325	 2,647,766	 2,884,091
Operating Expenses			
General administrative	109,932	513,809	623,741
Cost of merchandise sold	21,228	-	21,228
Maintenance	166,524	1,900,395	2,066,919
Depreciation and amortization	81,270	203,080	284,350
 Total operating expenses	 378,954	 2,617,284	 2,996,238
Operating Income (Loss)	(142,629)	30,482	(112,147)
Nonoperating Revenues (Expenses)			
Interest income	99	3,298	3,397
Interest on bonds and notes payable	(8,389)	(3,016)	(11,405)
Contribution from annexation	-	756,870	756,870
 Total non-operating revenues (expenses)	 (8,290)	 757,152	 748,862
Income (Loss) Before Transfers	(150,919)	787,634	636,715
Operating Transfers	250,000	-	250,000
Change in Net Position	99,081	787,634	886,715
Net Position, Beginning of Year	357,613	5,719,344	6,076,957
Net Position, End of Year	\$ 456,694	\$ 6,506,978	\$ 6,963,672

City of La Vista, Nebraska
Statement of Cash Flows –
Proprietary Funds
Year Ended September 30, 2013

	Golf	Sewer	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 236,325	\$ 2,647,943	\$ 2,884,268
Payments to suppliers	(120,475)	(1,500,168)	(1,620,643)
Payments to employees	(197,698)	(717,725)	(915,423)
Grant income	-	24,082	24,082
Net cash provided by (used in) operating activities	<u>(81,848)</u>	<u>454,132</u>	<u>372,284</u>
Cash Flows from Non-Capital Financing Activities			
Transfers	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of fixed assets	(13,000)	(36,000)	(49,000)
Principal paid on bonds	(120,000)	-	(120,000)
Principal paid on notes	(6,639)	(34,053)	(40,692)
Interest paid on bonds and notes	<u>(10,297)</u>	<u>(3,016)</u>	<u>(13,313)</u>
Net cash used in capital and related financing activities	<u>(149,936)</u>	<u>(73,069)</u>	<u>(223,005)</u>
Cash Flows from Investing Activities			
Purchase of investments	-	(1,000,586)	(1,000,586)
Proceeds from sales and maturities of investments	-	750,252	750,252
Interest income	<u>99</u>	<u>3,298</u>	<u>3,397</u>
Net cash provided by (used in) investing activities	<u>99</u>	<u>(247,036)</u>	<u>(246,937)</u>
Net Increase in Cash and Cash Equivalents	<u>18,315</u>	<u>134,027</u>	<u>152,342</u>
Cash and Cash Equivalents, Beginning of Year	<u>65,317</u>	<u>345,524</u>	<u>410,841</u>
Cash and Cash Equivalents, End of Year	<u>\$ 83,632</u>	<u>\$ 479,551</u>	<u>\$ 563,183</u>
Operating income (loss)	\$ (142,629)	\$ 30,482	\$ (112,147)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	81,270	203,080	284,350
Increase in receivables	-	24,259	24,259
Increase (decrease) in payables and accrued expenses	<u>(20,489)</u>	<u>196,311</u>	<u>175,822</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (81,848)</u>	<u>\$ 454,132</u>	<u>\$ 372,284</u>
Supplemental Cash Flows Information			
Debt and payables incurred for purchase of capital assets	\$ 9,217	\$ -	\$ 9,217
Net position received from annexation	\$ -	\$ 756,870	\$ 756,870

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2013

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, 2013.

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 are 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. 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). 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, 2013

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 general obligation bond principal and interest 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 revenues.

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. 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.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2013

Note 1: Summary of Significant Accounting Policies - Continued

Basis of Presentation - Continued

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, 2013

Note 1: Summary of Significant Accounting Policies - Continued

Fund Types and Major Funds - Continued

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 statement of net position. 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.

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. 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; those amounts receivable after one year are recorded as deferred revenue. Annual installments not yet due are reflected as special assessments receivables and deferred revenues.

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.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2013

Note 1: Summary of Significant Accounting Policies - Continued

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 fair 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

Long-Term Obligations

In government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond issuance costs, bond discounts or premiums and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and 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.

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2013

Note 1: Summary of Significant Accounting Policies - Continued

Compensated Absences - Continued

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.

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. 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”.

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2013

Note 1: Summary of Significant Accounting Policies - Continued

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. At September 30, 2013, the City did not have any nonspendable funds.

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.

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, 2013, 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 application 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.

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2013

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.
- 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 generally accepted accounting principles 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).

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2013

Note 3: Deposits and Investments - Continued

Deposits - Continued

At September 30, 2013, \$84,630 of the City's bank balances of \$11,642,192 was uninsured and uncollateralized. The City's remaining deposits in excess of FDIC are covered by collateral held in a Federal Reserve pledge account or by an agent of the City. Subsequent to year-end, additional collateral was pledged by the financial institution for the uncollateralized balance.

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.

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 \$6,398,338 at September 30, 2013.

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

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2013

Note 3: Deposits and Investments - Continued

Summary of Carrying Values

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

Carrying Values	
Cash at County Treasurer	\$ 53,323
Deposits	11,535,516
Investments	<u>6,398,338</u>
	<u><u>\$ 17,987,177</u></u>

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

Cash and cash equivalents	\$ 7,933,778
Cash at County Treasurer	53,323
Certificates of deposit	3,601,738
Investments	<u>6,398,338</u>
	<u><u>\$ 17,987,177</u></u>

Note 4: 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, 2013, was \$0.4900 per \$100 of assessed valuation and the debt service requirement was \$0.0600 per \$100 of assessed valuation. The assessed valuation for the 2012-2013 tax year was \$1,060,374,615.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2013

Note 5: Receivables

Receivables at September 30, 2013, consist of the following:

Fund	Taxes	Accounts Receivable	Special Assessments	Interest	Note Receivable	Gross Receivables	Allowance for Uncollectibles	Net Receivables
General	\$ 727,814	\$ 544,264	\$ -	\$ -	\$ -	\$ 1,272,078	\$ -	\$ 1,272,078
Debt Service	343,512	-	1,679,514	508,919	-	2,531,945	528,256	2,003,689
Keno	-	93,016	-	-	-	93,016	-	93,016
Economic Development	-	-	-	296,643	15,810,692	16,107,335	-	16,107,335
Sewer	-	274,465	-	-	-	274,465	-	274,465
	<u>\$ 1,071,326</u>	<u>\$ 911,745</u>	<u>\$ 1,679,514</u>	<u>\$ 805,562</u>	<u>\$ 15,810,692</u>	<u>\$ 20,278,839</u>	<u>\$ 528,256</u>	<u>\$ 19,750,583</u>

Note Receivable

The City has a note receivable from a developer for an economic development project. As of September 30, 2013, 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.

Note 6: Capital Assets and Depreciation

Capital asset activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Annexation	Ending Balance
Governmental Activities					
Land, not being depreciated	\$ 10,944,309	\$ -	\$ -	\$ -	\$ 10,944,309
Construction in progress	365,444	1,094,096	-	-	1,459,540
Total capital assets, not being depreciated	<u>11,309,753</u>	<u>1,094,096</u>	<u>-</u>	<u>-</u>	<u>12,403,849</u>
Capital assets, being depreciated					
Buildings	18,665,613	-	-	-	18,665,613
Improvements/infrastructure	43,228,048	-	-	9,742,113	52,970,161
Equipment/furniture/vehicles	8,900,897	252,798	(55,236)	-	9,098,459
Total capital assets, being depreciated	<u>70,794,558</u>	<u>252,798</u>	<u>(55,236)</u>	<u>9,742,113</u>	<u>80,734,233</u>
Accumulated Depreciation					
Buildings	(8,275,862)	(720,835)	-	-	(8,996,697)
Improvements/infrastructure	(15,824,184)	(1,271,412)	-	(4,701,594)	(21,797,190)
Equipment/furniture/vehicles	(6,308,258)	(489,480)	54,186	-	(6,743,552)
Total accumulated depreciation	<u>(30,408,304)</u>	<u>(2,481,727)</u>	<u>54,186</u>	<u>(4,701,594)</u>	<u>(37,537,439)</u>
Capital assets being depreciated, net	<u>40,386,254</u>	<u>(2,228,929)</u>	<u>(1,050)</u>	<u>5,040,519</u>	<u>43,196,794</u>
Governmental activities capital assets, net	<u>\$ 51,696,007</u>	<u>\$ (1,134,833)</u>	<u>\$ (1,050)</u>	<u>\$ 5,040,519</u>	<u>\$ 55,600,643</u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2013

Note 6: Capital Assets and Depreciation - Continued

Depreciation was charged to functions/programs as follows:

Governmental Activities

General services	\$ 165,273
Public safety	684,321
Culture and recreation	261,922
Public works	<u>1,370,211</u>
Total governmental activities depreciation expense	<u><u>\$ 2,481,727</u></u>

	Beginning Balance	Increases	Decreases	Annexation	Ending Balance
Business-type Activities					
Land, not being depreciated	\$ 9,524	\$ -	\$ -	\$ -	\$ 9,524
Capital assets, being depreciated					
Golf course	1,623,903	-	-	-	1,623,903
Building and improvements	9,365	-	-	-	9,365
Sewer line system	6,470,176	-	-	1,204,735	7,674,911
Equipment and furniture	<u>1,734,289</u>	<u>58,217</u>	<u>(5,032)</u>	<u>-</u>	<u>1,787,474</u>
Total capital assets, being depreciated	<u>9,837,733</u>	<u>58,217</u>	<u>(5,032)</u>	<u>1,204,735</u>	<u>11,095,653</u>
Accumulated depreciation					
Golf course	(1,087,444)	(56,435)	-	-	(1,143,879)
Building and improvements	(9,365)	-	-	-	(9,365)
Sewer line system	(2,134,003)	(130,558)	-	(447,865)	(2,712,426)
Equipment and furniture	<u>(1,022,306)</u>	<u>(96,544)</u>	<u>6,082</u>	<u>-</u>	<u>(1,112,768)</u>
Total accumulated depreciation	<u>(4,253,118)</u>	<u>(283,537)</u>	<u>6,082</u>	<u>(447,865)</u>	<u>(4,978,438)</u>
Capital assets being depreciated, net	<u>5,584,615</u>	<u>(225,320)</u>	<u>1,050</u>	<u>756,870</u>	<u>6,117,215</u>
Business-type activities capital assets, net	<u><u>\$ 5,594,139</u></u>	<u><u>\$ (225,320)</u></u>	<u><u>\$ 1,050</u></u>	<u><u>\$ 756,870</u></u>	<u><u>\$ 6,126,739</u></u>

Depreciation was charged to functions/programs as follows:

Business-type Activities

Golf	\$ 80,457
Sewer	<u>203,080</u>
Total business-type activities depreciation expense	<u><u>\$ 283,537</u></u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2013

Note 7: 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, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Long-term debt					
General obligation bonds	\$ 56,100,000	\$ 3,280,000	\$ 3,785,000	\$ 55,595,000	\$ 3,815,000
Registered warrants	640,554	-	640,554	-	-
Installment notes payable	239,129	-	128,540	110,589	92,594
Premium on bonds issued	38,852	-	3,425	35,427	-
Deferred for refunding	(811,307)	-	(59,620)	(751,687)	-
Other long-term liabilities					
Compensated absences	<u>914,625</u>	<u>955,037</u>	<u>875,105</u>	<u>994,557</u>	<u>32,607</u>
Governmental activities long-term liabilities	<u><u>\$ 57,121,853</u></u>	<u><u>\$ 4,235,037</u></u>	<u><u>\$ 5,373,004</u></u>	<u><u>\$ 55,983,886</u></u>	<u><u>\$ 3,940,201</u></u>
Business-type Activities					
Long-term debt					
Revenue bonds	\$ 245,000	\$ -	\$ 120,000	\$ 125,000	\$ 125,000
Installment notes payable	123,870	-	40,692	83,178	32,779
Other long-term liabilities					
Compensated absences	<u>106,190</u>	<u>59,267</u>	<u>77,443</u>	<u>88,014</u>	<u>2,720</u>
Business-type activities long-term liabilities	<u><u>\$ 475,060</u></u>	<u><u>\$ 59,267</u></u>	<u><u>\$ 238,135</u></u>	<u><u>\$ 296,192</u></u>	<u><u>\$ 160,499</u></u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2013

Note 7: Long-term Liabilities - Continued

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

	Interest Rate	Maturity Date	Date Callable	Ending Balance
Governmental Activities				
General obligation bonds				
July 7, 2007, EDP taxable bonds	6.000-7.730%	10/15/2029	10/15/2012	\$ 19,085,000
December 21, 2007, public safety tax anticipation bonds	3.400-4.300%	11/15/2022	11/15/2018	1,000,000
July 15, 2008, refunding bonds	3.650-4.125%	10/15/2021	10/15/2013	590,000
September 19, 2008, Southport GO bonds	3.125-5.000%	11/15/2028	9/19/2013	135,000
September 19, 2009, highway allocation bonds	3.500-5.000%	11/15/2028	9/19/2013	855,000
November 1, 2009, police refunding bonds	2.500-3.950%	03/15/2022	11/06/2014	2,235,000
November 1, 2009, various purpose refunding bonds	2.000-3.800%	11/15/2023	11/15/2014	6,380,000
June 29, 2011, various purpose refunding bonds	1.500-4.050%	12/15/2026	6/29/2016	3,260,000
June 29, 2011, refunding bonds for off-street parking	1.500-3.800%	12/15/2024	6/29/2016	5,740,000
July 15, 2011, refunding bonds for fire facility	2.000-4.150%	12/15/2026	7/15/2016	4,490,000
June 28, 2012, GO refunding bonds	0.300-3.250%	12/15/2032	06/28/2017	8,790,000
July 1, 2009, SID 59 refunding bonds	1.750-3.900%	07/01/2019	07/01/2014	1,665,000
April 15, 2011, SID 195 refunding bonds	1.250-4.800%	04/15/2025	04/15/2016	<u>1,370,000</u>
Total general obligation bonds				<u>\$ 55,595,000</u>
Installment notes payable				
March 26, 2009, vehicles note payable	2.95%	04/01/2014	\$ 9,789	
April 20, 2009, equipment note payable	2.95%	04/01/2014	13,876	
June 25, 2009, equipment note payable	3.25%	07/01/2014	26,679	
February 16, 2010, equipment note payable	3.09%	02/16/2015	<u>60,245</u>	
Total installment notes payable				<u>\$ 110,589</u>
Business-type Activities				
Revenue bonds				
December 15, 1993, golf course revenue bond	5.40-5.45%	12/15/2013	12/15/2013	<u>\$ 125,000</u>
Installment notes payable				
March 11, 2009, equipment note payable	2.95%	4/1/2014	\$ 3,081	
March 4, 2011, sewer jet note payable	2.98%	3/4/2016	<u>80,097</u>	
Total installment notes payable				<u>\$ 83,178</u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2013

Note 7: Long-term Liabilities - Continued

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

Governmental Activities

Year Ending September 30,	General Obligation Bonds		Installment Notes	
	Principal	Interest	Principal	Interest
2014	\$ 3,815,000	\$ 2,404,014	\$ 92,594	\$ 1,936
2015	3,745,000	2,293,467	17,995	141
2016	3,885,000	2,186,925	-	-
2017	3,740,000	2,071,590	-	-
2018	4,755,000	2,101,244	-	-
2019-2023	18,275,000	7,348,354	-	-
2024-2028	12,870,000	3,425,334	-	-
2029-2033	4,510,000	338,313	-	-
	<u>\$ 55,595,000</u>	<u>\$ 22,169,241</u>	<u>\$ 110,589</u>	<u>\$ 2,077</u>

Business-type Activities

Year Ending September 30,	Revenue Bonds		Installment Notes	
	Principal	Interest	Principal	Interest
2014	\$ 125,000	\$ 3,406	\$ 32,779	\$ 2,079
2015	-	-	33,346	1,062
2016	-	-	17,053	151
	<u>\$ 125,000</u>	<u>\$ 3,406</u>	<u>\$ 83,178</u>	<u>\$ 3,292</u>

Note 8: 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.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2013

Note 8: Interfund Balances and Activity - Continued

Transfer To/From Other Funds at September 30, 2013, consists of the following cash and capital asset transfers:

Transfer To	Transfer From		
	General Fund	Debt Service Fund	Keno Fund
General	\$ 82,370	\$ -	\$ 82,370
Debt Service	1,306,934	605,000	701,934
Capital Improvements Fund	304,991	50,000	165,591
Economic Development	600,000	600,000	-
Golf	250,000	-	250,000
	<u>\$ 2,544,295</u>	<u>\$ 1,255,000</u>	<u>\$ 165,591</u>
			<u>\$ 1,123,704</u>

Note 9: 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, 2013, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

	General Fund	Keno Fund	Economic Development Fund
Net change in fund balance			
Balance on a GAAP basis	\$ 2,876,945	\$ (409,148)	\$ (215,578)
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	(166,393)	2,638	930
Balance on a budget basis	<u>\$ 2,710,552</u>	<u>\$ (406,510)</u>	<u>\$ (214,648)</u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2013

Note 10: Retirement Plans

The employees of the City are covered by several retirement plans as detailed below. All plans are administered by outside trustees and, therefore, are not included in the City's basic financial statements.

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 and plan member's contributions to the plan for the year ended September 30, 2013, were \$7,986 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 City's and plan member's contributions to the plan for the year ended September 30, 2013, were \$205,687 each.

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 6% of the employee's base salary per pay period. The City's and plan member's contributions to the plan for the year ended September 30, 2013, were \$151,760 each.

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 employee's base salary per pay period. The City's contributions to the plan for the year ended September 30, 2013, were \$12,276 and the plan member's contributions to the plan for the year ended September 30, 2013 were \$6,138.

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.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2013

Note 10: Retirement Plans - Continued

Deferred Compensation Plan - Continued

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.

Note 11: Keno Fund Operations

The following data summarizes the Keno (Special Revenue) Fund's activity for the year ended September 30, 2013:

Gross sales	\$ 17,610,820
Less: prizes paid	(14,378,103)
Operator's commission	(1,974,400)
Deposits to progressive games	<u>(2,086)</u>
Net keno revenue	<u><u>\$ 1,256,231</u></u>

Note 12: 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, 2013. The City did not pay any settlement amounts which exceeded its insurance coverage for any of the three preceding years.

Note 13: 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.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2013

Note 13: Commitments and Contingencies - Continued

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.

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, 2013, the City has granted funding to a nonprofit development organization which has entered into loan agreements with three businesses to provide CDBG funds. Since fiscal year 2010, the City has granted a total of \$1,096,835 of which \$64,103 was granted in fiscal year 2013. 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 funds would be returned to the State, the City charges these grants 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.

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2013

Note 14: Annexation

Effective May 17, 2013, the City annexed the remaining portion of Sanitary and Improvement District (“SID”) No. 59 that had not been annexed in 1999. Effective July 31, 2013, the City also annexed SID No. 195. At the time of annexation, the City assumed all assets and liabilities of the annexed areas, which were recorded at fair value. The City had previously recognized an estimate for its share of SID No. 59’s outstanding warrants payable. With the annexation of the remainder of SID No. 59, that estimate was removed and the full balance of the assumed liabilities was recognized by the City.

Annexation of SID No. 59 and SID No. 195 resulted in revenues of \$1,830,440 included in other financing sources in the governmental funds statement of revenues, expenditures and changes in fund balances and \$756,870 included in non-operating revenues in the proprietary funds statement of revenues, expenses, and changes in net position. Annexation revenue of \$4,888,458 and \$756,870 is included in net position received from annexation in the statement of activities for the governmental and business-type activities, respectively.

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, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 8,964,500	\$ 8,964,500	\$ 11,105,089	\$ 2,140,589
Licenses and permits	418,750	418,750	468,968	50,218
Intergovernmental revenues	1,452,465	1,452,465	1,736,012	283,547
Charges for services	403,590	403,590	473,519	69,929
Grant income	585,500	585,500	178,226	(407,274)
Interest income	10,000	10,000	15,528	5,528
Miscellaneous	31,500	31,500	36,416	4,916
Total revenues	<u>11,866,305</u>	<u>11,866,305</u>	<u>14,013,758</u>	<u>2,147,453</u>
Expenditures				
General government	2,136,615	2,136,615	2,058,764	77,851
Public works	2,198,907	2,198,907	2,026,724	172,183
Public safety	4,556,357	4,556,357	4,259,675	296,682
Culture and recreation	1,665,424	1,665,424	1,575,840	89,584
Public library	679,093	679,093	661,234	17,859
Community development	1,173,722	1,173,722	604,109	569,613
Capital outlay	215,500	215,500	169,838	45,662
Total expenditures	<u>12,625,618</u>	<u>12,625,618</u>	<u>11,356,184</u>	<u>1,269,434</u>
Excess (Deficiency) of Revenues Over Expenditures				
	(759,313)	(759,313)	2,657,574	3,416,887
Other Financing Sources (Uses)				
Operating transfers	(1,237,630)	(1,237,630)	(1,172,630)	65,000
County investment matured from previous annexation	514,848	514,848	1,225,608	710,760
Total other financing sources (uses)	<u>(722,782)</u>	<u>(722,782)</u>	<u>52,978</u>	<u>775,760</u>
Net Change in Fund Balances	<u><u>\$ (1,482,095)</u></u>	<u><u>\$ (1,482,095)</u></u>	<u><u>\$ 2,710,552</u></u>	<u><u>\$ 4,192,647</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, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Keno	\$ 1,312,667	\$ 1,312,667	\$ 1,289,897	\$ (22,770)
Interest income	10,000	10,000	7,299	(2,701)
Total revenues	<u>1,322,667</u>	<u>1,322,667</u>	<u>1,297,196</u>	<u>(25,471)</u>
Expenditures				
General government	44,500	44,500	27,443	17,057
Community betterment	520,750	520,750	547,559	(26,809)
Capital outlay	-	-	5,000	(5,000)
Total expenditures	<u>565,250</u>	<u>565,250</u>	<u>580,002</u>	<u>(14,752)</u>
Excess of Revenues Over Expenditures	757,417	757,417	717,194	(40,223)
Other Financing Sources (Uses)				
Operating transfers out	<u>(1,385,418)</u>	<u>(1,385,418)</u>	<u>(1,123,704)</u>	<u>261,714</u>
Net Change in Fund Balances	<u>\$ (628,001)</u>	<u>\$ (628,001)</u>	<u>\$ (406,510)</u>	<u>\$ 221,491</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, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Interest income	\$ -	\$ -	\$ 790	\$ 790
Other income	<u>1,186,573</u>	<u>1,186,573</u>	<u>1,186,574</u>	<u>1</u>
Total revenues	<u>1,186,573</u>	<u>1,186,573</u>	<u>1,187,364</u>	<u>791</u>
Expenditures				
Debt service principal retirement	570,000	570,000	570,000	-
Debt service interest	1,429,662	1,429,662	1,429,662	-
Community development	<u>-</u>	<u>-</u>	<u>2,350</u>	<u>(2,350)</u>
Total expenditures	<u>1,999,662</u>	<u>1,999,662</u>	<u>2,002,012</u>	<u>(2,350)</u>
Deficiency of Revenues Over Expenditures	<u>(813,089)</u>	<u>(813,089)</u>	<u>(814,648)</u>	<u>(1,559)</u>
Other Financing Sources				
Operating transfers	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (213,089)</u>	<u>\$ (213,089)</u>	<u>\$ (214,648)</u>	<u>\$ (1,559)</u>

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of the Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Mayor and City Council
City of La Vista, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 6, 2014, which contained an explanatory paragraph regarding omission of required supplementary information.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the City's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Other Matters

We noted a certain matter that we reported to the City's management in a separate letter dated March 6, 2014.

The purpose of this communication is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Omaha, Nebraska
March 6, 2014

City of La Vista, Nebraska
Schedule of Findings and Responses
Year Ended September 30, 2013

Reference Number	Finding
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No matters are reportable.

**Economic Development Fund
City of La Vista, Nebraska**
Auditor's Report and Financial Statements
September 30, 2013 and 2012



**Economic Development Fund
City of La Vista, Nebraska
September 30, 2013 and 2012**

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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 of the City of La Vista, Nebraska, which comprise the balance sheets as of September 30, 2013 and 2012, 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 out 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 aspects, the financial position of the Economic Development Fund of the City of La Vista, Nebraska as of September 30, 2013 and 2012, 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 present only the Economic Development Fund and do not purport to, and do not, present fairly the financial position of the City of La Vista, Nebraska as of September 30, 2013 and 2012, and its changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

BKD, LLP

Omaha, Nebraska
March 6, 2014

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

Balance Sheets

September 30, 2013 and 2012

	2013	2012
Assets		
Cash and cash equivalents	\$ 668,747	\$ 883,395
Note receivable	15,810,692	15,810,692
Accrued interest receivable	<u>296,643</u>	<u>296,643</u>
Total assets	<u><u>\$ 16,776,082</u></u>	<u><u>\$ 16,990,730</u></u>
Liabilities	<u>\$ 930</u>	<u>\$ -</u>
Fund Balance		
Restricted for economic development	<u>16,775,152</u>	<u>16,990,730</u>
Total liabilities and fund balances	<u><u>\$ 16,776,082</u></u>	<u><u>\$ 16,990,730</u></u>

**Economic Development Fund
City of La Vista, Nebraska**
**Statements of Revenues, Expenditures, and
Changes in Fund Balance**
Years Ended September 30, 2013 and 2012

	2013	2012
Interest Income	<u>\$ 1,187,364</u>	<u>\$ 1,187,583</u>
Expenditures		
Community development	3,280	-
Debt service		
Principal retirement	570,000	535,000
Interest	<u>1,429,662</u>	<u>1,463,172</u>
Total expenditures	<u>2,002,942</u>	<u>1,998,172</u>
Deficiency of Revenues Over Expenditures	(815,578)	(810,589)
Transfers	<u>600,000</u>	<u>600,000</u>
Net Change in Fund Balance	(215,578)	(210,589)
Fund Balance, Beginning of Year	<u>16,990,730</u>	<u>17,201,319</u>
Fund Balance, End of Year	<u>\$ 16,775,152</u>	<u>\$ 16,990,730</u>

Economic Development Fund City of La Vista, Nebraska

Notes to Financial Statements September 30, 2013 and 2012

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 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, 2013 and 2012, 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 general obligation bond principal and interest 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, 2013 and 2012

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 statutes.

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 \$668,747 and \$883,395 at September 30, 2013 and 2012, respectively.

Note 2: Note Receivable

The City has a note receivable from a developer for an economic development project. As of September 30, 2013 and 2012, 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 is due in a single balloon payment on July 31, 2017. Accrued interest receivable on the loan amounted to \$296,643 at September 30, 2013 and 2012.

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	2013 Principal Outstanding	2012 Principal Outstanding
Economic Development Fund Bonds, Series 2007	6.00-7.73%	10/15/2029	\$ 20,695,000	\$ 19,085,000	\$ 19,655,000

Economic Development Fund City of La Vista, Nebraska

Notes to Financial Statements September 30, 2013 and 2012

Note 3: Long-term Debt - Continued

The City issued these taxable special purpose economic development bonds in July 2007. Debt service on these bonds are 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, 2013, is as follows:

<u>Year Ending September 30,</u>	Principal	Interest	Total
2014	605,000	1,393,396	1,998,396
2015	645,000	1,353,854	1,998,854
2016	685,000	1,311,427	1,996,427
2017	730,000	1,265,741	1,995,741
2018	780,000	1,216,439	1,996,439
2019-2023	4,840,000	5,142,840	9,982,840
2024-2028	7,095,000	2,887,348	9,982,348
2029-2033	<u>3,705,000</u>	<u>292,001</u>	<u>3,997,001</u>
Total	<u><u>\$ 19,085,000</u></u>	<u><u>\$ 14,863,046</u></u>	<u><u>\$ 33,948,046</u></u>

Note 4: City Transfer

The general fund of the City transferred \$600,000 to the Economic Development Fund in 2013 and 2012 to assist in funding debt service payments.