

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
MARCH 19, 2013 AGENDA**

Subject:	Type:	Submitted By:
FY 2011/2012 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, 2012. The Council will also be accepting the audit for the Economic Development Fund – LB840.

FISCAL IMPACT

N/A.

RECOMMENDATION

Approval.

BACKGROUND

This is the fifth year for BKD, LLP as the City's financial auditors. They were the City auditors prior to 2005 for over ten years.

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:

- An audit adjustment was recorded for the deferred amount on the bond refunding.

The City has contracted Orizon CPA's LLC to prepare the City's financial statements since 2008. This is the last year that Orizon CPA's will prepare the financials.

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA APPROVING THE FISCAL YEAR 2011-2012 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 2011-2012 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 2011-2012 municipal audit is hereby accepted and approved.

PASSED AND APPROVED THIS 19TH DAY OF MARCH 2013.

CITY OF LA VISTA

Douglas Kindig, Mayor

ATTEST:

Pamela A. Buethe, CMC
City Clerk

Mayor, City Council and Management
City of La Vista, Nebraska
La Vista, Nebraska

As part of our audit of the financial statements and compliance of the City of La Vista as of and for the year ended September 30, 2012, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under 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 and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations

An audit performed 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 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in OMB Circular A-133 that could have a direct and material effect on a major federal program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement and compliance audits that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

Audits of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The City's significant accounting policies are described in Note 1 of the audited financial statements.

Alternative Accounting Treatments

No matters are reportable

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Depreciation on capital assets
- Compensated absences liability

Financial Statement Disclosures

No matters are reportable

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated.

Areas in which adjustments were proposed and recorded include:

Fund Level Adjustments

- Deferred revenue

Government-wide

- Deferred revenue
- Deferred amount on refunding

Auditor's Judgments About the Quality of the City's Accounting Principles

No matters are reportable

Other Material Written Communications

Listed below are other material written communications between management and us related to the audit:

- Management representation letter (attached)

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of City of La Vista as of and for the year ended September 30, 2012, 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 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the City's financial statements on a timely basis. A deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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 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.

We observed the following matter that we consider to be a deficiency.

Deficiency

We proposed and management elected to record an audit adjustment to the deferred amount on refunding. We recommend that management review policies and procedures for recording these types of transactions should they occur in future years.

OTHER MATTERS

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements if you require.

New Accounting Standards

Governmental Accounting Standards Board Statement No. 60

The Governmental Accounting Standards Board has issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties.

Statement 60 is effective for the fiscal year ending September 30, 2013.

Governmental Accounting Standards Board Statement No. 61

The Governmental Accounting Standards Board has issued Statement No. 61, *The Financial Reporting Entity-Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, to improve financial reporting for a governmental financial reporting entity. The requirements of GASB Statements No. 14 and No. 34 were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

Statement 61 is effective for the fiscal year ending September 30, 2013.

Governmental Accounting Standards Board Statement No. 62

The Governmental Accounting Standards Board has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in pre-November 30, 1989 FASB and AICPA pronouncements, which does not conflict with or contradict GASB pronouncements. This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989, FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements.

Statement 62 is effective for the fiscal year ending September 30, 2013.

Governmental Accounting Standards Board Statement No. 63

The Governmental Accounting Standards Board has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement amends the net asset reporting requirements in GASB Statement No. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities, which was not addressed in previous accounting guidance.

Statement 63 is effective for the fiscal year ending September 30, 2013.

Governmental Accounting Standards Board Statement No. 65

The Governmental Accounting Standards Board has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

Statement 65 is effective for the fiscal year ending September 30, 2014.

New Auditing Standard

Statement on Auditing Standards No. 122, Clarification and Recodification

In October 2011, the AICPA released Statement on Auditing Standards No. 122, *Clarification and Recodification*, commonly known as the Clarity Standards. The Clarity Standards will be effective for the City's audit for its fiscal year ending September 30, 2013. The Clarity Standards primarily clarify existing standards and are not expected to have a significant impact on your audit.

* * * *

This communication is intended solely for the information and use of management, the Mayor, and City Council and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

March 13, 2013



March 13, 2013

BKD, LLP

Certified Public Accountants
1120 South 101st Street, Suite 410
Omaha, Nebraska 68124

We are providing this letter in connection with your audit of our comprehensive financial statements as of and for the year ended September 30, 2012 and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended September 30, 2012. This letter also includes representations for the audits of the Economic Development Fund as of and for the years ended September 30, 2012 and 2011. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America for each opinion unit included therein.
2. We have made available to you:
 - (a) All financial records and related data.
 - (b) All minutes of meetings of the governing body held through the date of this letter.
 - (c) All significant contracts and grants.

City Hall

8116 Park View Blvd.
La Vista, NE 68128-2198
p: 402-331-4343
f: 402-331-4375

Community Development

8116 Park View Blvd.
p: 402-331-4343
f: 402-331-4375

Fire

8110 Park View Blvd.
p: 402-331-4748
f: 402-331-0410

Golf Course

8305 Park View Blvd.
p: 402-339-9147

Library

9110 Giles Rd.
p: 402-537-3900
f: 402-537-3902

Police

7701 South 96th St.
p: 402-331-1582
f: 402-331-7210

Public Buildings & Grounds

8112 Park View Blvd.
p: 402-331-4343
f: 402-331-4375

Public Works

9900 Portal Rd.
p: 402-331-8927
f: 402-331-1051

Recreation

8116 Park View Blvd.
p: 402-331-3455
f: 402-331-0299

www.cityoflavista.org
info@cityoflavista.org

3. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:
 - (a) Misappropriation of assets.
 - (b) Misrepresented or misstated assets, liabilities or net assets.
4. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
5. We have no knowledge of any known or suspected:
 - (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.
 - (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.
6. We have no knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, customers, regulators, suppliers or others.
7. Except as reflected in the financial statements, there are no:
 - (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
 - (b) Material transactions omitted or improperly recorded in the financial statements.
 - (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - (d) Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.

- (e) Related party transactions, balances, arrangements or guarantees. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the entity may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.
 - (f) Agreements to purchase assets previously sold.
 - (g) Violations of law, regulations, contracts, grants or requirements of regulatory agencies for which losses should be accrued or matters disclosed in the financial statements.
 - (h) Unasserted claims or assessments that our attorneys have advised us are probable of assertion.
 - (i) Restrictions on cash balances or compensating balance agreements.
 - (j) Guarantees, whether written or oral, under which the City is contingently liable.
8. Adequate provisions and allowances have been accrued for any material losses from uncollectible receivables.
9. Except as disclosed in the financial statements, we have:
- (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.
 - (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
10. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

11. With regard to deposit and investment activities:
 - (a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.
 - (b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
12. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
13. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
14. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
15. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts or violations of provisions of contracts or grant agreements that you or other auditors report.
16. We have a process to track the status of audit findings and recommendations.
17. We have identified to you any previous financial audits, attestation engagements, performance audits or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other studies.

18. We have provided our views on any findings, conclusions and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.
19. With regard to federal awards programs:
 - (a) We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations or in any other form.
 - (b) We have identified the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* regarding activities allowed or unallowed; allowable costs/cost principles; cash management; Davis-Bacon Act; eligibility; equipment and real property management; matching, level of effort, earmarking; period of availability of federal funds; procurement and suspension and debarment; program income; real property acquisition and relocation assistance; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations.
 - (c) We are responsible to understand and comply with the requirements of laws, regulations, contracts and grants applicable to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we have disclosed to you, we believe the City has complied with all applicable compliance requirements.

- (d) We are responsible for establishing and maintaining effective internal control over compliance to provide reasonable assurance we have administered each of our federal awards programs in compliance with requirements of laws, regulations, contracts and grants applicable to those programs.
- (e) We have made available to you all contracts and grant agreements, including any amendments, and any other correspondence or documentation relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.
- (f) The information presented in federal awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.
- (g) Amounts claimed or used for matching were determined in accordance with the applicable OMB Circular regarding cost principles.
- (h) We have disclosed to you any communications from grantors and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.
- (i) We have identified to you any previous compliance audits, attestation engagements and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other monitoring.
- (j) Except as described in the schedule of findings and questioned costs, we are in agreement with the findings contained therein and our views regarding any disagreements with such findings are consistent, as of the

date of this letter, with the description thereof in that schedule.

- (k) We are responsible for taking corrective action on any audit findings.
 - (l) The summary schedule of prior audit findings correctly states the status of all audit findings included in the OMB Circular A-133 section of the prior audit's schedule of findings and questioned costs and any uncorrected open findings included in the prior audit's summary schedule of prior audit findings as of the date of this letter.
20. The budgetary comparison information required by the Governmental Accounting Standards Board has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.
21. With regard to supplementary information:
- (a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
 - (b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
 - (c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior year.

- (d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
 - (e) If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.
22. We have not prepared management's discussion and analysis, which is supplementary information required by the Government Accounting Standards Board, and we are aware that you will state that in your independent accountants' report.
23. The debt recorded on our financial statements related to Sanitary Improvement District 59 is an estimate made by management and has not changed from prior year.
24. We acknowledge the balance of the note receivable from JQH Affiliated Parties is \$15,810,691 at September 30, 2012. We are not aware of any facts or circumstances that would give rise to questions of collectability related to this note. We believe the balance will be paid in full upon contracted maturity at July 31, 2017.


Brenda Gunn, City Administrator


Sheila Lindberg, Finance Director

City of La Vista, Nebraska

Accountants' Report and Financial Statements

September 30, 2012



City of La Vista, Nebraska

September 30, 2012

Contents

Independent Accountants' Report on Financial Statements and Supplementary Information	1
Financial Statements	
<i>Government-Wide Financial Statements</i>	
Statement of Net Assets	3
Statement of Activities	4
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds.....	5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Changes in Net Assets of Governmental Activities	8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis) – General Fund	9
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis) – Keno Fund	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis) – Economic Development Fund	11
Balance Sheet – Proprietary Funds	12
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds.....	13
Statement of Cash Flows – Proprietary Funds	14
<i>Notes to Financial Statements</i>	15
Supplementary Information	
Schedule of Expenditures of Federal Awards	34
Independent Accountants' 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 <i>Government Auditing Standards</i>.....	36
Independent Accountants' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	38
Schedule of Findings and Questioned Costs.....	40
Summary Schedule of Prior Audit Findings	43

Independent Accountant's Report on Financial Statements and Supplementary Information

The Mayor and City Council
City of La Vista, Nebraska

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of La Vista as of and for the year ended September 30, 2012, which collectively comprise the City of La Vista's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of La Vista's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of La Vista as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund, keno fund and economic development fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2013, 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* and should be considered in assessing the results of our audit.

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of La Vista's basic financial statements. The accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BKD, LLP

March 13, 2013

City of La Vista, Nebraska

Statement of Net Assets

September 30, 2012

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 7,788,946	\$ 410,841	\$ 8,199,787
Cash at county treasurer	50,674	-	50,674
Certificates of deposit	1,856,039	750,252	2,606,291
Investments	4,549,972	-	4,549,972
Receivables	18,889,596	298,724	19,188,320
Deferred charges	503,603	5,200	508,803
Capital assets			
Non-depreciable	11,309,753	9,524	11,319,277
Depreciable, net	40,386,254	5,584,615	45,970,869
Total assets	85,334,837	7,059,156	92,393,993
Liabilities			
Accounts payable	429,661	262,947	692,608
Accrued expenses	1,347,750	244,192	1,591,942
Deferred revenue	200,000	-	200,000
Registered warrants			
Due in more than one year	640,554	-	640,554
Compensated absences			
Payable within one year	13,379	1,663	15,042
Payable in more than one year	901,246	104,527	1,005,773
Notes payable			
Due within one year	121,661	37,511	159,172
Due in more than one year	117,468	86,359	203,827
Bonds payable			
Due within one year	3,540,000	120,000	3,660,000
Due in more than one year	51,787,545	125,000	51,912,545
Total liabilities	59,099,264	982,199	60,081,463
Net Assets			
Invested in capital assets, net of related debt	15,143,780	5,200,724	20,344,504
Restricted for community betterment	2,491,321	-	2,491,321
Unrestricted	8,600,472	876,233	9,476,705
Total net assets	\$ 26,235,573	\$ 6,076,957	\$ 32,312,530

City of La Vista, Nebraska

Statement of Activities

Year Ended September 30, 2012

		Program Revenues			Net Revenues (Expenses) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government	Expenses						
Governmental Activities							
General government	\$ 2,280,932	\$ 427,362	\$ 416,953	-	\$ (1,436,617)	-	\$ (1,436,617)
Public safety	5,050,454	-	123,156	-	(4,927,298)	-	(4,927,298)
Public works	3,290,489	-	1,217,062	1,305,307	(768,120)	-	(768,120)
Culture and recreation	2,558,430	432,726	-	-	(2,125,704)	-	(2,125,704)
Community betterment	420,338	1,298,859	-	-	878,521	-	878,521
Community development	1,144,697	-	411,620	-	(733,077)	-	(733,077)
Interest on long-term debt	2,554,174	-	-	-	(2,554,174)	-	(2,554,174)
Total governmental activities	17,299,514	2,158,947	2,168,791	1,305,307	(11,666,469)	-	(11,666,469)
Business-type Activities							
Sewer	2,322,889	2,451,692	-	-	-	128,803	128,803
Golf	447,968	260,301	-	-	-	(187,667)	(187,667)
Total business-type activities	2,770,857	2,711,993	-	-	-	(58,864)	(58,864)
Total Primary Government	\$ 20,070,371	\$ 4,870,940	\$ 2,168,791	\$ 1,305,307	(11,666,469)	(58,864)	(11,725,333)
General Revenues							
Property taxes					5,716,198	-	5,716,198
Sales and use taxes					4,476,662	-	4,476,662
Occupation taxes					1,580,448	-	1,580,448
Motor vehicle taxes					324,746	-	324,746
Interest income					1,321,256	3,152	1,324,408
Miscellaneous					75,547	-	75,547
Operating transfers					(250,000)	250,000	-
Total general revenues and transfers					13,244,857	253,152	13,498,009
Change in Net Assets					1,578,388	194,288	1,772,676
Net Assets, Beginning of Year					24,657,185	5,882,669	30,539,854
Net Assets, End of Year					<u>\$ 26,235,573</u>	<u>\$ 6,076,957</u>	<u>\$ 32,312,530</u>

City of La Vista, Nebraska

Balance Sheet – Governmental Funds September 30, 2012

	General Fund	Debt Service Fund	Keno Fund	Capital Improvements Fund	Economic Development Fund	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 3,098,127	\$ 1,875,900	\$ 1,175,260	\$ 756,264	\$ 883,395	\$ 7,788,946
Cash at County Treasurer	48,308	2,366	-	-	-	50,674
Certificates of deposit	750,252	1,005,787	100,000	-	-	1,856,039
Investments	1,012,079	2,030,783	1,507,110	-	-	4,549,972
Receivables	1,032,144	1,822,941	100,832	-	16,107,335	19,063,252
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 5,940,910</u>	<u>\$ 6,737,777</u>	<u>\$ 2,883,202</u>	<u>\$ 756,264</u>	<u>\$ 16,990,730</u>	<u>\$ 33,308,883</u>
Liabilities						
Accounts payable	\$ 225,197	\$ 3,347	\$ 105,371	\$ 95,746	\$ -	\$ 429,661
Accrued expenses	295,179	-	86,510	-	-	381,689
Deferred revenue	28,049	1,571,644	200,000	-	-	1,799,693
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>548,425</u>	<u>1,574,991</u>	<u>391,881</u>	<u>95,746</u>	<u>-</u>	<u>2,611,043</u>
Fund balances						
Restricted for:						
Debt service	-	5,162,786	-	-	-	5,162,786
Community betterment	-	-	2,491,321	-	-	2,491,321
Economic development	-	-	-	-	16,990,730	16,990,730
Committed for capital improvements	-	-	-	660,518	-	660,518
Unassigned	5,392,485	-	-	-	-	5,392,485
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>5,392,485</u>	<u>5,162,786</u>	<u>2,491,321</u>	<u>660,518</u>	<u>16,990,730</u>	<u>30,697,840</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 5,940,910</u>	<u>\$ 6,737,777</u>	<u>\$ 2,883,202</u>	<u>\$ 756,264</u>	<u>\$ 16,990,730</u>	<u>\$ 33,308,883</u>

City of La Vista, Nebraska
Reconciliation of the Balance Sheet
of Governmental Funds to the
Statement of Net Assets
September 30, 2012

Total fund balance - total governmental funds	\$ 30,697,840
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Amounts reported for governmental activities in the statement of net assets 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.	51,696,007
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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 \$966,061, bond issue costs of \$503,603, bond premiums of \$38,852, deferred refunding of \$772,455 and warrants payable of \$640,554.	(56,669,686)
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Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(914,625)
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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.	(173,656)
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Deferred revenues represents funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.	<u>1,599,693</u>
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Net assets of governmental activities	<u><u>\$ 26,235,573</u></u>
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City of La Vista, Nebraska
Statement of Revenues, Expenditures, and
Changes in Fund Balances –
Governmental Funds
Year Ended September 30, 2012

	General Fund	Debt Service Fund	Keno Fund	Capital Improvements Fund	Economic Development Fund	Total
Revenues						
Property tax	\$ 5,194,761	\$ 549,625	\$ -	\$ -	\$ -	\$ 5,744,386
Sales and use tax	2,984,441	1,492,221	-	-	-	4,476,662
Occupation tax	1,580,448	-	-	-	-	1,580,448
Motor vehicle tax	323,237	1,509	-	-	-	324,746
Licenses and permits	427,362	-	-	-	-	427,362
Intergovernmental	2,255,104	-	-	1,217,062	-	3,472,166
Charges for services	432,726	-	-	-	-	432,726
Keno	-	-	1,298,859	-	-	1,298,859
Interest income	11,897	109,257	12,519	-	1,187,583	1,321,256
Special assessments	-	117,338	-	-	-	117,338
Miscellaneous	35,832	-	20,482	-	-	56,314
Total revenues	<u>13,245,808</u>	<u>2,269,950</u>	<u>1,331,860</u>	<u>1,217,062</u>	<u>1,187,583</u>	<u>19,252,263</u>
Expenditures						
Current						
General government	1,902,796	156,439	30,202	-	-	2,089,437
Public works	2,098,247	-	-	-	-	2,098,247
Public safety	4,360,564	-	-	-	-	4,360,564
Culture and recreation	2,205,502	-	-	-	-	2,205,502
Community betterment	-	-	420,338	-	-	420,338
Community development	1,144,697	-	-	-	-	1,144,697
Capital outlay	171,674	-	2,325	1,705,309	-	1,879,308
Debt service						
Principal retirement	-	2,635,000	-	-	535,000	3,170,000
Interest	-	1,321,416	-	-	1,463,172	2,784,588
Total expenditures	<u>11,883,480</u>	<u>4,112,855</u>	<u>452,865</u>	<u>1,705,309</u>	<u>1,998,172</u>	<u>20,152,681</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,362,328</u>	<u>(1,842,905)</u>	<u>878,995</u>	<u>(488,247)</u>	<u>(810,589)</u>	<u>(900,418)</u>
Other Financing Sources (Uses)						
Proceeds from refunding of bonds payable	-	8,915,000	-	-	-	8,915,000
Payment to bond refunding escrow agent	-	(8,804,370)	-	-	-	(8,804,370)
Transfers	(1,185,547)	678,678	(1,099,715)	756,584	600,000	(250,000)
Total other financing sources (uses)	<u>(1,185,547)</u>	<u>789,308</u>	<u>(1,099,715)</u>	<u>756,584</u>	<u>600,000</u>	<u>(139,370)</u>
Net Change in Fund Balances	<u>176,781</u>	<u>(1,053,597)</u>	<u>(220,720)</u>	<u>268,337</u>	<u>(210,589)</u>	<u>(1,039,788)</u>
Fund Balances, Beginning of Year	<u>5,215,704</u>	<u>6,216,383</u>	<u>2,712,041</u>	<u>392,181</u>	<u>17,201,319</u>	<u>31,737,628</u>
Fund Balances, End of Year	<u>\$ 5,392,485</u>	<u>\$ 5,162,786</u>	<u>\$ 2,491,321</u>	<u>\$ 660,518</u>	<u>\$ 16,990,730</u>	<u>\$ 30,697,840</u>

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 Assets of Governmental Activities
Year Ended September 30, 2012

Net change in fund balances - total governmental funds \$ (1,039,788)

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. (577,090)

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 assets. 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 assets and amortized over their useful lives. (8,885,826)

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 assets. 12,092,215

In the statement of activities, interest is accrued on outstanding bonds and warrants, whereas in governmental funds, an interest expenditure is reported when due. 230,414

Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (65,149)

Special assessments receivable are offset by deferred revenue and, therefore, no allowance for doubtful accounts is necessary. (48,602)

Deferred revenues represents funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds. (127,786)

Change in net assets of governmental activities \$ 1,578,388

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, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 8,832,371	\$ 9,600,271	\$ 10,044,812	\$ 444,541
Licenses and permits	489,250	480,905	423,419	(57,486)
Intergovernmental revenues	1,304,918	1,396,881	1,688,385	291,504
Charges for services	677,000	385,500	423,098	37,598
Grant income	746,029	903,160	545,719	(357,441)
Interest income	10,000	10,000	11,897	1,897
Miscellaneous	34,500	34,500	35,832	1,332
Total revenues	<u>12,094,068</u>	<u>12,811,217</u>	<u>13,173,162</u>	<u>361,945</u>
Expenditures				
General government	2,034,621	1,964,681	1,839,423	125,258
Public works	2,153,271	2,146,204	2,132,428	13,776
Public safety	4,548,747	4,431,884	4,291,253	140,631
Culture and recreation	1,636,863	1,636,039	1,562,990	73,049
Public library	647,103	652,032	606,985	45,047
Community development	1,147,801	1,444,546	1,145,860	298,686
Capital outlay	191,000	158,640	316,634	(157,994)
Total expenditures	<u>12,359,406</u>	<u>12,434,026</u>	<u>11,895,573</u>	<u>538,453</u>
Excess (Deficiency) of Revenues Over Expenditures	(265,338)	377,191	1,277,589	900,398
Other Financing Sources (Uses)				
Operating transfers	(1,186,000)	(1,189,160)	(1,185,547)	3,613
County investment matured from previous annexation	<u>744,722</u>	<u>747,000</u>	<u>745,000</u>	<u>(2,000)</u>
Total other financing sources (uses)	<u>(441,278)</u>	<u>(442,160)</u>	<u>(440,547)</u>	<u>1,613</u>
Net Change in Fund Balances	<u>\$ (706,616)</u>	<u>\$ (64,969)</u>	<u>\$ 837,042</u>	<u>\$ 902,011</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, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Keno	\$ 1,251,725	\$ 1,339,530	\$ 1,340,458	\$ 928
Interest income	50,000	10,000	12,519	2,519
Total revenues	<u>1,301,725</u>	<u>1,349,530</u>	<u>1,352,977</u>	<u>3,447</u>
Expenditures				
General government	42,100	30,100	30,202	(102)
Community betterment	397,735	412,000	417,656	(5,656)
Capital outlay	<u>-</u>	<u>-</u>	<u>2,325</u>	<u>(2,325)</u>
Total expenditures	<u>439,835</u>	<u>442,100</u>	<u>450,183</u>	<u>(8,083)</u>
Excess of Revenues Over Expenditures	861,890	907,430	902,794	(4,636)
Other Financing Sources (Uses)				
Operating transfers out	<u>(1,376,344)</u>	<u>(1,189,884)</u>	<u>(1,099,715)</u>	<u>90,169</u>
Net Change in Fund Balances	<u><u>\$ (514,454)</u></u>	<u><u>\$ (282,454)</u></u>	<u><u>\$ (196,921)</u></u>	<u><u>\$ 85,533</u></u>

City of La Vista, Nebraska
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual (Budget Basis) –
Economic Development Fund
Year Ended September 30, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Interest income	\$ -	\$ -	\$ 1,010	\$ 1,010
Other income	<u>1,186,573</u>	<u>1,186,573</u>	<u>1,186,573</u>	<u>-</u>
Total revenues	<u>1,186,573</u>	<u>1,186,573</u>	<u>1,187,583</u>	<u>1,010</u>
Expenditures				
Debt service principal retirement	535,000	535,000	535,000	-
Debt service interest	<u>1,463,172</u>	<u>1,463,172</u>	<u>1,463,172</u>	<u>-</u>
Total expenditures	<u>1,998,172</u>	<u>1,998,172</u>	<u>1,998,172</u>	<u>-</u>
Deficiency of Revenues Over Expenditures	<u>(811,599)</u>	<u>(811,599)</u>	<u>(810,589)</u>	<u>1,010</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><u>\$ (211,599)</u></u>	<u><u>\$ (211,599)</u></u>	<u><u>\$ (210,589)</u></u>	<u><u>\$ 1,010</u></u>

City of La Vista, Nebraska

Balance Sheet – Proprietary Funds September 30, 2012

	Golf	Sewer	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 65,317	\$ 345,524	\$ 410,841
Certificates of deposit	-	750,252	750,252
Accounts receivable	-	298,724	298,724
Total current assets	65,317	1,394,500	1,459,817
Non-current assets			
Deferred charges	5,200	-	5,200
Land	-	9,524	9,524
Equipment and furniture	163,156	1,095,805	1,258,961
Utility systems	-	6,470,176	6,470,176
Autos and trucks	99,426	375,903	475,329
Buildings and improvements	1,623,903	9,365	1,633,268
Accumulated depreciation	(1,285,014)	(2,968,105)	(4,253,119)
Capital assets - net of depreciation	601,471	4,992,668	5,594,139
Total non-current assets	606,671	4,992,668	5,599,339
Total assets	\$ 671,988	\$ 6,387,168	\$ 7,059,156
Liabilities and Net Assets			
Current liabilities			
Accounts payable	\$ 29,295	\$ 233,652	\$ 262,947
Accrued expenses	16,167	228,025	244,192
Compensated absences - current portion	141	1,522	1,663
Notes payable - current portion	6,119	31,392	37,511
Bonds payable - current portion	120,000	-	120,000
Total current liabilities	171,722	494,591	666,313
Non-current liabilities			
Compensated absences	14,052	90,475	104,527
Notes payable	3,601	82,758	86,359
Bond payable	125,000	-	125,000
Total non-current liabilities	142,653	173,233	315,886
Net assets			
Invested in capital assets, net of related debt	322,206	4,878,518	5,200,724
Unrestricted	35,407	840,826	876,233
Total net assets	357,613	5,719,344	6,076,957
Total liabilities and net assets	\$ 671,988	\$ 6,387,168	\$ 7,059,156

City of La Vista, Nebraska
Statement of Revenues, Expenses, and Changes in Net Assets –
Proprietary Funds
Year Ended September 30, 2012

	Golf	Sewer	Total
Operating Revenues			
User fees	\$ 222,162	\$ 2,291,096	\$ 2,513,258
Permits and hookups	-	136,514	136,514
Grant income	-	24,082	24,082
Merchandise sales	34,928	-	34,928
Other revenue	3,211	-	3,211
	<u>260,301</u>	<u>2,451,692</u>	<u>2,711,993</u>
Operating Expenses			
General administrative	137,020	428,767	565,787
Cost of merchandise sold	22,471	-	22,471
Maintenance	186,505	1,720,397	1,906,902
Depreciation and amortization	82,505	169,786	252,291
	<u>428,501</u>	<u>2,318,950</u>	<u>2,747,451</u>
Operating Income (Loss)	<u>(168,200)</u>	<u>132,742</u>	<u>(35,458)</u>
Nonoperating Revenues (Expenses)			
Interest income	56	3,096	3,152
Interest on bonds and notes payable	(15,038)	(3,939)	(18,977)
Loss on disposition of fixed assets	(4,429)	-	(4,429)
	<u>(19,411)</u>	<u>(843)</u>	<u>(20,254)</u>
Income (Loss) Before Transfers	<u>(187,611)</u>	<u>131,899</u>	<u>(55,712)</u>
Operating Transfers	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Change in Net Assets	<u>62,389</u>	<u>131,899</u>	<u>194,288</u>
Net Assets, Beginning of Year	<u>295,224</u>	<u>5,587,445</u>	<u>5,882,669</u>
Net Assets, End of Year	<u><u>\$ 357,613</u></u>	<u><u>\$ 5,719,344</u></u>	<u><u>\$ 6,076,957</u></u>

City of La Vista, Nebraska
Statement of Cash Flows –
Proprietary Funds
Year Ended September 30, 2012

	Golf	Sewer	Total
Cash flows from operating activities			
Receipts from customers	\$ 260,301	\$ 2,385,782	\$ 2,646,083
Payments to suppliers	(133,580)	(1,455,055)	(1,588,635)
Payments to employees	(226,453)	(693,023)	(919,476)
Grant income	-	24,082	24,082
	<u>(99,732)</u>	<u>261,786</u>	<u>162,054</u>
Net cash provided by (used in) operating activities			
	<u>(99,732)</u>	<u>261,786</u>	<u>162,054</u>
Cash Flows from Non-Capital Financing Activities			
Transfers	250,000	-	250,000
	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of fixed assets	-	(211,945)	(211,945)
Principal paid on bonds	(115,000)	-	(115,000)
Principal paid on notes	(5,935)	(30,471)	(36,406)
Interest paid on bonds and notes	(15,038)	(3,939)	(18,977)
	<u>(135,973)</u>	<u>(246,355)</u>	<u>(382,328)</u>
Net cash used in capital and related financing activities			
	<u>(135,973)</u>	<u>(246,355)</u>	<u>(382,328)</u>
Cash Flows from Investing Activities			
Purchase of investments	-	(1,501,904)	(1,501,904)
Proceeds from sales and maturities of investments	-	1,310,391	1,310,391
Interest income	56	3,096	3,152
	<u>56</u>	<u>3,096</u>	<u>3,152</u>
Net cash provided by (used in) investing activities			
	<u>56</u>	<u>(188,417)</u>	<u>(188,361)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	14,351	(172,986)	(158,635)
Cash and Cash Equivalents, Beginning of Year	50,966	518,510	569,476
Cash and Cash Equivalents, End of Year	<u>\$ 65,317</u>	<u>\$ 345,524</u>	<u>\$ 410,841</u>
Operating income (loss)	\$ (168,200)	\$ 132,742	\$ (35,458)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	82,505	169,786	252,291
Increase in receivables	-	(44,012)	(44,012)
Decrease in due from other funds	-	15,408	15,408
Increase (decrease) in payables and accrued expenses	(14,037)	1,086	(12,951)
Decrease in deferred charges	-	(13,224)	(13,224)
	<u>(14,037)</u>	<u>1,086</u>	<u>(12,951)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (99,732)</u>	<u>\$ 261,786</u>	<u>\$ 162,054</u>
Supplemental Cash Flows Information			
Debt and payables incurred for purchase of capital assets	\$ 16,732	\$ -	\$ 16,732

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2012

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, 2012.

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 City’s reporting entity applies all relevant GASB pronouncements and applicable Financial Accounting Standards Board (“FASB”) pronouncements and Accounting Principles Board (“APB”) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

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, 2012

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, 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 assets 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, 2012

Note 1: Summary of Significant Accounting Policies - Continued

Basis of Presentation - Continued

Net assets should be reported as restricted when constraints placed on net asset 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, 2012

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 assets. Proprietary fund operating statements present increases and decreases in net total assets.

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, 2012

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, 2012

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.

Net Assets Classification

Government-wide Statements

Net assets are required to be classified into three components – invested in capital assets, net of related debt, restricted and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt – This component of net assets 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 invested in capital assets, net of related debt.

Restricted – This component of net assets consists of restrictions placed on net assets 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 assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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, 2012, 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.

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2012

Note 1: Summary of Significant Accounting Policies - Continued

Fund Balance Classification - Continued

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, 2012, 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.

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.

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2012

Note 2: Budget and Budgetary Accounting - Continued

- 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.

The budget was amended on September 4, 2012 to increase total disbursements for all funds from \$27 million to \$34 million for refunding of bond issuances.

Note 3: Deposits and Investments

Deposits

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

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

At September 30, 2012, the City's deposits in excess of FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent of the City.

Investments

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

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

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2012

Note 3: Deposits and Investments - Continued

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 \$4,549,972 at September 30, 2012.

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

Summary of Carrying Values

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

Carrying Values	
Cash at county treasurer	\$ 50,674
Deposits	10,806,078
Investments	<u>4,549,972</u>
	<u>\$ 15,406,724</u>

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

Cash and cash equivalents	\$ 8,199,787
Cash at country treasurer	50,674
Certificates of deposit	2,606,291
Investments	<u>4,549,972</u>
	<u>\$ 15,406,724</u>

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2012

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, 2012 was \$0.5000 per \$100 of assessed valuation and the debt service requirement was \$0.0500 per \$100 of assessed valuation. The assessed valuation for the 2011-2012 tax year was \$1,059,337,658.

Note 5: Receivables

Receivables at September 30, 2012, consist of the following:

Fund	Taxes	Accounts Receivable	Special Assessments	Interest	Note Receivable	Gross Receivables	Allowance for Uncollectibles	Net Receivables
General	\$ 565,380	\$ 466,764	\$ -	\$ -	\$ -	\$ 1,032,144	\$ -	\$ 1,032,144
Debt Service	254,083	-	1,417,968	150,890	-	1,822,941	173,656	1,649,285
Keno	-	100,832	-	-	-	100,832	-	100,832
Economic Development	-	-	-	296,643	15,810,692	16,107,335	-	16,107,335
Sewer	-	298,724	-	-	-	298,724	-	298,724
	<u>\$ 819,463</u>	<u>\$ 866,320</u>	<u>\$ 1,417,968</u>	<u>\$ 447,533</u>	<u>\$ 15,810,692</u>	<u>\$ 19,361,976</u>	<u>\$ 173,656</u>	<u>\$ 19,188,320</u>

Note Receivable

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

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2012

Note 6: Capital Assets and Depreciation

Capital asset activity for the year ended September 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Land, not being depreciated	\$ 10,857,591	\$ 86,718	\$ -	\$ 10,944,309
Construction in progress	272,100	1,358,169	(1,264,825)	365,444
Total capital assets, not being depreciated	<u>11,129,691</u>	<u>1,444,887</u>	<u>(1,264,825)</u>	<u>11,309,753</u>
Capital assets, being depreciated				
Buildings	18,665,613	-	-	18,665,613
Improvements/infrastructure	41,892,370	1,335,678	-	43,228,048
Equipment/furniture/vehicles	8,668,102	240,983	(8,188)	8,900,897
Total capital assets, being depreciated	<u>69,226,085</u>	<u>1,576,661</u>	<u>(8,188)</u>	<u>70,794,558</u>
Accumulated Depreciation				
Buildings	(7,555,027)	(720,835)	-	(8,275,862)
Improvements/infrastructure	(14,694,894)	(1,129,290)	-	(15,824,184)
Equipment/furniture/vehicles	(5,832,758)	(483,688)	8,188	(6,308,258)
Total accumulated depreciation	<u>(28,082,679)</u>	<u>(2,333,813)</u>	<u>8,188</u>	<u>(30,408,304)</u>
Capital assets being depreciated, net	<u>41,143,406</u>	<u>(757,152)</u>	<u>-</u>	<u>40,386,254</u>
Governmental activities capital assets, net	<u>\$ 52,273,097</u>	<u>\$ 687,735</u>	<u>\$ (1,264,825)</u>	<u>\$ 51,696,007</u>

Depreciation was charged to functions/programs as follows:

Governmental Activities	
General services	\$ 167,307
Public safety	684,259
Culture and recreation	249,923
Public works	<u>1,232,324</u>
Total governmental activities depreciation expense	<u>\$ 2,333,813</u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2012

Note 6: Capital Assets and Depreciation - Continued

	Beginning Balance	Increases	Decreases	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	-	-	6,470,176
Equipment and furniture	1,522,692	228,677	(17,080)	1,734,289
Total capital assets, being depreciated	9,626,136	228,677	(17,080)	9,837,733
Accumulated depreciation				
Golf course	(1,031,009)	(56,435)	-	(1,087,444)
Building and improvements	(9,365)	-	-	(9,365)
Sewer line system	(2,008,655)	(125,348)	-	(2,134,003)
Equipment and furniture	(965,261)	(69,696)	12,651	(1,022,306)
Total accumulated depreciation	(4,014,290)	(251,479)	12,651	(4,253,118)
Capital assets being depreciated, net	5,611,846	(22,802)	(4,429)	5,584,615
Business-type activities capital assets, net	\$ 5,621,370	\$ (22,802)	\$ (4,429)	\$ 5,594,139

Depreciation was charged to functions/programs as follows:

Business-type Activities	
Golf	\$ 81,693
Sewer	169,786
Total business-type activities depreciation expense	<u>\$ 251,479</u>

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2012

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, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Long-term debt					
General obligation bonds	\$ 58,830,000	\$ 8,915,000	\$ 11,645,000	\$ 56,100,000	\$ 3,540,000
Registered warrants	640,554	-	-	640,554	-
Installment notes payable	372,611	-	133,482	239,129	121,661
Premium on bonds issued	42,276	-	3,424	38,852	-
Deferred for refunding	(198,403)	(639,953)	(27,049)	(811,307)	-
Other long-term liabilities					
Compensated absences	849,476	869,922	804,773	914,625	13,379
Governmental activities long-term liabilities	<u>\$ 60,536,514</u>	<u>\$ 9,144,969</u>	<u>\$ 12,559,630</u>	<u>\$ 57,121,853</u>	<u>\$ 3,675,040</u>
Business-type Activities					
Long-term debt					
Revenue bonds	\$ 360,000	\$ -	\$ 115,000	\$ 245,000	\$ 120,000
Installment notes payable	160,276	-	36,406	123,870	37,511
Other long-term liabilities					
Compensated absences	99,156	100,470	93,436	106,190	1,663
Business-type activities long-term liabilities	<u>\$ 619,432</u>	<u>\$ 100,470</u>	<u>\$ 244,842</u>	<u>\$ 475,060</u>	<u>\$ 159,174</u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2012

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				
June 15, 2003, library refunding bonds	2.450-3.800%	12/15/2012	6/15/2007	\$ 210,000
July 7, 2007, EDP taxable bonds	6.000-7.730%	10/15/2029	10/15/2012	19,655,000
December 21, 2007, public safety tax anticipation bonds	3.400-4.300%	11/15/2022	11/15/2018	1,080,000
July 15, 2008, refunding bonds	3.650-4.125%	10/15/2021	10/15/2013	1,150,000
September 19, 2008, Southport GO bonds	3.125-5.000%	11/15/2028	9/19/2013	265,000
September 19, 2009, highway allocation bonds	3.500-5.000%	11/15/2028	9/19/2013	890,000
November 1, 2009, police refunding bonds	2.500-3.950%	03/15/2022	11/06/2014	2,450,000
November 1, 2009, various purpose refunding bonds	2.000-3.800%	11/15/2023	11/15/2014	7,040,000
June 29, 2011, various purpose refunding bonds	1.500-4.050%	12/15/2026	6/29/2016	3,480,000
June 29, 2011, refunding bonds for off-street	1.500-3.800%	12/15/2024	6/29/2016	6,145,000
July 15, 2011, refunding bonds for fire facility	2.000-4.150%	12/15/2026	7/15/2016	4,750,000
July 1, 2008, SID 82 bonds	2.800-3.700%	07/01/2013	-	25,000
October 1, 2007, SID 239 bonds	4.350-5.450%	10/01/2032	10/01/2012	45,000
June 28, 2012, GO refunding bonds	0.300-3.250%	12/15/2032	06/28/2017	8,915,000
Total general obligation bonds				<u>\$ 56,100,000</u>
Installment notes payable				
March 26, 2009, vehicles note payable	2.95%	04/01/2014		\$ 30,596
April 20, 2009, equipment note payable	2.95%	04/01/2014		43,238
June 25, 2009, equipment note payable	3.25%	07/01/2014		64,101
February 16, 2010, equipment note payable	3.09%	02/16/2015		101,194
Total installment notes payable				<u>\$ 239,129</u>
Business-type Activities				
Revenue bonds				
December 15, 1993, golf course revenue bond	5.40-5.45%	12/15/2013	12/15/2013	\$ 245,000
Installment notes payable				
March 11, 2009, equipment note payable	2.95%	4/1/2014		\$ 9,720
March 4, 2011, sewer jet note payable	2.98%	3/4/2016		114,150
Total installment notes payable				<u>\$ 123,870</u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2012

Note 7: Long-term Liabilities - Continued

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

Year Ending September 30,	General Obligation Bonds		Installment Notes		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	3,540,000	2,402,623	159,172	8,543	120,000	10,083
2014	3,470,000	2,296,117	135,417	3,273	125,000	3,406
2015	3,390,000	2,194,765	51,353	270	-	-
2016	3,510,000	2,098,657	17,057	142	-	-
2017	3,355,000	1,995,121	-	-	-	-
2018-2022	18,220,000	8,062,230	-	-	-	-
2023-2027	14,070,000	4,192,654	-	-	-	-
2028-2032	6,440,000	719,623	-	-	-	-
2033-2037	105,000	1,706	-	-	-	-
	<u>\$ 56,100,000</u>	<u>\$ 23,963,496</u>	<u>\$ 362,999</u>	<u>\$ 12,228</u>	<u>\$ 245,000</u>	<u>\$ 13,489</u>

Registered Warrants

On August 15, 1999, the City annexed the Brook Valley South Phase II portion of Sanitary and Improvement District No. 59 ("SID"). At September 30, 2012, the agreement to divide the debt of SID No. 59 was not final. The City believes the best estimate of debt attributable to the Brook Valley South Phase II portion of SID No. 59 is \$640,554.

Bond Refunding

In June 2012, the City issued \$8,915,000 in refunding bonds (general obligation), Series 2012, with interest rates of 0.30% to 3.25%, to advance refund \$6,990,000 of existing Series 2008 refunding bonds and Series 2008 Southport GO bonds, and to advance refund \$1,485,000 of existing SID 239 bonds. The refunding resulted in a cash flow differential of approximately \$1,298,000 and an economic gain of approximately \$1,142,000.

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2012

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.

Transfer To/From Other Funds at September 30, 2012, consists of the following cash and capital asset transfers:

Transfer To		Transfer From		
		General Fund	Debt Service Fund	Keno Fund
General	\$ 66,620	\$ -	\$ -	\$ 66,620
Debt Service	1,209,430	550,000	-	659,430
Capital Improvements Fund	756,584	102,167	530,752	123,665
Economic Development	600,000	600,000	-	-
Golf	250,000	-	-	250,000
	<u>\$ 2,882,634</u>	<u>\$ 1,252,167</u>	<u>\$ 530,752</u>	<u>\$ 1,099,715</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, 2012, 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	\$ 176,781	\$ (220,720)	\$ (210,589)
Basic differences (accruals) occur because the cash basis of accounting used for budgeting differs from the modified accrual basis of accounting prescribed for governmental funds	<u>660,261</u>	<u>23,799</u>	<u>-</u>
Balance on a budget basis	<u>\$ 837,042</u>	<u>\$ (196,921)</u>	<u>\$ (210,589)</u>

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2012

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, 2012 were \$7,770 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, 2012 were \$207,683 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, 2012 were \$149,211 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, 2012 were \$12,276 and the plan member's contributions to the plan for the year ended September 30, 2012 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, 2012

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, 2012:

Gross sales	\$ 17,683,512
Less: prizes paid	(14,275,236)
Operator's commission	(2,109,178)
Deposits to progressive games	<u>(239)</u>
Net keno revenue	<u><u>\$ 1,298,859</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, 2012. 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, 2012

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, 2012, the City has entered into loan agreements with three businesses to provide CDBG funds. Since fiscal year 2010, the City has loaned a total of \$1,032,732 to these businesses, of which \$411,620 was loaned in fiscal year 2012. Under the agreements with these businesses, if the businesses meet certain criteria, some or all of their loans may be forgiven. As any repayments on these loans would be returned to the State, the City charges these loans to expense in the year advanced.

Subsequent to year-end, the City was informed that one of the businesses that had received a loan has ceased to exist. This business initially received \$110,362 of the funds and the Nebraska Department of Economic Development was able to recover \$100,658. No additional funds will be recovered. The agreement with this business was therefore terminated.

Supplementary Information

City of La Vista, Nebraska
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2012

Cluster / Program	Federal Agency / Pass-Through Entity	CFDA Number	Grant of Identifying Number	Amount Expended
Highway Planning and Construction Cluster Highway Planning and Construction	U.S. Department of Transportation - Federal Highway Administration / Nebraska Department of Roads	20.205	ENH-77(50)	\$ 2,713
State Administered CDBG Cluster	U.S. Department of Housing and Urban Development / State of Nebraska	14.228	09-ED-007	101,233
Community Development Block Grant	Department of Economic Development	14.228	10-ED-002	200,025
Community Development Block Grant		14.228	10-ED-015	110,362
				<u>411,620</u>
Hazard Mitigation Grant	U.S. Department of Homeland Security / Nebraska Emergency Management Agency	97.039	DR-1674-NE-0055	72,165
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	U.S. Department of Homeland Security / Nebraska Emergency Management Agency	97.036		7,928
Assistance to Firefighters Grant	U.S. Department of Homeland Security / Nebraska Emergency Management Agency	97.044		72,352
State and Community Highway Safety	U.S. Department of Transportation - National Highway Traffic Safety Administration / Nebraska Department of Roads	20.600 20.600	402-11-8 410-11-2	22,595 17,815
				<u>40,410</u>
Project Safe Neighborhoods	U.S. Department of Justice - Bureau of Justice	16.609		1,128
JAG Cluster				
Edward Byrne Memorial Justice Assistance Grant Program	U.S. Department of Justice - Bureau of Justice/ City of Omaha	16.738		10,769
Edward Byrne Memorial Justice Assistance Grant Program	U.S. Department of Justice - Bureau of Justice	16.738		25,747
				<u>36,516</u>
Public Safety Partnership and Community Policing Grants	U.S. Department of Justice - Office of Community Oriented Policing Services	16.710		66,932
Block Grants for Prevention and Treatment of Substance Abuse	U.S. Department of Health and Human Services - Substance Abuse and Mental Health Administration	93.959		210
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	U.S. Department of Energy / Nebraska Department of Environmental Quality	81.128		39,916
				<u>\$ 751,890</u>

City of La Vista, Nebraska
Schedule of Expenditures of Federal Awards - Continued
Year Ended September 30, 2012

Notes to Schedule

1. This schedule includes the federal awards activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. No federal expenditures were provided to subrecipients.

**Independent Accountants' 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 the financial statements of the governmental activities, the business-type activities and each major fund of the City of La Vista (the "City") as of and for the year ended September 30, 2012, which collectively comprise its basic financial statements and have issued our report thereon dated March 13, 2013, which contained an explanatory paragraph regarding omission of required supplementary information. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

We noted certain matters that we reported to the City's management in a separate letter dated March 13, 2013.

This report is intended solely for the information and use of the governing body, management and others within the City and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

March 13, 2013

Independent Accountants' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

The Mayor and City Council
City of La Vista, Nebraska

Compliance

We have audited the compliance of the City of La Vista with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the compliance of the City of La Vista based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of La Vista complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

Internal Control Over Compliance

The management of the City of La Vista is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the governing body, management, others within the City, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

March 13, 2013

City of La Vista, Nebraska
Schedule of Findings and Questioned Costs
Year Ended September 30, 2012

Summary of Auditor's Results

1. The opinions expressed in the independent accountants' report were:
☒ Unqualified ☐ Qualified ☐ Adverse ☐ Disclaimed

2. The independent accountants' report on internal control over financial reporting described:
Significant deficiency(ies)? ☐ Yes ☒ No
Material weakness(es)? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

4. The independent accountants' report on internal control over compliance with requirements that could have a direct and material effect on major federal awards programs disclosed:
Significant deficiency(ies)? ☐ Yes ☒ No
Material weakness(es)? ☐ Yes ☒ No

5. The opinion expressed in the independent accountants' report on compliance with requirements applicable to major federal awards was:
☒ Unqualified ☐ Qualified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133? ☐ Yes ☒ No

City of La Vista, Nebraska
Schedule of Findings and Questioned Costs
Year Ended September 30, 2012

7. The City's major program was:

Cluster/Program	CFDA Number
State Administered CDBG Cluster Community Development Block Grants	14.228

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000.

9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133?

☐ Yes

☒ No

City of La Vista, Nebraska
Schedule of Findings and Questioned Costs
Year Ended September 30, 2012

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
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No matters are reportable.

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
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No matters are reportable.

City of La Vista, Nebraska
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2012

Reference Number	Summary of Finding	Status
No matters are reportable.		

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

Accountants' Reports and Financial Statements
September 30, 2012 and 2011



**Economic Development Fund
City of La Vista, Nebraska
September 30, 2012 and 2011**

Contents

Independent Accountants' Report on Financial Statements	1
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Financial Statements

Balance Sheets.....	2
Statements of Revenues, Expenditures, and Changes in Fund Balances	3
Notes to Financial Statements	4

Independent Accountants' Report on Financial Statements

The Honorable Major 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 as of and for the years ended September 30, 2012 and 2011. These financial statements are the responsibility of City of La Vista's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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, 2012 and 2011, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Economic Development Fund of the City of La Vista, Nebraska as of September 30, 2012 and 2011, and its changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BKD, LLP

March 13, 2013

Economic Development Fund
City of La Vista, Nebraska
Balance Sheets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and cash equivalents	\$ 883,395	\$ 1,093,984
Note receivable	15,810,692	15,810,692
Accrued interest receivable	<u>296,643</u>	<u>296,643</u>
Total assets	<u><u>\$ 16,990,730</u></u>	<u><u>\$ 17,201,319</u></u>
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balance		
Restricted for economic development	<u>16,990,730</u>	<u>17,201,319</u>
Total liabilities and fund balances	<u><u>\$ 16,990,730</u></u>	<u><u>\$ 17,201,319</u></u>

**Economic Development Fund
City of La Vista, Nebraska**
**Statements of Revenues, Expenditures, and
Changes in Fund Balance**
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Interest Income	<u>\$ 1,187,583</u>	<u>\$ 1,188,405</u>
Expenditures		
Debt service		
Principal retirement	535,000	505,000
Interest	<u>1,463,172</u>	<u>1,494,532</u>
Total expenditures	<u>1,998,172</u>	<u>1,999,532</u>
Deficiency of Revenues Over Expenditures	(810,589)	(811,127)
Transfers	<u>600,000</u>	<u>600,000</u>
Net Change in Fund Balance	(210,589)	(211,127)
Fund Balance, Beginning of Year	<u>17,201,319</u>	<u>17,412,446</u>
Fund Balance, End of Year	<u><u>\$ 16,990,730</u></u>	<u><u>\$ 17,201,319</u></u>

Economic Development Fund City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2012 and 2011

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, 2012 and 2011, 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, 2012 and 2011

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 \$883,395 and \$1,093,984 at September 30, 2012 and 2011, respectively.

Note 2: Note Receivable

The City has a note receivable from a developer for an economic development project. As of September 30, 2012 and 2011, 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, 2012 and 2011.

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	2012 Principal Outstanding	2011 Principal Outstanding
Economic Development Fund Bonds, Series 2007	6.00-7.73%	10/15/2029	\$ 20,695,000	\$ 19,655,000	\$ 20,190,000

Economic Development Fund City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2012 and 2011

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, 2012 is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	570,000	1,429,662	1,999,662
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
2018-2022	4,500,000	5,481,151	9,981,151
2023-2027	6,570,000	3,415,501	9,985,501
2028-2029	<u>5,350,000</u>	<u>641,977</u>	<u>5,991,977</u>
Total	<u>\$ 19,655,000</u>	<u>\$ 16,292,709</u>	<u>\$ 35,947,709</u>

Note 4: City Transfer

The general fund of the City transferred \$600,000 to the Economic Development Fund in 2012 and 2011 to assist in funding debt service payments.