

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

Accountants' Reports and Financial Statements

September 30, 2008



**Economic Development Fund
City of La Vista, Nebraska
September 30, 2008**

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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 year ended September 30, 2008. 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 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 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, 2008, and the changes in its financial position for the year 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 respective financial position of the Economic Development Fund of the City of La Vista, Nebraska as of September 30, 2008, and its changes in financial position 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 9, 2009, on our consideration of the Economic Development Fund of the City of La Vista, Nebraska'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.

March 9, 2009

BKD, LLP

Economic Development Fund City of La Vista, Nebraska

Balance Sheet September 30, 2008

Assets

Cash and cash equivalents	\$ 3,612,784
Note receivable	14,183,047
Accrued interest receivable	<u>252,258</u>
Total assets	<u>\$ 18,048,089</u>

Liabilities

Accounts payable	\$ -
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Fund Balance

Restricted for:	
Special revenue funds	<u>18,048,089</u>
Total liabilities and fund balances	<u>\$ 18,048,089</u>

**Economic Development Fund
City of La Vista, Nebraska
Statement of Revenues, Expenditures and
Changes in Fund Balance
Year Ended September 30, 2008**

Interest Income	<u>\$ 1,168,646</u>
Expenditures	
Current:	
General government	3,023,763
Debt service:	
Interest expense	<u>1,094,520</u>
 Total expenditures	 <u>4,118,283</u>
Deficiency of Revenues Over Expenditures	 (2,949,637)
 Fund Balance - Beginning of Year	 <u>20,997,726</u>
 Fund Balance - End of Year	 <u><u>\$ 18,048,089</u></u>

**Economic Development Fund
City of La Vista, Nebraska
Notes to Financial Statements
Year Ended September 30, 2008**

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, 2008, 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.

Cash and Investments

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. Statutes authorize the City to invest in time deposits at banks selected as depositories of City funds, direct debt securities of the United States Government, and certain government agency bonds.

**Economic Development Fund
City of La Vista, Nebraska
Notes to Financial Statements
Year Ended September 30, 2008**

Note 1: Summary of Significant Accounting Policies - Continued

Cash and Investments - Continued

In addition to the separate savings account and certificates of deposit maintained by the Economic Development Fund, the Fund also participates in the pooled cash accounts maintained by the City. The Economic Development Fund's share of this pool is \$104,781.

The Economic Development Fund's cash deposits, including certificates of deposit, are insured by the Federal Deposit Insurance Corporation (FDIC) and other collateral. At September 30, 2008, the deposits were covered by FDIC insurance or collateral pledged by the bank.

Certificates of deposit are carried at amortized cost.

Note 2: Note Receivable

On April 25, 2007, the City entered into an economic development project with John Q. Hammons Affiliated Parties (the developer). Under the project the City would provide a \$3 million grant to the developer and a loan not to exceed \$18 million or 80% of the construction costs of a hotel and convention center. The developer will repay the entire principal balance of the loan in a single balloon payment no later than July 2017. The developer will make quarterly interest payments, at a rate equal to the average coupon rate of the bonds issued to fund the loan, until the entire principal balance is paid in full. As of September 30, 2008, the balance of the loan with the developer is \$14,183,047. Accrued interest receivable on the loan amounted to \$252,258 as of September 30, 2008.

Note 3: Long-term Debt

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 the Economic Development Fund's long-term debt activity for the year ended September 30, 2008:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
General obligation bonds	<u>\$20,695,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,695,000</u>	<u>\$ -</u>

**Economic Development Fund
City of La Vista, Nebraska
Notes to Financial Statements
Year Ended September 30, 2008**

Note 3: Long-term Debt - Continued

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

Description	Interest Rate	Maturity Date	Ending Balance
July 7, 2007, EDP taxable bonds	6.00-7.73%	10/15/2029	\$ 20,695,000

The annual debt service requirements to maturity for bonded debt as of September 30, 2008 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ -	\$ 1,509,682	\$ 1,509,682
2010	-	1,509,682	1,509,682
2011	505,000	1,494,533	1,999,533
2012	535,000	1,463,172	1,998,172
2013	570,000	1,429,662	1,999,662
2014-2018	3,445,000	6,540,855	9,985,855
2019-2023	4,840,000	5,142,840	9,982,840
2024-2028	7,095,000	2,887,348	9,982,348
2029-2031	3,705,000	292,001	3,997,001
	<u>\$ 20,695,000</u>	<u>\$22,269,775</u>	<u>\$ 42,964,775</u>
Total			

Note 4: Commitments and Contingencies

Included in the Economic Development Fund is \$3,612,784 in cash and cash equivalents of bond proceeds that will be used for future community and business development.

Government Auditing Standards Report

**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***

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

We have audited the financial statements of the Economic Development Fund (Fund) of the City of La Vista as of and for the year ended September 30, 2008, and have issued our report thereon dated March 9, 2009, which contained an explanatory paragraph stating the financial statements present only the Fund and do not purport to, and do not present fairly the financial position of the City of La Vista, Nebraska. 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

In planning and performing our audit, we considered the Fund'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 Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

A control 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Fund's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Fund's financial statements that is more than inconsequential will not be prevented or detected by the Fund's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Fund's internal control.

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

This report is intended solely for the information and use of the governing body, management and others within the Fund and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

March 9, 2009

**Economic Development Fund
City of La Vista, Nebraska
Schedule of Findings and Responses
Year Ended September 30, 2008**

**Reference
Number**

Finding

No matters are reportable.

City of La Vista, Nebraska

Accountants' Report and Financial Statements

September 30, 2008



City of La Vista, Nebraska
September 30, 2008

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Independent Accountants' Report on Financial Statements

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Vista, Nebraska as of and for the year ended September 30, 2008, 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, each major fund, and the aggregate remaining fund information of the City of La Vista as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2009 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.

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

BKD, LLP

March 9, 2009

City of La Vista, Nebraska

Statement of Net Assets

September 30, 2008

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 7,414,659	\$ 364,253	\$ 7,778,912
Cash at county treasurer	102,934	-	102,934
Certificates of deposit	3,619,545	251,970	3,871,515
Investments	9,034,511	274,811	9,309,322
Receivables	17,935,308	123,367	18,058,675
Deferred charges	772,534	8,450	780,984
Capital assets			
Non-depreciable	8,047,475	9,524	8,056,999
Depreciable, net	<u>42,913,697</u>	<u>5,232,182</u>	<u>48,145,879</u>
Total assets	<u>89,840,663</u>	<u>6,264,557</u>	<u>96,105,220</u>
Liabilities			
Accounts payable	647,936	140,892	788,828
Accrued expenses	1,568,423	261,249	1,829,672
Deferred revenue	200,000	-	200,000
Registered warrants			
Due within one year	362,160	-	362,160
Due in more than one year	640,554	-	640,554
Compensated absences			
Payable within one year	16,005	3,841	19,846
Payable in more than one year	469,002	106,962	575,964
Bonds Payable			
Due within one year	2,040,000	95,000	2,135,000
Due in more than one year	<u>62,081,373</u>	<u>570,000</u>	<u>62,651,373</u>
Total liabilities	<u>68,025,453</u>	<u>1,177,944</u>	<u>69,203,397</u>
Net Assets			
Invested in capital assets, net of related debt	6,532,085	4,572,647	11,104,732
Unrestricted	<u>15,283,125</u>	<u>513,966</u>	<u>15,797,091</u>
Total net assets	<u>\$ 21,815,210</u>	<u>\$ 5,086,613</u>	<u>\$ 26,901,823</u>

City of La Vista, Nebraska

Statement of Activities

Year Ended September 30, 2008

	Program Revenues				Net Revenues (Expenses) and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 5,232,684	\$ 672,775	\$ 325,853	\$ -	\$ (4,234,056)	\$ -	\$ (4,234,056)
Public safety	3,886,979	-	-	-	(3,886,979)	-	(3,886,979)
Public works	2,545,172	-	-	4,813,072	2,267,900	-	2,267,900
Culture and recreation	1,900,305	348,965	-	-	(1,551,340)	-	(1,551,340)
Community development	390,295	-	1,517,098	-	1,126,803	-	1,126,803
Interest on long-term debt	3,419,896	-	-	-	(3,419,896)	-	(3,419,896)
Total governmental activities	17,375,331	1,021,740	1,842,951	4,813,072	(9,697,568)	-	(9,697,568)
Business-type Activities							
Sewer	1,684,665	1,269,267	-	-	-	(415,398)	(415,398)
Golf	381,188	247,963	-	-	-	(133,225)	(133,225)
Total business-type activities	2,065,853	1,517,230	-	-	-	(548,623)	(548,623)
Total	\$ 19,441,184	\$ 2,538,970	\$ 1,842,951	\$ 4,813,072	(9,697,568)	(548,623)	(10,246,191)
General Revenues							
Property taxes					4,193,020	-	4,193,020
Sales and use taxes					2,853,429	-	2,853,429
Occupation taxes					868,576	-	868,576
Motor vehicle taxes					315,150	-	315,150
Interest income					1,835,013	41,269	1,876,282
Miscellaneous					150,085	-	150,085
Transfers					(180,000)	180,000	-
Total general revenues and transfers					10,035,273	221,269	10,256,542
Change in Net Assets					337,705	(327,354)	10,351
Net Assets - Beginning of Year					21,477,505	5,413,967	26,891,472
Net Assets - End of Year					\$ 21,815,210	\$ 5,086,613	\$ 26,901,823

City of La Vista, Nebraska

Balance Sheet

Governmental Funds

September 30, 2008

	General Fund	Debt Service Fund	Keno Fund	Capital Improvements Fund	Economic Development Fund	Other Governmental Funds	Total
Assets							
Cash and cash equivalents	\$ 689,988	\$ 1,575,089	\$ 1,035,320	\$ 377,816	\$ 3,612,784	\$ 123,662	\$ 7,414,659
Cash at county treasurer	47,549	55,385	-	-	-	-	102,934
Certificates of deposit	126,024	1,400,126	2,093,395	-	-	-	3,619,545
Investments	3,631,573	4,326,920	1,076,018	-	-	-	9,034,511
Receivables	634,482	2,975,610	109,362	-	14,435,305	-	18,154,759
Total assets	<u>\$ 5,129,616</u>	<u>\$ 10,333,130</u>	<u>\$ 4,314,095</u>	<u>\$ 377,816</u>	<u>\$ 18,048,089</u>	<u>\$ 123,662</u>	<u>\$ 38,326,408</u>
Liabilities							
Accounts payable	\$ 228,269	\$ 250	\$ 107,186	\$ 307,687	\$ -	\$ 4,544	\$ 647,936
Accrued expenses	309,880	-	75,919	-	-	-	385,799
Warrants payable	-	-	-	362,160	-	-	362,160
Deferred revenue	67,612	2,823,913	200,000	-	-	-	3,091,525
Total liabilities	<u>605,761</u>	<u>2,824,163</u>	<u>383,105</u>	<u>669,847</u>	<u>-</u>	<u>4,544</u>	<u>4,487,420</u>
Fund Balances							
Reserved for							
Debt service	-	7,508,967	-	-	-	-	7,508,967
Special revenue funds	-	-	3,930,990	-	18,048,089	-	21,979,079
Capital improvements	-	-	-	(292,031)	-	119,118	(172,913)
Unreserved	4,523,855	-	-	-	-	-	4,523,855
Total fund balances (deficit)	<u>4,523,855</u>	<u>7,508,967</u>	<u>3,930,990</u>	<u>(292,031)</u>	<u>18,048,089</u>	<u>119,118</u>	<u>33,838,988</u>
Total liabilities and fund balances	<u>\$ 5,129,616</u>	<u>\$ 10,333,130</u>	<u>\$ 4,314,095</u>	<u>\$ 377,816</u>	<u>\$ 18,048,089</u>	<u>\$ 123,662</u>	<u>\$ 38,326,408</u>

City of La Vista, Nebraska
Reconciliation of the Balance Sheet
of Governmental Funds to the
Statement of Net Assets
September 30, 2008

Total fund balance - total governmental funds	\$ 33,838,988
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.	50,961,172
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 \$1,182,624, bond issue costs of \$772,534, and warrants payable of \$640,554.	(65,172,017)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(485,007)
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.	(219,451)
Deferred revenues represents funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.	<u>2,891,525</u>
Net assets of governmental activities	<u><u>\$ 21,815,210</u></u>

City of La Vista, Nebraska

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Year Ended September 30, 2008

	General Fund	Debt Service Fund	Keno Fund	Capital Improvements Fund	Economic Development Fund	Other Governmental Funds	Total
Revenues							
Property tax	\$ 3,929,745	\$ 783,094	\$ -	\$ -	\$ -	\$ -	\$ 4,712,839
Sales and use tax	1,901,014	952,415	-	-	-	-	2,853,429
Occupation tax	868,576	-	-	-	-	-	868,576
Motor vehicle tax	313,201	1,949	-	-	-	-	315,150
Licenses and permits	672,775	-	-	-	-	-	672,775
Intergovernmental	1,326,372	-	-	-	-	-	1,326,372
Charges for services	348,965	-	-	-	-	-	348,965
Keno	-	-	1,517,098	-	-	-	1,517,098
Interest income	92,607	399,540	158,444	15,731	1,168,646	45	1,835,013
Special assessments	-	2,226,354	-	-	-	-	2,226,354
Miscellaneous	24,708	123,175	2,202	-	-	-	150,085
Total revenues	9,477,963	4,486,527	1,677,744	15,731	1,168,646	45	16,826,656
Expenditures							
Current							
General government	2,148,019	47,445	-	-	3,023,763	18,686	5,237,913
Streets and street lighting	1,473,225	-	-	-	-	-	1,473,225
Public safety	3,233,709	-	-	-	-	-	3,233,709
Culture and recreation	1,683,858	-	-	-	-	-	1,683,858
Community development	-	-	390,295	-	-	-	390,295
Capital outlay	358,182	-	-	2,080,641	-	25,297	2,464,120
Debt service	-	-	-	-	-	-	-
Principal retirement	-	8,185,000	-	-	-	290,031	8,475,031
Interest	-	1,548,537	-	255,029	1,094,520	346,133	3,242,219
Bond issue costs	-	184,528	-	-	-	-	184,528
Total expenditures	8,896,993	9,965,510	390,295	2,335,670	4,118,283	680,147	26,384,898
Excess (Deficiency) of Revenues Over Expenditures	\$ 580,970	\$ (5,478,983)	\$ 1,287,449	\$ (2,317,939)	\$ (2,949,637)	\$ (680,102)	\$ (9,558,242)
Other Financing Sources (Uses)							
Bond proceeds	-	6,846,384	-	5,880,020	-	-	12,726,404
Transfers	(734,300)	(911,370)	(607,665)	1,323,335	-	750,000	(180,000)
Total other financing sources (uses)	(734,300)	5,935,014	(607,665)	7,203,355	-	750,000	12,546,404
Net Change in Fund Balances	(153,330)	456,031	679,784	4,885,416	(2,949,637)	69,898	2,988,162
Fund Balances (Deficit) - Beginning of Year	4,677,185	7,052,936	3,251,206	(5,177,447)	20,997,726	49,220	30,850,826
Fund Balances (Deficit) - End of Year	\$ 4,523,855	\$ 7,508,967	\$ 3,930,990	\$ (292,031)	\$ 18,048,089	\$ 119,118	\$ 33,838,988

See Notes to the Financial Statements

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, 2008

Net change in fund balances - total governmental funds	\$ 2,988,162
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 capital outlay exceeded depreciation in the current period.	395,153
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.	(12,584,194)
Repayment of bond and warrant principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	8,475,031
In the statement of activities, interest is accrued on outstanding bonds and warrants, whereas in governmental funds, an interest expenditure is reported when due.	(177,679)
Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	76,908
Special assessments receivable are offset by deferred revenue and, therefore, no allowance for doubtful accounts is necessary.	97,942
Deferred revenues represents funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.	1,066,382
Change in net assets of governmental activities	<u>\$ 337,705</u>

City of La Vista, Nebraska
Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual (Budget Basis)
General Fund
Year Ended September 30, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Taxes	\$ 6,370,476	\$ 6,288,444	\$ (82,032)
Licenses and permits	782,500	670,311	(112,189)
Intergovernmental revenues	1,354,767	1,249,752	(105,015)
Charges for services	328,430	352,623	24,193
Grant income	269,647	11,855	(257,792)
Interest income	50,000	114,476	64,476
Miscellaneous	11,500	12,853	1,353
Total revenues	<u>9,167,320</u>	<u>8,700,314</u>	<u>(467,006)</u>
Expenditures			
General government	2,153,998	1,999,366	154,632
Streets and street lighting	1,490,599	1,525,030	(34,431)
Public safety	3,447,207	3,289,822	157,385
Culture and recreation	1,323,427	1,203,360	120,067
Public library	567,782	502,527	65,255
Capital outlay	610,605	358,677	251,928
Total expenditures	<u>9,593,618</u>	<u>8,878,782</u>	<u>714,836</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(426,298)</u>	<u>(178,468)</u>	<u>247,830</u>
Other Financing Sources (Uses)			
Operating transfers	(1,409,620)	15,700	1,425,320
Net assets received from annexation	2,483,972	2,732,671	248,699
Total other financing sources (uses)	<u>1,074,352</u>	<u>2,748,371</u>	<u>- 1,674,019</u>
Net Change in Fund Balances	<u>\$ 648,054</u>	<u>2,569,903</u>	<u>\$ 1,921,849</u>
Fund Balance - Beginning of Year		<u>1,877,682</u>	
Fund Balance - End of Year		<u>\$ 4,447,585</u>	

City of La Vista, Nebraska
Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual (Budget Basis)
Keno Fund
Year Ended September 30, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Keno	\$ 1,100,000	\$ 1,523,571	\$ 423,571
Interest income	100,000	158,444	58,444
Total revenues	<u>1,200,000</u>	<u>1,682,015</u>	<u>482,015</u>
Expenditures			
General government	42,500	79,921	(37,421)
Culture and recreational	200,000	297,912	(97,912)
Total expenditures	<u>242,500</u>	<u>377,833</u>	<u>(135,333)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	957,500	1,304,182	346,682
Other Financing Sources (Uses)			
Operating transfers out	<u>(1,606,361)</u>	<u>(607,665)</u>	<u>998,696</u>
Net Change in Fund Balances	<u>\$ (648,861)</u>	<u>696,517</u>	<u>\$ 1,345,378</u>
Fund Balance - Beginning of Year		<u>3,508,216</u>	
Fund Balance - End of Year		<u>\$ 4,204,733</u>	

City of La Vista, Nebraska
Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual (Budget Basis)
Economic Development Fund
Year Ended September 30, 2008

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Taxes	\$ 675,320	\$ -	\$ (675,320)
Interest Income	-	534,273	534,273
Other Income	246,052	382,115	136,063
	<u>921,372</u>	<u>916,388</u>	<u>(4,984)</u>
Total revenues			
	<u>921,372</u>	<u>916,388</u>	<u>(4,984)</u>
Expenditures			
General government	-	17,213,953	(17,213,953)
Debt service interest	1,094,520	1,094,520	-
Bond issue costs	25,000	-	25,000
	<u>1,119,520</u>	<u>18,308,473</u>	<u>(17,188,953)</u>
Total expenditures			
	<u>1,119,520</u>	<u>18,308,473</u>	<u>(17,188,953)</u>
Deficiency of Revenues Over Expenditures	<u>(198,148)</u>	<u>(17,392,085)</u>	<u>(17,193,937)</u>
Net Change in Fund Balances	<u>\$ (198,148)</u>	<u>(17,392,085)</u>	<u>\$ (17,193,937)</u>
Fund Balance - Beginning of Year		<u>21,004,869</u>	
Fund Balance - End of Year		<u>\$ 3,612,784</u>	

City of La Vista, Nebraska

Balance Sheet Proprietary Funds September 30, 2008

	Golf	Sewer	Total
Assets			
Current Assets			
Cash and equivalents	\$ 27,069	\$ 337,184	\$ 364,253
Certificates of deposit	-	251,970	251,970
Investments	-	274,811	274,811
Accounts receivable	-	123,367	123,367
Total current assets	27,069	987,332	1,014,401
Noncurrent Assets			
Deferred charges	8,450	-	8,450
Land	-	9,524	9,524
Equipment and furniture	290,381	955,962	1,246,343
Utility systems	-	5,539,713	5,539,713
Autos and trucks	94,422	323,610	418,032
Buildings and improvements	1,597,858	54,365	1,652,223
Accumulated depreciation	(1,196,196)	(2,427,933)	(3,624,129)
Capital assets - net of depreciation	786,465	4,455,241	5,241,706
Total noncurrent assets	794,915	4,455,241	5,250,156
Total assets	\$ 821,984	\$ 5,442,573	\$ 6,264,557
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	\$ 6,474	\$ 134,418	\$ 140,892
Accrued expenses	22,158	239,091	261,249
Compensated absences	64	3,777	3,841
Current portion of long-term liabilities	95,000	-	95,000
Total current liabilities	123,696	377,286	500,982
Noncurrent Liabilities			
Compensated absences	4,059	102,903	106,962
Bond payable	570,000	-	570,000
Total noncurrent liabilities	574,059	102,903	676,962
Net Assets			
Invested in capital assets, net of related debt	117,406	4,455,241	4,572,647
Unrestricted	6,823	507,143	513,966
Total net assets	124,229	4,962,384	5,086,613
Total Liabilities and Net Assets	\$ 821,984	\$ 5,442,573	\$ 6,264,557

City of La Vista, Nebraska
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year Ended September 30, 2008

	Golf	Sewer	Total
Operating Revenues			
User fees	\$ 211,831	\$ 892,126	\$ 1,103,957
Permits and hookups	-	352,141	352,141
Grant income	-	25,000	25,000
Merchandise sales	33,661	-	33,661
Other revenue	2,471	-	2,471
	<u>247,963</u>	<u>1,269,267</u>	<u>1,517,230</u>
Operating Expenses			
General administrative	109,223	519,252	628,475
Cost of merchandise sold	20,189	-	20,189
Maintenance	135,637	-	135,637
Production and distribution	-	1,010,795	1,010,795
Depreciation and amortization	79,276	154,618	233,894
	<u>344,325</u>	<u>1,684,665</u>	<u>2,028,990</u>
Operating Loss	<u>(96,362)</u>	<u>(415,398)</u>	<u>(511,760)</u>
Non-Operating Revenues (Expenses)			
Interest income	130	41,139	41,269
Interest on notes payable	(36,863)	-	(36,863)
	<u>(36,733)</u>	<u>41,139</u>	<u>4,406</u>
Loss Before Transfers	<u>(133,095)</u>	<u>(374,259)</u>	<u>(507,354)</u>
Transfers	<u>180,000</u>	<u>-</u>	<u>180,000</u>
Change in Net Assets	<u>46,905</u>	<u>(374,259)</u>	<u>(327,354)</u>
Net Assets -Beginning of Year	<u>77,324</u>	<u>5,336,643</u>	<u>5,413,967</u>
Net Assets - End of Year	<u>\$ 124,229</u>	<u>\$ 4,962,384</u>	<u>\$ 5,086,613</u>

City of La Vista, Nebraska

Statement of Cash Flows

Proprietary Funds

Year Ended September 30, 2008

	Golf	Sewer	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 247,963	\$ 1,228,745	\$ 1,476,708
Payments to suppliers	(111,141)	(814,174)	(925,315)
Payments to employees	(164,047)	(814,213)	(978,260)
Grant income	-	25,000	25,000
Net cash used in operating activities	(27,225)	(374,642)	(401,867)
Cash Flows From Noncapital Financing Activities			
Transfers	180,000	-	180,000
Cash Flows From Capital and Related Financing Activities			
Acquisition of fixed assets	(12,171)	(9,527)	(21,698)
Principal paid on bonds	(90,000)	-	(90,000)
Interest paid on bonds	(36,863)	-	(36,863)
Net cash used in capital and related financing activities	(139,034)	(9,527)	(148,561)
Cash Flows from Investing Activities			
Purchases of investments	-	(1,150,136)	(1,150,136)
Proceeds from sales and maturities of investments	-	1,699,558	1,699,558
Interest income	130	41,139	41,269
Net cash provided by investing activities	130	590,561	590,691
Net Increase in Cash and Cash Equivalents	13,871	206,392	220,263
Cash and Cash Equivalents - Beginning of Year	13,198	130,792	143,990
Cash and Cash Equivalents - End of Year	\$ 27,069	\$ 337,184	\$ 364,253
Operating loss	\$ (96,362)	\$ (415,398)	\$ (511,760)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation and amortization	79,276	154,618	233,894
Increase in receivables	-	(15,522)	(15,522)
Increase in payables and accrued expenses	(10,139)	(98,340)	(108,479)
Net cash used in operating activities	\$ (27,225)	\$ (374,642)	\$ (401,867)

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2008

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, 2008.

The City of La Vista, Nebraska operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highway and streets, sanitary sewer, culture-recreation, 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 separated 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, 2008

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 sales and 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, 2008

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 mathematical 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.

Debt Service Fund is used to account for the accumulation of resources 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; the funds of which are used for community betterment.

Capital Improvements Fund is used to account for resources and expenditures to purchase and construct capital assets. The deficit balance in this Fund, at September 30, 2008, will be resolved in the normal course of business during the next fiscal year.

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2008

Note 1: Summary of Significant Accounting Policies - Continued

Fund Types and Major Funds - Continued

Economic Development Fund is used 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.

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 on 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.

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2008

Note 1: Summary of Significant Accounting Policies - Continued

Unbilled Sewer Revenue

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

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 \$1,000 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.

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2008

Note 1: Summary of Significant Accounting Policies - Continued

Compensated Absences

Vacation leave and other compensated absences with similar characteristics are accrued as the benefits are earned if the leave is attributable to past services and it is probable that the City will compensate the employees for such benefits. Sick leave and other compensated absences with similar characteristics are accrued as the benefits are earned only to the extent that it is probable that the City will compensate the employees for such benefits. Such accruals are based on current salary rates plus an additional amount for compensation-related payments such as social security and medicare taxes and pension amounts using rates in effect at that date.

Vacation and sick leave is accrued in accordance with the City's policy, when incurred in the government-wide and proprietary fund financial statements. In the governmental funds, only compensated absences expected to be liquidated with expendable available financial resources are recorded as a fund liability.

Net Assets Classification

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, and unamortized bond issuance costs 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 the 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."

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2008

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

Note 3: Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state statutes. Statutes authorize the City to invest in time deposits at banks selected as depositories of City funds, direct debt securities of the United States Government, and certain government agency bonds.

Cash and investments are stated at cost, which approximates fair value. The City's cash deposits, including certificates of deposit, are insured by the Federal Deposit Insurance Corporation ("FDIC") and other collateral. At September 30, 2008, \$13,300 of the City's deposits were not covered by FDIC insurance or collateral pledged by the bank.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2008

Note 3: Deposits and Investments - Continued

Investments

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

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

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. None of the underlying securities for the City's investments at September 30, 2008, are subject to custodial credit risk, as they are held in a book entry system in an account designated as a customer account at the Federal Reserve and the custodian's internal records identifies the City as owner.

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 \$9,309,322 at September 30, 2008.

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	\$ 102,934
Deposits	11,650,427
Investments	<u>9,309,322</u>
	<u>\$ 21,062,683</u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2008

Note 3: Deposits and Investments - Continued

Summary of Carrying Values - Continued

Included in the following balance sheet captions as follows:

Cash and cash equivalents	\$ 7,778,912
Cash at country treasurer	102,934
Certificates of deposit	3,871,515
Investments	<u>9,309,322</u>
	<u>\$ 21,062,683</u>

Note 4: Property Taxes

The tax levy for the City is certified by the Sarpy County Board each year. Real estate taxes are due and attach 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, 2008 was \$.4435 per \$100 of assessed valuation and the debt service requirement was \$.0800 per \$100 of assessed valuation. The assessed valuation for the 2007-2008 tax year was \$897,837,113.

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2008

Note 5: 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, 2008, 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	\$ (153,330)	\$ 679,784	\$ (2,949,637)
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	2,723,233	16,733	(14,442,448)
Balance on a budget basis	<u>\$ 2,569,903</u>	<u>\$ 696,517</u>	<u>\$(17,392,085)</u>

Note 6: Receivables

Receivables at September 30, 2008, consist of the following:

Fund	Taxes	Accounts Receivable	Special Assessments	Interest	Note Receivable	Gross Receivables	Allowance for Uncollectibles	Net Receivables
General	\$ 392,121	\$ 242,361	\$ -	\$ -	\$ -	\$ 634,482	\$ -	\$ 634,482
Debt Service	163,998	-	2,586,875	224,737	-	2,975,610	219,451	2,756,159
Keno	-	109,362	-	-	-	109,362	-	109,362
Economic Development	-	-	-	252,258	14,183,047	14,435,305	-	14,435,305
Sewer	-	123,367	-	-	-	123,367	-	123,367
	<u>\$ 556,119</u>	<u>\$ 475,090</u>	<u>\$ 2,586,875</u>	<u>\$ 476,995</u>	<u>\$ 14,183,047</u>	<u>\$ 18,278,126</u>	<u>\$ 219,451</u>	<u>\$ 18,058,675</u>

Note Receivable

On April 25, 2007, the City entered into an economic development project with John Q. Hammons Affiliated Parties (the developer). Under the project the City would provide a \$3 million grant to the developer and a loan not to exceed \$18 million or 80% of the construction costs of a hotel and convention center. The developer will repay the entire principal balance of the loan in a single balloon payment no later than July 2017. The developer will make quarterly interest payments, at a rate equal to the average coupon rate of the bonds issued to fund the loan, until the entire principal balance is paid in full. As of September 30, 2008, the balance of the loan with the developer is \$14,183,047, as reflected above as a note receivable.

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2008

Note 7: Capital Assets and Depreciation

Capital asset activity for the year ended September 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Land, not being depreciated	\$ 7,899,443	\$ 148,032	\$ -	\$ 8,047,475
Capital assets, being depreciated				
Buildings	18,639,452	25,386	-	18,664,838
Improvements/infrastructure	37,008,698	562,212	-	37,570,910
Equipment/furniture/vehicles	4,378,569	1,740,241	-	6,118,810
Total capital assets, being depreciated	60,026,719	2,327,839	-	62,354,558
Accumulated Depreciation				
Buildings	(4,661,195)	(718,009)	-	(5,379,204)
Improvements/infrastructure	(9,791,861)	(951,594)	-	(10,743,455)
Equipment/furniture/vehicles	(2,907,087)	(411,115)	-	(3,318,202)
Total accumulated depreciation	(17,360,143)	(2,080,718)	-	(19,440,861)
Capital assets being depreciated, net	42,666,576	247,121	-	42,913,697
Governmental activities capital assets, net	\$ 50,566,019	\$ 395,153	\$ -	\$ 50,961,172
Business-type Activities				
Land, not being depreciated	\$ 9,524	\$ -	\$ -	\$ 9,524
Capital assets, being depreciated				
Golf course	1,597,858	-	-	1,597,858
Building and improvements	54,365	-	-	54,365
Sewer line system	5,539,712	-	-	5,539,712
Equipment and furniture	1,643,849	24,171	(3,644)	1,664,376
Total capital assets, being depreciated	8,835,784	24,171	(3,644)	8,856,311
Accumulated depreciation				
Golf course	(814,101)	(59,652)	-	(873,753)
Building and improvements	(53,497)	(537)	-	(54,034)
Sewer line system	(1,331,083)	(105,083)	-	(1,436,166)
Equipment and furniture	(1,194,285)	(67,062)	1,171	(1,260,176)
Total accumulated depreciation	(3,392,966)	(232,334)	1,171	(3,624,129)
Capital assets being depreciated, net	5,442,818	(208,163)	(2,473)	5,232,182
Business-type activities capital assets, net	\$ 5,452,342	\$ (208,163)	\$ (2,473)	\$ 5,241,706

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2008

Note 7: Capital Assets and Depreciation - Continued

Depreciation was charged to functions/programs as follows:

Governmental Activities

General services	\$ 154,291
Public safety	643,063
Culture and recreation	214,578
Public works	<u>1,068,786</u>
Total governmental activities depreciation expense	<u>\$ 2,080,718</u>

Business-type Activities

Golf	\$ 77,716
Sewer	<u>154,618</u>
Total business-type activities depreciation expense	<u>\$ 232,334</u>

Note 8: Long-Term Liabilities

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

The following is a summary of long-term debt activity of the City for the year ended September 30, 2008:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Long-term debt					
General obligation bonds	\$ 59,870,000	\$ 12,675,000	\$ 8,475,000	\$ 64,070,000	\$ 2,040,000
Registered warrants	6,945,215	688,321	6,630,802	1,002,734	362,160
Premium on bonds issued	-	51,384	-	51,384	-
Other long-term liabilities					
Compensated absences	<u>561,915</u>	<u>-</u>	<u>76,908</u>	<u>485,007</u>	<u>16,005</u>
Governmental activities long-term liabilities	<u>\$ 67,377,130</u>	<u>\$ 13,414,705</u>	<u>\$ 15,182,710</u>	<u>\$ 65,609,125</u>	<u>\$ 2,418,165</u>

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2008

Note 8: Long-Term Liabilities - Continued

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
Bonds payable					
Revenue bonds	\$ 755,000	\$ -	\$ 90,000	\$ 665,000	\$ 95,000
Other long-term liabilities					
Compensated absences	113,022	-	2,219	110,803	3,841
Business-type activities long-term liabilities	<u>\$ 868,022</u>	<u>\$ -</u>	<u>\$ 92,219</u>	<u>\$ 775,803</u>	<u>\$ 98,841</u>

Long-term bonded debt is comprised of the following individual issues:

	Interest Rate	Maturity Date	Ending Balance
General Obligation Bonds			
January 15, 2001 various purpose bonds	4.95-5.55%	1/15/2016	\$ 165,000
June 15, 2002 street improvement bonds	4.10-5.45%	6/15/2022	75,000
March 26, 2002 police facility building bonds	3.75-5.00%	3/15/2022	3,185,000
June 15, 2003 library refunding bonds	2.45-3.80%	12/15/2012	980,000
May 15, 2003 refunding bonds	2.45-4.50%	11/15/2019	2,435,000
July 15, 2003 street improvement bonds	2.60-4.45%	7/15/2023	3,300,000
October 15, 2004, SID bonds	2.75-5.20%	4/15/2024	1,705,000
December 15, 2005, fire facility bonds	3.65-4.90%	12/15/2026	5,525,000
December 15, 2005, refunding bonds for warrants	3.55-4.80%	12/15/2026	3,870,000
March 15, 2006, off-street parking bonds	4.375-4.70%	4/15/2025	7,370,000
October 15, 2001, Val Verde GO bonds	4.60-5.50%	10/15/2021	65,000
October 01, 2002, Southwind GO bonds	4.45-5.75%	4/1/2022	135,000
March 15, 2004, Southwind GO bonds	3.00-5.10%	9/15/2024	1,890,000
July 7, 2007, EDP taxable bonds	6.00-7.73%	10/15/2029	20,695,000
December 21, 2007, public safety	3.40-4.30%	11/15/2022	1,370,000
July 15, 2008, refunding bonds	3.65-4.125%	10/15/2021	6,795,000
September 19, 2008, Southport GO bonds	3.125-5.00%	11/15/2028	3,520,000
September 19, 2009, highway allocation bonds	3.50-5.00%	11/15/2028	990,000
Total general obligation bonds			<u>\$ 64,070,000</u>
Revenue Bonds			
December 15, 1993 golf course revenue bond	5.40-5.45%	12/15/2013	<u>\$ 665,000</u>

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2008

Note 8: Long-Term Liabilities - Continued

The annual debt service requirements to maturity for bonded debt as of September 30, 2008 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental Activities			
2009	\$ 2,040,000	\$ 3,357,649	\$ 5,397,649
2010	2,290,000	3,267,387	5,557,387
2011	2,895,000	3,165,405	6,060,405
2012	3,020,000	3,041,061	6,061,061
2013	3,150,000	2,907,833	6,057,833
2014-2018	15,990,000	12,395,850	28,385,850
2019-2023	17,895,000	8,176,644	26,071,644
2024-2028	12,745,000	3,530,698	16,275,698
2029-2031	4,045,000	300,500	4,345,500
Total	<u>\$ 64,070,000</u>	<u>\$ 40,143,027</u>	<u>\$104,213,027</u>
Business-type Activities			
2009	\$ 95,000	\$ 33,370	\$ 128,370
2010	100,000	28,177	128,177
2011	110,000	22,533	132,533
2012	115,000	16,458	131,458
2013	120,000	10,082	130,082
2014-2017	125,000	3,406	128,406
Total	<u>\$ 665,000</u>	<u>\$ 114,026</u>	<u>\$ 779,026</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, 2008, 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 Refundings

During 2008, the City issued Various Purpose Bonds to accomplish a current refunding of general obligation bonds. The refundings resulted in a cash flow differential of approximately \$897,000, and an economic gain of \$589,000.

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2008

Note 9: Interfund Balances and Activity

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

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

Transfer To/From Other Funds at September 30, 2008, consists of the following:

Transfer To	Transfer From			
	General Fund	Debt Service Fund	Keno Fund	Capital Improvements Fund
General	\$ 85,700	\$ -	\$ 73,900	\$ 11,800
Debt Service	1,210,795	-	-	967,557
Keno	771,692	-	591,692	180,000
Capital Improvements Fund	1,566,573	70,000	1,456,573	40,000
Economic Development	-	-	-	-
Other Governmental Funds	750,000	750,000	-	-
Golf	-	-	-	-
	<u>\$ 4,384,760</u>	<u>\$ 820,000</u>	<u>\$ 2,122,165</u>	<u>\$ 1,199,357</u>
				<u>\$ 243,238</u>

Note 10: Retirement Plans

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 members' contributions to the plan for the year ended September 30, 2008 were \$6,730 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 members' contributions to the plan for the year ended September 30, 2008 were \$165,382 each.

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2008

Note 10: Retirement Plans - Continued

Police Retirement Plan

The City has a defined contribution pension plan for its full time employees in the Police Department. The plan was converted effective January 1, 1984, from a defined benefit plan to a defined contribution plan. The plan requires that both the employee and the City contribute an amount equal to 6% of the employee's base salary per pay period. Additional contributions may be made by the City as required to fund the benefits payable under the plan. However, the benefit for participants employed prior to January 1, 1984 and any uniformed officer disabled or killed in the line of duty shall not be less than 50% of the participant's regular pay, as defined. The City's and plan members' contributions to the plan for the year ended September 30, 2008 were \$113,126 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 City contribute an amount equal to 13% of employee's base salary per pay period. The payment shall be credited to his or her employer account on a monthly basis and each account shall also be credited with regular interest. Additional contributions may be made by the City as required to fund the benefits payable under the plan. The City's contributions to the plan for the year ended September 30, 2008 were \$10,652 and the plan members' contributions, including voluntary contributions, to the plan for the year ended September 30, 2008 were \$5,326.

Deferred Compensation Plan

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

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

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2008

Note 11: Keno Fund Operations

The following data summarizes the Keno (Special Revenue) Fund's activity for the year ended September 30, 2008:

Gross sales	\$ 15,140,773
Less: prizes paid	(12,109,336)
Operator's commission	(1,514,077)
Deposits to progressive games	<u>(262)</u>
Net keno revenue	<u>\$ 1,517,098</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, 2008. 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

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.

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.

The City also participates in a number of federal and state assistance programs. The programs 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; however, City officials do not believe such amounts would be significant.

Included in the Capital Improvements Fund and the Offstreet Parking Fund is cash of \$377,816 and \$123,662, respectively, of bond proceeds that will be used for future purchases of capital assets. The Economic Development Fund includes \$3,612,784 in cash of bond proceeds that will be used for future community and business development.

Government Auditing Standards Report

**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***

Honorable Mayor and Members of the City Council
City of La Vista, Nebraska
La Vista, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Vista as of and for the year ended September 30, 2008, which collectively comprise its basic financial statements and have issued our report thereon dated March 9, 2009. 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

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 opinions 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 control 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 9, 2009.

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

BRI, LLP

March 9, 2009

City of La Vista, Nebraska
Schedule of Findings and Responses
Year Ended September 30, 2008

**Reference
Number**

Finding

No matters are reportable.