

**CITY OF LA VISTA  
MAYOR AND CITY COUNCIL REPORT  
MARCH 17, 2015 AGENDA**

<b>Subject:</b>	<b>Type:</b>	<b>Submitted By:</b>
FY 2013/2014 AUDIT REPORT — BKD, LLP	◆ RESOLUTION ORDINANCE RECEIVE/FILE	KEVIN POKORNY DIRECTOR OF ADMINISTRATIVE SERVICES

**SYNOPSIS**

A resolution has been prepared to accept the audit for the twelve months ending September 30, 2014. The Council will also be accepting the audit for the Economic Development Fund – LB840.

**FISCAL IMPACT**

N/A.

**RECOMMENDATION**

Approval.

**BACKGROUND**

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

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

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA APPROVING THE FISCAL YEAR 2013-2014 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 2013-2014 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 2013-2014 municipal audit is hereby accepted and approved.

PASSED AND APPROVED THIS 17TH DAY OF MARCH 2015.

CITY OF LA VISTA

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

ATTEST:

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

# **City of La Vista, Nebraska**

Auditor's Reports and Financial Statements

September 30, 2014



**City of La Vista, Nebraska**  
**September 30, 2014**

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## Independent Auditor's Report

The Mayor and City Council  
City of La Vista, Nebraska

### Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities and each major fund of the City of La Vista, as of and for the year ended September 30, 2014 and the related notes to the basic financial statements, which collectively comprise the City of La Vista's basic financial statements listed in the table of contents.

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of La Vista as of September 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2015, on our consideration of the City of La Vista's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of La Vista's internal control over financial reporting and compliance.

*BKD, LLP*

Omaha, Nebraska  
March 10, 2015

**City of La Vista, Nebraska**  
**Statement of Net Position**  
**September 30, 2014**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 6,187,334	\$ 415,416	\$ 6,602,750
Cash at County Treasurer	68,533	-	68,533
Certificates of deposit	4,357,383	1,001,229	5,358,612
Investments	2,860,212	-	2,860,212
Receivables	19,144,307	293,040	19,437,347
Prepaid expenses	84,840	9,130	93,970
Capital assets			
Nondepreciable	13,364,976	9,524	13,374,500
Depreciable, net	41,264,021	5,837,186	47,101,207
Total assets	87,331,606	7,565,525	94,897,131
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	692,066	-	692,066
<b>Liabilities</b>			
Accounts payable	487,118	469,531	956,649
Accrued expenses	1,347,374	133,506	1,480,880
Sales tax refunds payable	99,060	-	99,060
Compensated absences			
Payable within one year	37,721	3,088	40,809
Payable in more than one year	1,112,799	95,631	1,208,430
Notes payable			
Due within one year	17,892	33,346	51,238
Due in more than one year	-	14,316	14,316
Bonds payable			
Due within one year	3,745,000	-	3,745,000
Due in more than one year	48,067,002	-	48,067,002
Total liabilities	54,913,966	749,418	55,663,384
<b>Net Position</b>			
Net investment in capital assets	21,279,103	5,788,436	27,067,539
Restricted for community betterment	1,216,946	-	1,216,946
Unrestricted	10,613,657	1,027,671	11,641,328
Total net position	\$ 33,109,706	\$ 6,816,107	\$ 39,925,813



**City of La Vista, Nebraska**  
**Statement of Activities**  
**Year Ended September 30, 2014**

	Program Revenues			Net Revenues (Expenses) and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
Governmental activities							
General government	\$ 2,830,676	\$ 511,857	\$ 427,366	\$ -	\$ (1,891,453)	\$ -	\$ (1,891,453)
Public safety	5,671,727	-	99,866	-	(5,571,861)	-	(5,571,861)
Public works	3,686,477	-	1,499,590	343,354	(1,843,533)	-	(1,843,533)
Culture and recreation	2,643,595	455,299	-	-	(2,188,296)	-	(2,188,296)
Community betterment	476,137	1,314,587	-	-	838,450	-	838,450
Community development	570,548	-	-	-	(570,548)	-	(570,548)
Interest on long-term debt	2,360,424	-	-	-	(2,360,424)	-	(2,360,424)
<b>Total governmental activities</b>	<b>18,239,584</b>	<b>2,281,743</b>	<b>2,026,822</b>	<b>343,354</b>	<b>(13,587,665)</b>	<b>-</b>	<b>(13,587,665)</b>
Business-type activities							
Sewer	3,034,561	2,651,549	24,233	-	-	(358,779)	(358,779)
Golf	392,987	229,615	-	-	-	(163,372)	(163,372)
<b>Total business-type activities</b>	<b>3,427,548</b>	<b>2,881,164</b>	<b>24,233</b>	<b>-</b>	<b>-</b>	<b>(522,151)</b>	<b>(522,151)</b>
<b>Total Primary Government</b>	<b>\$ 21,667,132</b>	<b>\$ 5,162,907</b>	<b>\$ 2,051,055</b>	<b>\$ 343,354</b>	<b>(13,587,665)</b>	<b>(522,151)</b>	<b>(14,109,816)</b>
<b>General Revenues</b>							
Property taxes					6,754,924	-	6,754,924
Sales and use taxes					5,523,544	-	5,523,544
Occupation taxes					1,813,090	-	1,813,090
Motor vehicle taxes					385,836	-	385,836
Interest income					1,230,685	4,923	1,235,608
Miscellaneous					263,945	-	263,945
Sales tax refunds					(99,060)	-	(99,060)
Transfers					(374,050)	374,050	-
Total general revenues and transfers					15,498,914	378,973	15,877,887
<b>Change in Net Position</b>					1,911,249	(143,178)	1,768,071
<b>Net Position, Beginning of Year, Before Restatement</b>					31,809,833	6,963,672	38,773,505
<b>Adjustment for Implementation of GASB 65</b>					(611,376)	(4,387)	(615,763)
<b>Net Position, Beginning of Year, After Restatement</b>					31,198,457	6,959,285	38,157,742
<b>Net Position, End of Year</b>					<b>\$ 33,109,706</b>	<b>\$ 6,816,107</b>	<b>\$ 39,925,813</b>

# City of La Vista, Nebraska

## Balance Sheet – Governmental Funds September 30, 2014

	General Fund	Debt Service Fund	Keno Fund	Capital Improvements Fund	Economic Development Fund	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 2,017,445	\$ 2,772,385	\$ 61,140	\$ 887,981	\$ 448,383	\$ 6,187,334
Cash at County Treasurer	64,307	4,226	-	-	-	68,533
Certificates of deposit	3,004,300	501,154	851,929	-	-	4,357,383
Investments	2,008,637	35,256	816,319	-	-	2,860,212
Due from other funds	436,856	-	-	-	-	436,856
Receivables	1,332,048	2,044,062	111,383	-	16,107,335	19,594,828
Prepaid expenses	84,840	-	-	-	-	84,840
	<u>\$ 8,948,433</u>	<u>\$ 5,357,083</u>	<u>\$ 1,840,771</u>	<u>\$ 887,981</u>	<u>\$ 16,555,718</u>	<u>\$ 33,589,986</u>
<b>Liabilities</b>						
Accounts payable	\$ 197,580	\$ 1,088	\$ 101,642	\$ 185,878	\$ 930	\$ 487,118
Accrued expenses	339,256	-	85,327	-	-	424,583
Due to other funds	-	-	436,856	-	-	436,856
	<u>536,836</u>	<u>1,088</u>	<u>623,825</u>	<u>185,878</u>	<u>930</u>	<u>1,348,557</u>
Total liabilities						
	<u>536,836</u>	<u>1,088</u>	<u>623,825</u>	<u>185,878</u>	<u>930</u>	<u>1,348,557</u>
<b>Deferred Inflows of Resources</b>	<u>217,282</u>	<u>1,743,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,960,480</u>
<b>Fund Balances</b>						
Non-spendable	84,840	-	-	-	-	84,840
Restricted for:						
Debt service	-	3,612,797	-	-	-	3,612,797
Community betterment	-	-	1,216,946	-	-	1,216,946
Economic development	-	-	-	-	16,554,788	16,554,788
Committed for capital improvements	-	-	-	702,103	-	702,103
Unassigned	8,109,475	-	-	-	-	8,109,475
	<u>8,194,315</u>	<u>3,612,797</u>	<u>1,216,946</u>	<u>702,103</u>	<u>16,554,788</u>	<u>30,280,949</u>
Total fund balances						
	<u>8,194,315</u>	<u>3,612,797</u>	<u>1,216,946</u>	<u>702,103</u>	<u>16,554,788</u>	<u>30,280,949</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 8,948,433</u>	<u>\$ 5,357,083</u>	<u>\$ 1,840,771</u>	<u>\$ 887,981</u>	<u>\$ 16,555,718</u>	<u>\$ 33,589,986</u>

**City of La Vista, Nebraska**  
**Reconciliation of the Balance Sheet**  
**of Governmental Funds to the**  
**Statement of Net Position**  
**September 30, 2014**

<b>Total Fund Balances - Total Governmental Funds</b>	<b>\$ 30,280,949</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the funds.	54,628,997
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 \$922,791, bond premiums of \$32,002 and deferred charges on refunding of \$692,066.	(52,060,619)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(1,150,520)
Sales tax refunds payable are not due and payable in the current period and, therefore, are not reported in the funds.	(99,060)
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.	(450,521)
Deferred inflows represents funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.	<u>1,960,480</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 33,109,706</u></u></b>

**City of La Vista, Nebraska**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances –**  
**Governmental Funds**  
**Year Ended September 30, 2014**

	General Fund	Debt Service Fund	Keno Fund	Capital Improvements Fund	Economic Development Fund	Total
<b>Revenues</b>						
Property tax	\$ 5,949,894	\$ 771,734	\$ -	\$ -	\$ -	\$ 6,721,628
Sales and use tax	3,682,363	1,841,181	-	-	-	5,523,544
Occupation tax	1,813,090	-	-	-	-	1,813,090
Motor vehicle tax	383,775	2,061	-	-	-	385,836
Licenses and permits	511,857	-	-	-	-	511,857
Intergovernmental	2,040,050	-	-	181,039	-	2,221,089
Charges for services	455,299	-	-	-	-	455,299
Keno	-	-	1,314,587	-	-	1,314,587
Interest income	21,404	15,215	7,320	-	1,186,746	1,230,685
Special assessments	-	18,514	-	-	-	18,514
Miscellaneous	129,505	91,751	26,036	-	-	247,292
	<u>14,987,237</u>	<u>2,740,456</u>	<u>1,347,943</u>	<u>181,039</u>	<u>1,186,746</u>	<u>20,443,421</u>
<b>Expenditures</b>						
Current						
General government	2,072,012	65,734	26,597	-	-	2,164,343
Public works	2,055,777	-	-	-	-	2,055,777
Public safety	5,003,284	-	-	-	-	5,003,284
Culture and recreation	2,328,643	-	-	-	-	2,328,643
Community betterment	-	-	476,137	-	-	476,137
Community development	561,834	-	-	-	8,714	570,548
State sales tax refunds	1,614,302	812,391	-	-	-	2,426,693
Capital outlay	332,898	-	669,477	730,565	-	1,732,940
Debt service						
Principal retirement	92,697	3,210,000	-	-	605,000	3,907,697
Interest	1,855	1,010,619	-	-	1,393,396	2,405,870
	<u>14,063,302</u>	<u>5,098,744</u>	<u>1,172,211</u>	<u>730,565</u>	<u>2,007,110</u>	<u>23,071,932</u>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over Expenditures</b>	<u>923,935</u>	<u>(2,358,288)</u>	<u>175,732</u>	<u>(549,526)</u>	<u>(820,364)</u>	<u>(2,628,511)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers	<u>(999,050)</u>	<u>350,930</u>	<u>(1,040,959)</u>	<u>715,029</u>	<u>600,000</u>	<u>(374,050)</u>
<b>Net Change in Fund Balances</b>	(75,115)	(2,007,358)	(865,227)	165,503	(220,364)	(3,002,561)
<b>Fund Balances, Beginning of Year</b>	<u>8,269,430</u>	<u>5,620,155</u>	<u>2,082,173</u>	<u>536,600</u>	<u>16,775,152</u>	<u>33,283,510</u>
<b>Fund Balances, End of Year</b>	<u>\$ 8,194,315</u>	<u>\$ 3,612,797</u>	<u>\$ 1,216,946</u>	<u>\$ 702,103</u>	<u>\$ 16,554,788</u>	<u>\$ 30,280,949</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 Position of Governmental Activities**  
**Year Ended September 30, 2014**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (3,002,561)</b>
 Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(971,646)
Governmental funds report the effect of premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(56,196)
Repayment of bond, note and warrant principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	3,907,697
In the statement of activities, interest is accrued on outstanding bonds and warrants, whereas in governmental funds, an interest expenditure is reported when due.	45,446
Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(155,964)
Sales tax refunds do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds until the refunds are paid. This is the amount by which payments made in the governmental funds exceeded refunds accrued in the statement of activities.	2,327,633
Special assessments receivable are offset by deferred revenue and, therefore, no allowance for doubtful accounts is necessary.	(360,258)
Deferred inflows represent funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.	<u>177,098</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 1,911,249</u></u></b>

# City of La Vista, Nebraska

## Balance Sheet – Proprietary Funds September 30, 2014

	<u>Golf</u>	<u>Sewer</u>	<u>Total</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 226,512	\$ 188,904	\$ 415,416
Certificates of deposit	-	1,001,229	1,001,229
Accounts receivable	-	293,040	293,040
Prepaid expenses	1,478	7,652	9,130
Total current assets	<u>227,990</u>	<u>1,490,825</u>	<u>1,718,815</u>
<b>Non-Current Assets</b>			
Land	-	9,524	9,524
Equipment and furniture	190,017	1,138,120	1,328,137
Utility systems	-	7,674,911	7,674,911
Autos and trucks	108,643	378,062	486,705
Buildings and improvements	1,623,903	9,365	1,633,268
Accumulated depreciation	<u>(1,454,812)</u>	<u>(3,831,023)</u>	<u>(5,285,835)</u>
Capital assets - net of depreciation	<u>467,751</u>	<u>5,378,959</u>	<u>5,846,710</u>
Total assets	<u>\$ 695,741</u>	<u>\$ 6,869,784</u>	<u>\$ 7,565,525</u>
<b>Liabilities and Net Position</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 12,149	\$ 457,382	\$ 469,531
Accrued expenses	9,786	123,720	133,506
Compensated absences - current portion	215	2,873	3,088
Notes payable - current portion	-	33,346	33,346
Total current liabilities	<u>22,150</u>	<u>617,321</u>	<u>639,471</u>
<b>Non-Current Liabilities</b>			
Compensated absences	10,512	85,119	95,631
Notes payable	-	14,316	14,316
Total non-current liabilities	<u>10,512</u>	<u>99,435</u>	<u>109,947</u>
<b>Net Position</b>			
Net investment in capital assets	457,139	5,331,297	5,788,436
Unrestricted	<u>205,940</u>	<u>821,731</u>	<u>1,027,671</u>
Total net position	<u>663,079</u>	<u>6,153,028</u>	<u>6,816,107</u>
Total liabilities and net position	<u>\$ 695,741</u>	<u>\$ 6,869,784</u>	<u>\$ 7,565,525</u>

**City of La Vista, Nebraska**  
**Statement of Revenues, Expenses, and Changes in Net Position –**  
**Proprietary Funds**  
**Year Ended September 30, 2014**

	<b>Golf</b>	<b>Sewer</b>	<b>Total</b>
<b>Operating Revenues</b>			
User fees	\$ 191,406	\$ 2,536,020	\$ 2,727,426
Permits and hookups	-	115,529	115,529
Grant income	-	24,233	24,233
Merchandise sales	35,483	-	35,483
Other revenue	2,726	-	2,726
	<u>229,615</u>	<u>2,675,782</u>	<u>2,905,397</u>
<b>Operating Expenses</b>			
General administrative	100,689	568,855	669,544
Cost of merchandise sold	27,487	-	27,487
Maintenance	186,835	2,235,026	2,421,861
Depreciation and amortization	76,530	228,707	305,237
	<u>391,541</u>	<u>3,032,588</u>	<u>3,424,129</u>
<b>Operating Loss</b>	<u>(161,926)</u>	<u>(356,806)</u>	<u>(518,732)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest income	94	4,829	4,923
Interest on bonds and notes payable	(1,446)	(1,973)	(3,419)
	<u>(1,352)</u>	<u>2,856</u>	<u>1,504</u>
<b>Loss Before Transfers</b>	(163,278)	(353,950)	(517,228)
<b>Operating Transfers</b>	<u>374,050</u>	<u>-</u>	<u>374,050</u>
<b>Change in Net Position</b>	210,772	(353,950)	(143,178)
<b>Net Position, Beginning of Year, Before Restatement</b>	456,694	6,506,978	6,963,672
<b>Adjustment for Implementation of GASB 65</b>	<u>(4,387)</u>	<u>-</u>	<u>(4,387)</u>
<b>Net Assets, Beginning of Year, After Restatement</b>	<u>452,307</u>	<u>6,506,978</u>	<u>6,959,285</u>
<b>Net Position, End of Year</b>	<u>\$ 663,079</u>	<u>\$ 6,153,028</u>	<u>\$ 6,816,107</u>

**City of La Vista, Nebraska**  
**Statement of Cash Flows –**  
**Proprietary Funds**  
**Year Ended September 30, 2014**

	<b>Golf</b>	<b>Sewer</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 229,615	\$ 2,596,494	\$ 2,826,109
Payments to suppliers	(134,855)	(2,075,276)	(2,210,131)
Payments to employees	(194,510)	(780,668)	(975,178)
Grant income	-	24,233	24,233
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash used in operating activities	(99,750)	(235,217)	(334,967)
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers	374,050	-	374,050
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of capital assets	-	(25,208)	(25,208)
Principal paid on bonds	(125,000)	-	(125,000)
Principal paid on notes	(3,081)	(32,435)	(35,516)
Interest paid on bonds and notes	(3,433)	(1,973)	(5,406)
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash used in capital and related financing activities	(131,514)	(59,616)	(191,130)
<b>Cash Flows from Investing Activities</b>			
Purchase of investments	-	1,000,000	1,000,000
Proceeds from sales and maturities of investments	-	(1,000,000)	(1,000,000)
Interest income	94	4,186	4,280
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided by investing activities	94	4,186	4,280
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	142,880	(290,647)	(147,767)
<b>Cash and Cash Equivalents, Beginning of Year</b>	83,632	479,551	563,183
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 226,512</u>	<u>\$ 188,904</u>	<u>\$ 415,416</u>
Operating loss	\$ (161,926)	\$ (356,806)	\$ (518,732)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation and amortization	76,530	228,707	305,237
Increase in receivables	-	(18,575)	(18,575)
Increase in prepaid expenses	(1,478)	(7,652)	(9,130)
Decrease in payables and accrued expenses	(12,876)	(80,891)	(93,767)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net Cash Used in Operating Activities</b>	<u>\$ (99,750)</u>	<u>\$ (235,217)</u>	<u>\$ (334,967)</u>



**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

**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, 2014.

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

***Financial Reporting Entity***

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

The City has determined the La Vista Municipal Facilities Corporation is a blended component unit. A blended component unit, although a legally separate entity, is a direct part of the government’s operations.

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

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

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

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

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

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

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

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

***Basis of Presentation***

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. 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, 2014**

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

***Basis of Presentation - Continued***

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

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

***Fund Types and Major Funds***

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

The City reports the following major governmental funds:

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

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

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

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

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

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

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

The City reports the following major proprietary funds:

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

Golf Fund accounts for the activities of the government's golf course.

***Cash and Investments***

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

Nonnegotiable certificates of deposit are carried at amortized cost, which approximates fair value. All other investments are carried at fair value. Fair value is determined using quoted market prices.

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

***Special Assessments***

Special assessments are recorded as revenue in the year the assessments become current. 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, 2014**

**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

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

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

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

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

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

***Long-Term Obligations***

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

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

***Compensated Absences***

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

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

***Sales Tax Refunds Payable***

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

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

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

***Net Position***

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

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

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

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

***Fund Balance Classification***

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

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

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

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

*Assigned* - Assigned fund balances are intended to be used by the City for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. At September 30, 2014, 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.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

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

***Fund Balance Classification - Continued***

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

***Use of Estimates***

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

***Implementation of New Accounting Principle***

In 2014, the City implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This standard established accounting and financial reporting standards that reclassify certain items previously reported as assets and liabilities to deferred outflows of resources and deferred inflows of resources and recognizes as expenses and revenues certain items that were previously reported as assets and liabilities. In addition, this statement changes the method of accounting for debt issuance costs. Prior to implementation of GASB Statement No. 65, the City reported debt issuance costs as deferred charges, which were capitalized and amortized over the life of the related debt. Under GASB Statement No. 65, debt issuance costs are to be expensed in the period incurred. Implementation of GASB Statement No. 65 resulted in the reduction of previously reported net position by \$611,376 and \$4,387 in the governmental activities and business-type activities, respectively, for the retrospective removal of these debt issuance costs. Additionally, deferred charges on refundings of \$692,066 were reclassified from liabilities to deferred outflows of resources in the statement of net position. Unavailable revenues of \$1,960,480 from property taxes, special assessments, and deferred revenues were reclassified from liabilities to deferred inflows of resources on the governmental funds balance sheet.



**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

**Note 2: Budget and Budgetary Accounting**

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

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

**Note 3: Deposits and Investments**

***Deposits***

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

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

At September 30, 2014, all of the City's deposits in excess of FDIC are covered by collateral held in a Federal Reserve pledge account or by an agent of the City.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

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

***Investments***

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

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

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

*Credit Risk* – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City’s only investments are units of participation in the short-term investment pool of the Nebraska Public Agency Investment Trust (“NPAIT”). NPAIT is a special purpose government established under Nebraska statute. The investment pool or trust is not registered and is not rated for credit risk. The City limits its interest rate risk by investing only in the short-term pool, which consists primarily of government agency or government securitized investments with maturities of less than one year. The amount invested in the NPAIT pool was \$2,860,212 at September 30, 2014.

*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 position as follows:

Carrying Values	
Cash at County Treasurer	\$ 68,533
Deposits	11,961,362
Investments	<u>2,860,212</u>
	<u>\$ 14,890,107</u>

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

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

***Summary of Carrying Values - Continued***

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

Cash and cash equivalents	\$ 6,602,750
Cash at Country Treasurer	68,533
Certificates of deposit	5,358,612
Investments	<u>2,860,212</u>
	<u>\$ 14,890,107</u>

**Note 4: Property Taxes**

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

The tax rate to finance governmental services other than the payment of principal and interest on long-term debt for the year ended September 30, 2014, was \$0.4900 per \$100 of assessed valuation and the debt service requirement was \$0.0600 per \$100 of assessed valuation. The assessed valuation for the 2013-2014 tax year was \$1,243,996,760.

**Note 5: Receivables**

Receivables at September 30, 2014, consist of the following:

<b>Fund</b>	<b>Taxes</b>	<b>Accounts Receivable</b>	<b>Special Assessments</b>	<b>Interest</b>	<b>Note Receivable</b>	<b>Gross Receivables</b>	<b>Allowance for Uncollectibles</b>	<b>Net Receivables</b>
General	\$ 677,051	\$ 654,997	\$ -	\$ -	\$ -	\$ 1,332,048	\$ -	\$ 1,332,048
Debt Service	308,090	-	1,364,146	371,826	-	2,044,062	450,521	1,593,541
Keno	-	111,383	-	-	-	111,383	-	111,383
Economic Development	-	-	-	296,643	15,810,692	16,107,335	-	16,107,335
Sewer	-	293,040	-	-	-	293,040	-	293,040
	<u>\$ 985,141</u>	<u>\$ 1,059,420</u>	<u>\$ 1,364,146</u>	<u>\$ 668,469</u>	<u>\$ 15,810,692</u>	<u>\$ 19,887,868</u>	<u>\$ 450,521</u>	<u>\$ 19,437,347</u>

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

**Note 5: Receivables - Continued**

**Note Receivable**

The City has a note receivable from a developer for an economic development project. As of September 30, 2014, the balance of the loan with the developer was \$15,810,692 with an interest rate equal to the average coupon rate of the bonds issued to fund the loan.

**Note 6: Capital Assets and Depreciation**

Capital asset activity for the year ended September 30, 2014, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>					
Land, not being depreciated	\$ 10,944,309	\$ 399,913	\$ -	\$ -	\$ 11,344,222
Construction in progress	1,459,540	638,471	-	(77,257)	2,020,754
Total capital assets, not being depreciated	<u>12,403,849</u>	<u>1,038,384</u>	<u>-</u>	<u>(77,257)</u>	<u>13,364,976</u>
Capital assets, being depreciated					
Buildings	18,665,613	265,087	-	-	18,930,700
Improvements/infrastructure	52,970,161	-	-	77,257	53,047,418
Equipment/furniture/vehicles	9,098,459	384,536	(723,101)	-	8,759,894
Total capital assets, being depreciated	<u>80,734,233</u>	<u>649,623</u>	<u>(723,101)</u>	<u>77,257</u>	<u>80,738,012</u>
Accumulated Depreciation					
Buildings	(8,996,697)	(722,852)	-	-	(9,719,549)
Improvements/infrastructure	(21,797,190)	(1,470,098)	-	-	(23,267,288)
Equipment/furniture/vehicles	(6,743,552)	(466,703)	723,101	-	(6,487,154)
Total accumulated depreciation	<u>(37,537,439)</u>	<u>(2,659,653)</u>	<u>723,101</u>	<u>-</u>	<u>(39,473,991)</u>
Capital assets being depreciated, net	<u>43,196,794</u>	<u>(2,010,030)</u>	<u>-</u>	<u>77,257</u>	<u>41,264,021</u>
Governmental activities capital assets, net	<u>\$ 55,600,643</u>	<u>\$ (971,646)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,628,997</u>

Depreciation was charged to functions/programs as follows:

<b>Governmental Activities</b>	
General services	\$ 159,277
Public safety	658,469
Culture and recreation	267,851
Public works	<u>1,574,056</u>
Total governmental activities depreciation expense	<u>\$ 2,659,653</u>

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

**Note 6: Capital Assets and Depreciation - Continued**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-type Activities</b>				
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	7,674,911	-	-	7,674,911
Equipment and furniture	1,787,474	25,208	-	1,812,682
Total capital assets, being depreciated	11,095,653	25,208	-	11,120,861
Accumulated depreciation				
Golf course	(1,143,879)	(55,268)	-	(1,199,147)
Building and improvements	(9,365)	-	-	(9,365)
Sewer line system	(2,712,426)	(149,992)	-	(2,862,418)
Equipment and furniture	(1,112,768)	(99,977)	-	(1,212,745)
Total accumulated depreciation	(4,978,438)	(305,237)	-	(5,283,675)
Capital assets being depreciated, net	6,117,215	(280,029)	-	5,837,186
Business-type activities capital assets, net	\$ 6,126,739	\$ (280,029)	\$ -	\$ 5,846,710

Depreciation was charged to functions/programs as follows:

<b>Business-type Activities</b>	
Golf	\$ 76,530
Sewer	228,707
Total business-type activities depreciation expense	\$ 305,237

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

**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, 2014:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
Long-term debt					
General obligation bonds	\$ 55,595,000	\$ -	\$ 3,815,000	\$ 51,780,000	\$ 3,745,000
Installment notes payable	110,589	-	92,697	17,892	17,892
Premium on bonds issued	35,427	-	3,425	32,002	-
Other long-term liabilities					
Compensated absences	<u>994,557</u>	<u>1,179,185</u>	<u>1,023,222</u>	<u>1,150,520</u>	<u>37,721</u>
Governmental activities long-term liabilities	<u>\$ 56,735,573</u>	<u>\$ 1,179,185</u>	<u>\$ 4,934,344</u>	<u>\$ 52,980,414</u>	<u>\$ 3,800,613</u>
<b>Business-type Activities</b>					
Long-term debt					
Revenue bonds	\$ 125,000	\$ -	\$ 125,000	\$ -	\$ -
Installment notes payable	83,178	-	35,516	47,662	33,346
Other long-term liabilities					
Compensated absences	<u>88,014</u>	<u>98,537</u>	<u>87,832</u>	<u>98,719</u>	<u>3,088</u>
Business-type activities long-term liabilities	<u>\$ 296,192</u>	<u>\$ 98,537</u>	<u>\$ 248,348</u>	<u>\$ 146,381</u>	<u>\$ 36,434</u>

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

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

**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
<b>Governmental Activities</b>				
General obligation bonds				
July 7, 2007, EDP taxable bonds	6.000-7.730%	10/15/2029	10/15/2012	\$ 18,480,000
December 21, 2007, public safety tax anticipation bonds	3.400-5.000%	11/15/2022	11/15/2018	915,000
September 19, 2009, highway allocation bonds	3.500-5.000%	11/15/2028	9/19/2013	820,000
November 1, 2009, police refunding bonds	2.500-3.950%	03/15/2022	11/06/2014	2,020,000
November 1, 2009, various purpose refunding bonds	2.000-3.800%	11/15/2023	11/15/2014	5,700,000
June 29, 2011, various purpose refunding bonds	1.500-4.050%	12/15/2026	6/29/2016	3,035,000
June 29, 2011, refunding bonds for off-street parking	1.500-3.800%	12/15/2024	6/29/2016	5,325,000
July 15, 2011, refunding bonds for fire facility	2.000-4.150%	12/15/2026	7/15/2016	4,225,000
June 28, 2012, GO refunding bonds	0.300-3.250%	12/15/2032	06/28/2017	8,570,000
July 1, 2009, SID 59 refunding bonds	1.750-3.900%	07/01/2019	07/01/2014	1,410,000
April 15, 2011, SID 195 refunding bonds	1.250-4.800%	04/15/2025	04/15/2016	1,280,000
Total general obligation bonds				<u>\$ 51,780,000</u>
Installment notes payable				
February 16, 2010, equipment note payable	3.09%	02/16/2015		\$ 17,892
<b>Business-type Activities</b>				
Installment notes payable				
March 4, 2011, sewer jet note payable	2.98%	3/4/2016		\$ 47,662

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

Governmental Activities

Year Ending September 30,	General Obligation Bonds		Installment Notes	
	Principal	Interest	Principal	Interest
2015	\$ 3,745,000	\$ 2,293,467	\$ 17,892	\$ 141
2016	3,885,000	2,186,925	-	-
2017	3,740,000	2,071,590	-	-
2018	3,855,000	1,947,399	-	-
2019	3,980,000	1,810,038	-	-
2020-2024	18,055,000	6,677,282	-	-
2025-2029	12,195,000	2,677,637	-	-
2030-2034	2,325,000	100,889	-	-
	<u>\$ 51,780,000</u>	<u>\$ 19,765,227</u>	<u>\$ 17,892</u>	<u>\$ 141</u>

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

**Note 7: Long-term Liabilities - Continued**

Business-type Activities

<u>Year Ending September 30,</u>	<u>Installment Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 33,346	\$ 1,062
2016	14,316	151
	<u>\$ 47,662</u>	<u>\$ 1,213</u>

**Note 8: Interfund Balances and Activity**

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

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

Transfer To/From Other Funds at September 30, 2014, consists of the following cash and capital asset transfers:

<u>Transfer To</u>	<u>Transfer From</u>		
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Keno Fund</u>
General	\$ 40,000	\$ -	\$ 40,000
Debt Service	1,241,330	615,000	626,330
Capital Improvements	715,029	-	590,400
Economic Development	600,000	300,000	300,000
Golf	374,050	124,050	-
	<u>\$ 2,970,409</u>	<u>\$ 1,039,050</u>	<u>\$ 1,040,959</u>

As of September 30, 2014, the balance due to the General Fund from the Keno Fund totaled \$436,856 which resulted from the Keno Fund overdrawing its share of pooled cash.



**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

**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, 2014, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

	<b>General Fund</b>	<b>Keno Fund</b>	<b>Economic Development Fund</b>
Net change in fund balance			
Balance on a GAAP basis	\$ (887,506)	\$ (865,227)	\$ (220,364)
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	826,971	(24,530)	-
Balance on a budget basis	\$ (60,535)	\$ (889,757)	\$ (220,364)

**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, 2014, were \$8,002 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, 2014, were \$211,192 each.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

**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 6.5% 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, 2014, were \$167,522 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, 2014, were \$12,881 and the plan members' contributions to the plan for the year ended September 30, 2014 were \$6,441.

***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.

**Note 11: Keno Fund Operations**

The following data summarizes the Keno (Special Revenue) Fund's activity for the year ended September 30, 2014:

Gross sales	\$ 16,920,341
Less: prizes paid	(13,522,618)
Operator's commission	(2,079,698)
Deposits to progressive games	(3,438)
	<hr/>
Net Keno revenue	<u>\$ 1,314,587</u>

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

**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, 2014. 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.

***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, 2014, the City has entered into loan agreements with three businesses to provide CDBG funds. Since fiscal year 2010, the City has loaned a total of \$1,097,362 to these businesses, of which \$527 was loaned in fiscal year 2014. 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.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

**Note 13: Commitments and Contingencies - Continued**

***Sales Tax Refunds***

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

As of September 30, 2014, the City had been notified of \$99,060 sales tax refunds due, which are to be repaid starting in June 2015. This amount is recognized on the government-wide statement of net position.

**Note 14: Interlocal Agreement**

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

Under the terms of the agreement, the participants have created a mutual finance organization as authorized under the Nebraska Municipal Finance Assistance Act, known as the Papillion Fire Protection Mutual Finance Organization (“MFO”). The MFO is responsible for transacting business for financing the operation and equipment needs of the fire department or MFO; having charge and custody of and managing all funds of the MFO; and seeking funding from the Nebraska Mutual Finance Assistance Fund or other potential funding organizations. The participants in the MFO are required to levy a general fund property tax at an equal rate for the purpose of jointly funding the single fire department operations. The rate must have unanimous approval from all participants and exclude levies for bonded indebtedness and lease-purchase contracts in existence on July 1, 1998. The Papillion Finance Director serves as the fiscal agent of the MFO. As of September 30, 2014, the MFO has not issued debt nor acquired title to any assets. Any debt or assets of the MFO would be split amongst the participants.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2014**

**Note 14: Interlocal Agreement - Continued**

During the year ended September 30, 2014, the City paid \$610,655 to Papillion in consideration of services rendered. The City received \$180,809 from the MFO, as determined by the terms of the interlocal agreement.

**Note 15: Subsequent Events**

In December 2014, the City issued \$6,475,000 of General Obligation Refunding Bonds, Series 2014, to refund the outstanding principal of \$5,105,000 and \$1,410,000 of the General Obligation Various Purpose Refunding Bonds, Series 2009, and General Obligation Refunding Bonds, Series 2009, issued by Sanitary and Improvement District No. 59. Interest rates on the General Obligation Series 2014 bonds range from 1.75% to 2.45% and have a final maturity of August 2023. In the same official statement, the City also issued \$790,000 of Highway Allocation Pledge Refunding Bonds, Series 2014, to refund outstanding principal of \$780,000 of the Highway Allocation Pledge Bonds, Series 2008. Interest rates on the Highway Allocation Series 2014 bonds range from 1.85% to 3.25% and have a final maturity of November 2028. In the same official statement, the City issued \$835,000 of Public Safety Refunding Bonds, Series 2014, to refund the outstanding principal of \$830,000 of the Public Safety Tax Anticipation Bonds, Series 2007. Interest rates on the Public Safety Series 2014 bonds range from 1.85% to 2.35% and have a final maturity of November 2022. The City completed the refundings to reduce its total debt service payments by approximately \$629,000, which resulted in an economic gain of approximately \$584,000.

In December 2014, the City issued \$2,395,000 of Building and Refunding Bonds, Series 2014, to refund the outstanding principal of \$2,020,000 Refunding Bonds, Series 2009, and to finance the acquisition and renovation of the City's Public Works facility. Interest rates on the Building and Refunding Bonds, Series 2014, range from 1.75% to 3.65% and have a final maturity of March 2035. The City completed the refunding to reduce its total debt service payments by approximately \$144,000, which resulted in an economic gain of approximately \$118,000.

In December 2014, the City was notified by the State of approximately \$616,000 of additional sales tax refunds due in December 2015.

## **Required Supplementary Information**

**City of La Vista, Nebraska**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances – Budget and Actual (Budget Basis) –**  
**General Fund**  
**Year Ended September 30, 2014**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Taxes	\$ 8,688,047	\$ 8,688,047	\$ 10,325,475	\$ 1,637,428
Licenses and permits	394,750	394,750	511,782	117,032
Intergovernmental revenues	1,775,995	1,775,995	1,909,741	133,746
Charges for services	414,500	414,500	449,952	35,452
Grant income	351,100	351,100	132,648	(218,452)
Interest income	12,000	12,000	17,104	5,104
Miscellaneous	32,000	32,000	129,505	97,505
<b>Total revenues</b>	<u>11,668,392</u>	<u>11,668,392</u>	<u>13,476,207</u>	<u>1,807,815</u>
<b>Expenditures</b>				
General government	2,237,114	2,237,114	2,080,501	156,613
Public works	2,265,370	2,265,370	2,193,180	72,190
Public safety	5,499,809	5,499,809	5,144,621	355,188
Culture and recreation	1,736,402	1,736,402	1,641,611	94,791
Public library	710,990	710,990	703,068	7,922
Community development	952,611	952,611	552,398	400,213
Capital outlay	410,468	410,468	346,363	64,105
<b>Total expenditures</b>	<u>13,812,764</u>	<u>13,812,764</u>	<u>12,661,742</u>	<u>1,151,022</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(2,144,372)	(2,144,372)	814,465	2,958,837
<b>Other Financing Sources (Uses)</b>				
Operating transfers	(988,545)	(988,545)	(875,000)	113,545
<b>Net Change in Fund Balances</b>	<u>\$ (3,132,917)</u>	<u>\$ (3,132,917)</u>	<u>\$ (60,535)</u>	<u>\$ 3,072,382</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, 2014**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Keno	\$ 1,259,215	\$ 1,259,215	\$ 1,322,257	\$ 63,042
Interest income	10,000	10,000	5,391	(4,609)
Total revenues	<u>1,269,215</u>	<u>1,269,215</u>	<u>1,327,648</u>	<u>58,433</u>
<b>Expenditures</b>				
General government	43,600	43,600	26,597	17,003
Community betterment	453,419	453,419	480,372	(26,953)
Capital outlay	-	-	669,477	(669,477)
Total expenditures	<u>497,019</u>	<u>497,019</u>	<u>1,176,446</u>	<u>(679,427)</u>
<b>Excess of Revenues Over Expenditures</b>	772,196	772,196	151,202	(620,994)
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	<u>(1,441,879)</u>	<u>(1,441,879)</u>	<u>(1,040,959)</u>	<u>400,920</u>
<b>Net Change in Fund Balances</b>	<u><u>\$ (669,683)</u></u>	<u><u>\$ (669,683)</u></u>	<u><u>\$ (889,757)</u></u>	<u><u>\$ (220,074)</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, 2014**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Interest income	\$ -	\$ -	\$ 173	\$ 173
Other income	1,186,573	1,186,573	1,186,573	-
Total revenues	<u>1,186,573</u>	<u>1,186,573</u>	<u>1,186,746</u>	<u>173</u>
<b>Expenditures</b>				
Debt service principal retirement	605,000	605,000	605,000	-
Debt service interest	1,393,396	1,393,396	1,393,396	-
Community development	-	-	8,714	(8,714)
Total expenditures	<u>1,998,396</u>	<u>1,998,396</u>	<u>2,007,110</u>	<u>(8,714)</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(811,823)</u>	<u>(811,823)</u>	<u>(820,364)</u>	<u>(8,541)</u>
<b>Other Financing Sources</b>				
Operating transfers	600,000	600,000	600,000	-
<b>Net Change in Fund Balances</b>	<u>\$ (211,823)</u>	<u>\$ (211,823)</u>	<u>\$ (220,364)</u>	<u>\$ (8,541)</u>

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

The Mayor and City Council  
City of La Vista, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City of La Vista, Nebraska (“the City”), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 10, 2015, which contained an “Emphasis of Matter” paragraph regarding a change in accounting principles and an “Other Matter” paragraph regarding omission of required supplementary information.

***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance 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 10, 2015.

### ***Purpose of this Report***

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

**BKD, LLP**

Omaha, Nebraska  
March 10, 2015

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

Auditor's Report and Financial Statements

September 30, 2014 and 2013



**Economic Development Fund**  
**City of La Vista, Nebraska**  
September 30, 2014 and 2013

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the Economic Development Fund of the City of La Vista, Nebraska, which comprise the balance sheets as of September 30, 2014 and 2013, and the related statements of revenues, expenditures, and changes in fund balance for the years then ended, and the related notes to the financial statements.

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

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

### *Auditor's Responsibility*

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the Economic Development Fund of the City of La Vista, Nebraska as of September 30, 2014 and 2013, and its changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Economic Development Fund and do not purport to, and do not, present fairly the financial position of the City of La Vista, Nebraska as of September 30, 2014 and 2013, and its changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**BKD, LLP**

Omaha, Nebraska  
March 10, 2015

**Economic Development Fund  
City of La Vista, Nebraska  
Balance Sheets  
September 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 448,383	\$ 668,747
Note receivable	15,810,692	15,810,692
Accrued interest receivable	296,643	296,643
Total assets	\$ 16,555,718	\$ 16,776,082
<b>Liabilities</b>	\$ 930	\$ 930
<b>Fund Balance</b>		
Restricted for economic development	16,554,788	16,775,152
Total liabilities and fund balances	\$ 16,555,718	\$ 16,776,082



**Economic Development Fund  
City of La Vista, Nebraska**  
**Statements of Revenues, Expenditures, and  
Changes in Fund Balance**  
**Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Interest Income</b>	\$ 1,186,746	\$ 1,187,364
<b>Expenditures</b>		
Community development	8,714	3,280
Debt service		
Principal retirement	605,000	570,000
Interest	1,393,396	1,429,662
Total expenditures	<u>2,007,110</u>	<u>2,002,942</u>
<b>Deficiency of Revenues Over Expenditures</b>	(820,364)	(815,578)
<b>Transfers</b>	<u>600,000</u>	<u>600,000</u>
<b>Net Change in Fund Balance</b>	(220,364)	(215,578)
<b>Fund Balance, Beginning of Year</b>	<u>16,775,152</u>	<u>16,990,730</u>
<b>Fund Balance, End of Year</b>	<u>\$ 16,554,788</u>	<u>\$ 16,775,152</u>

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

## **Notes to Financial Statements**

**September 30, 2014 and 2013**

### **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, 2014 and 2013, 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, 2014 and 2013**

**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 \$448,383 and \$668,747 at September 30, 2014 and 2013, respectively.

**Note 2: Note Receivable**

The City has a note receivable from a developer for an economic development project. As of September 30, 2014 and 2013, the balance of the loan with the developer was \$15,810,692 with an interest rate equal to the average coupon rate of the bonds issued to fund the loan. 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 both September 30, 2014 and 2013.

**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	2014 Principal Outstanding	2013 Principal Outstanding
Economic Development Fund Bonds, Series 2007	6.00-7.73%	10/15/2029	\$20,695,000	\$ 18,480,000	\$ 19,085,000

**Economic Development Fund  
City of La Vista, Nebraska  
Notes to Financial Statements  
September 30, 2014 and 2013**

**Note 3: Long-term Debt - Continued**

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

The annual debt service requirements to maturity for bonded debt as of September 30, 2014, is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	645,000	1,353,854	1,998,854
2016	685,000	1,311,427	1,996,427
2017	730,000	1,265,741	1,995,741
2018	780,000	1,216,439	1,996,439
2019	835,000	1,162,459	1,997,459
2020-2024	5,215,000	4,768,456	9,983,456
2025-2029	7,665,000	2,316,874	9,981,874
2030-2034	1,925,000	74,401	1,999,401
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 18,480,000</u>	<u>\$ 13,469,651</u>	<u>\$ 31,949,651</u>

**Note 4: City Transfer**

The general fund of the City transferred \$600,000 to the Economic Development Fund in both 2014 and 2013 to assist in funding debt service payments.