

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
MARCH 6, 2012 AGENDA**

Subject:	Type:	Submitted By:
FY 2010/2011 AUDIT REPORT — BKD, LLP	◆ RESOLUTION ORDINANCE RECEIVE/FILE	SHEILA LINDBERG FINANCE DIRECTOR

SYNOPSIS

A resolution has been prepared to accept the audit for the twelve months ending September 30, 2011. The Council will also be accepting the audit for the Economic Development Fund – LB840.

FISCAL IMPACT

N/A.

RECOMMENDATION

Approval.

BACKGROUND

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

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

- Significant Adjustments — inadequate review process. (Material Weakness)

The City has contracted Orizon CPA's LLC to prepare the City's financial statements since 2008. To address this material weakness, staff will work with Orizon to review their current process and to decide what modifications they can implement.

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA APPROVING THE FISCAL YEAR 2010-2011 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 2010-2011 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 2010-2011 municipal audit is hereby accepted and approved.

PASSED AND APPROVED THIS 6TH DAY OF MARCH 2012.

CITY OF LA VISTA

Douglas Kindig, Mayor

ATTEST:

Pamela A. Bueche, CMC
City Clerk

City of La Vista, Nebraska

Accountants' Report and Financial Statements

September 30, 2011



City of La Vista, Nebraska

September 30, 2011

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Independent Accountants' Report on Financial Statements and Supplementary Information

The Mayor and City Council
City of La Vista, Nebraska

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of La Vista as of and for the year ended September 30, 2011, which collectively comprise the City of La Vista's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of La Vista's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of La Vista as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund, keno fund and economic development fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 15, the City adopted Government Accounting Standards Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, through retrospective application to prior year's financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2012, on our consideration of the City of La Vista's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BKD, LLP

February 23, 2012

City of La Vista, Nebraska

Statement of Net Assets

September 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 7,283,941	\$ 569,476	\$ 7,853,417
Cash and investments at county treasurer	793,997	-	793,997
Certificates of deposit	3,607,312	500,816	4,108,128
Investments	3,683,596	57,923	3,741,519
Receivables	19,114,777	254,712	19,369,489
Internal balances	(15,408)	15,408	-
Deferred charges	688,114	6,012	694,126
Capital assets			
Non-depreciable	11,129,691	9,524	11,139,215
Depreciable, net	41,143,406	5,611,846	46,755,252
Total assets	87,429,426	7,025,717	94,455,143
Liabilities			
Accounts payable	594,346	281,047	875,393
Accrued expenses	1,441,381	242,569	1,683,950
Deferred revenue	200,000		200,000
Registered warrants			
Due in more than one year	640,554	-	640,554
Compensated absences			
Payable within one year	12,658	1,541	14,199
Payable in more than one year	836,818	97,615	934,433
Notes payable			
Due within one year	133,533	36,388	169,921
Due in more than one year	239,078	123,888	362,966
Bonds payable			
Due within one year	3,170,000	115,000	3,285,000
Due in more than one year	55,503,873	245,000	55,748,873
Total liabilities	62,772,241	1,143,048	63,915,289
Net Assets			
Invested in capital assets, net of related debt	12,776,059	5,079,147	17,855,206
Restricted for community betterment	2,712,041	-	2,712,041
Unrestricted	9,169,085	803,522	9,972,607
Total net assets	\$ 24,657,185	\$ 5,882,669	\$ 30,539,854

City of La Vista, Nebraska

Statement of Activities

Year Ended September 30, 2011

Functions/Programs	Program Revenues			Net Revenues (Expenses) and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government						
Governmental activities						
General government	\$ 2,600,340	\$ 597,706	\$ 472,339	\$ (1,530,295)	-	\$ (1,530,295)
Public safety	4,594,288	-	-	(4,594,288)	-	(4,594,288)
Public works	3,330,530	-	-	660,235	-	660,235
Culture and recreation	2,677,742	1,094,352	2,896,413	(1,755,513)	-	(1,755,513)
Community betterment	396,069	-	-	1,094,527	-	1,094,527
Community development	1,159,090	-	-	(655,570)	-	(655,570)
Interest on long-term debt	3,002,580	503,520	-	(3,002,580)	-	(3,002,580)
Total governmental activities	17,760,639	2,070,211	2,896,413	(9,783,484)	-	(9,783,484)
Business-type activities						
Sewer	2,134,557	-	-	-	230,058	230,058
Golf	442,410	-	-	-	(179,066)	(179,066)
Total business-type activities	2,576,967	-	-	-	50,992	50,992
Total Primary Government	\$ 20,337,606	\$ 2,070,211	\$ 2,896,413	(9,783,484)	50,992	(9,732,492)
General Revenues						
Property taxes				5,394,414	-	5,394,414
Sales and use taxes				3,867,123	-	3,867,123
Occupation taxes				1,542,079	-	1,542,079
Motor vehicle taxes				316,468	-	316,468
Interest income				1,320,465	5,502	1,325,967
Miscellaneous				235,591	-	235,591
Operating transfers				(235,000)	235,000	-
Net assets received from annexation				696,011	512,046	1,208,057
Total general revenues and transfers				13,137,151	752,548	13,889,699
Change in Net assets				3,353,667	803,540	4,157,207
Net Assets - Beginning of Year				21,303,518	5,079,129	26,382,647
Net Assets - End of Year				\$ 24,657,185	\$ 5,882,669	\$ 30,539,854

City of La Vista, Nebraska

Balance Sheet --

Governmental Funds

September 30, 2011

	General Fund	Debt Service Fund	Keno Fund	Capital Improvements Fund	Economic Development Fund	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 1,259,539	\$ 3,094,355	\$ 1,342,028	\$ 494,035	\$ 1,093,984	\$ 7,283,941
Cash and investments at county treasurer	791,222	2,775	-	-	-	793,997
Certificates of deposit	1,001,862	2,003,872	601,578	-	-	3,607,312
Investments	1,777,423	870,488	1,035,685	-	-	3,683,596
Receivables	1,007,040	1,921,344	121,949	82,165	16,107,335	19,239,833
Total assets	\$ 5,837,086	\$ 7,892,834	\$ 3,101,240	\$ 576,200	\$ 17,201,319	\$ 34,608,679
Liabilities						
Accounts payable	\$ 306,176	\$ 2,443	\$ 101,708	\$ 184,019	\$ -	\$ 594,346
Accrued expenses	246,327	-	87,491	-	-	333,818
Due to other funds	15,408	-	-	-	-	15,408
Deferred revenue	53,471	1,674,008	200,000	-	-	1,927,479
Total liabilities	621,382	1,676,451	389,199	184,019	-	2,871,051
Fund Balances						
Restricted for:						
Debt service	-	6,216,383	-	-	-	6,216,383
Community betterment	-	-	2,712,041	-	-	2,712,041
Economic development	-	-	-	-	17,201,319	17,201,319
Committed for capital improvements	-	-	-	392,181	-	392,181
Unassigned	5,215,704	-	-	-	-	5,215,704
Total fund balances	5,215,704	6,216,383	2,712,041	392,181	17,201,319	31,737,628
Total liabilities and fund balances	\$ 5,837,086	\$ 7,892,834	\$ 3,101,240	\$ 576,200	\$ 17,201,319	\$ 34,608,679

City of La Vista, Nebraska
Reconciliation of the Balance Sheet
of Governmental Funds to the
Statement of Net Assets
September 30, 2011

Total fund balance - total governmental funds	\$ 31,737,628
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the funds.	52,273,097
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Other related amounts include interest payable of \$1,123,201, bond issue costs of \$688,114, bond premiums of \$42,276, deferred refunding of \$198,403 and warrants payable of \$640,554.	(60,106,487)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(849,476)
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.	(125,056)
Deferred revenues represents funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.	<u>1,727,479</u>
Net assets of governmental activities	<u><u>\$ 24,657,185</u></u>

City of La Vista, Nebraska
Statement of Revenues, Expenditures, and
Changes in Fund Balances –
Governmental Funds
Year Ended September 30, 2011

	General Fund	Debt Service Fund	Keno Fund	Capital Improvements Fund	Economic Development Fund	Total
Revenues						
Property tax	\$ 4,919,410	\$ 541,387	\$ -	\$ -	\$ -	\$ 5,460,797
Sales and use tax	2,578,082	1,289,041	-	-	-	3,867,123
Occupation tax	1,542,079	-	-	-	-	1,542,079
Motor vehicle tax	314,817	1,651	-	-	-	316,468
Licenses and permits	597,706	-	-	-	-	597,706
Intergovernmental	2,210,246	-	-	2,753,916	-	4,964,162
Charges for services	954,761	-	-	-	-	954,761
Keno	-	-	1,490,596	-	-	1,490,596
Interest income	10,971	104,019	17,070	-	1,188,405	1,320,465
Special assessments	-	252,396	-	-	-	252,396
Miscellaneous	38,386	-	53,745	-	-	92,131
Total revenues	<u>13,166,458</u>	<u>2,188,494</u>	<u>1,561,411</u>	<u>2,753,916</u>	<u>1,188,405</u>	<u>20,858,684</u>
Expenditures						
Current						
General government	1,956,886	198,361	91,093	-	-	2,246,340
Streets and street lighting	2,207,457	-	-	-	-	2,207,457
Public safety	3,889,265	-	-	-	-	3,889,265
Culture and recreation	2,213,236	-	-	-	-	2,213,236
Community betterment	-	-	396,069	-	-	396,069
Community development	1,159,090	-	-	-	-	1,159,090
Capital outlay	418,281	-	12,111	3,714,087	-	4,144,479
Debt service	-	2,520,000	-	-	505,000	3,025,000
Principal retirement	-	1,623,663	-	-	1,494,532	3,118,195
Interest	-	-	-	-	-	-
Total expenditures	<u>11,844,215</u>	<u>4,342,024</u>	<u>499,273</u>	<u>3,714,087</u>	<u>1,999,532</u>	<u>22,399,131</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>1,322,243</u>	<u>(2,153,530)</u>	<u>1,062,138</u>	<u>(960,171)</u>	<u>(811,127)</u>	<u>(1,540,447)</u>
Other Financing Sources (Uses)						
Proceeds from refunding of bonds payable	-	15,115,000	-	-	-	15,115,000
Payment to bond refunding escrow agent	-	(14,955,000)	-	-	-	(14,955,000)
Transfers in (out), net	(1,323,200)	635,037	(1,127,921)	981,084	600,000	(235,000)
Net assets received from annexation	887,438	-	-	-	-	887,438
Total other financing sources (uses)	<u>(435,762)</u>	<u>795,037</u>	<u>(1,127,921)</u>	<u>981,084</u>	<u>600,000</u>	<u>812,438</u>
Net Change in Fund Balances	<u>886,481</u>	<u>(1,358,493)</u>	<u>(65,783)</u>	<u>20,913</u>	<u>(211,127)</u>	<u>(728,009)</u>
Fund Balances - Beginning of Year, as restated	<u>4,329,223</u>	<u>7,574,876</u>	<u>2,777,824</u>	<u>371,268</u>	<u>17,412,446</u>	<u>32,465,637</u>
Fund Balances - End of Year	<u>\$ 5,215,704</u>	<u>\$ 6,216,383</u>	<u>\$ 2,712,041</u>	<u>\$ 392,181</u>	<u>\$ 17,201,319</u>	<u>\$ 31,737,628</u>

City of La Vista, Nebraska
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Changes in Net Assets of Governmental Activities
Year Ended September 30, 2011

Net change in fund balances - total governmental funds	\$ (728,009)
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 capital outlay exceeded depreciation in the current period.	1,603,720
Proceeds from debt issues are an other financing source in the governmental funds, but a debt issue increases long-term liabilities in the statement of net assets. Other related amounts include the amount by which bond issue costs exceed amortization, which is an expenditure in the funds, but these costs are capitalized in the statement of net assets and amortized over their useful lives.	(15,080,014)
Repayment of bond and warrant principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	18,061,764
In the statement of activities, interest is accrued on outstanding bonds and warrants, whereas in governmental funds, an interest expenditure is reported when due.	130,757
Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(142,438)
Special assessments receivable are offset by deferred revenue and, therefore, no allowance for doubtful accounts is necessary.	(69,890)
Deferred revenues represents funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.	(230,796)
Proceeds received from annexation as reported in the governmental funds includes only net assets available in the current period, but in the Statement of Activities, net assets received from annexation also includes non-current net assets.	(191,427)
Change in net assets of governmental activities	<u>\$ 3,353,667</u>

City of La Vista, Nebraska
Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual (Budget Basis) –
General Fund
Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 8,428,583	\$ 8,603,583	\$ 9,232,709	\$ 629,126
Licenses and permits	389,500	429,250	597,706	168,456
Intergovernmental revenues	1,199,528	1,271,757	1,528,327	256,570
Charges for services	457,990	940,490	942,456	1,966
Grant income	326,119	826,119	626,280	(199,839)
Interest income	50,000	10,000	10,986	986
Miscellaneous	29,000	38,000	38,386	386
Total revenues	<u>10,880,720</u>	<u>12,119,199</u>	<u>12,976,850</u>	<u>857,651</u>
Expenditures				
General government	2,232,716	2,065,940	1,984,706	81,234
Streets and street lighting	2,114,329	2,185,368	2,233,769	(48,401)
Public safety	4,428,082	5,042,137	4,179,350	862,787
Culture and recreation	1,638,079	1,630,589	1,599,836	30,753
Public library	651,541	651,672	623,280	28,392
Community development	645,161	617,288	1,180,057	(562,769)
Capital outlay	408,370	419,118	422,484	(3,366)
Total expenditures	<u>12,118,278</u>	<u>12,612,112</u>	<u>12,223,482</u>	<u>388,630</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,237,558)</u>	<u>(492,913)</u>	<u>753,368</u>	<u>1,246,281</u>
Other Financing Sources (Uses)				
Transfers out	(1,343,400)	(1,311,200)	(1,323,200)	(12,000)
Net assets received from annexation	<u>1,309,622</u>	<u>449,969</u>	<u>156,415</u>	<u>(293,554)</u>
Total other financing sources (uses)	<u>(33,778)</u>	<u>(861,231)</u>	<u>(1,166,785)</u>	<u>(305,554)</u>
Net Change in Fund Balances	<u>\$ (1,271,336)</u>	<u>\$ (1,354,144)</u>	<u>\$ (413,417)</u>	<u>\$ 940,727</u>

City of La Vista, Nebraska
Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual (Budget Basis) –
Keno Fund
Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Keno	\$ 1,165,145	\$ 1,380,145	\$ 1,521,875	\$ 141,730
Interest income	75,000	75,000	17,070	(57,930)
Total revenues	<u>1,240,145</u>	<u>1,455,145</u>	<u>1,538,945</u>	<u>83,800</u>
Expenditures				
General government	99,500	117,500	92,813	24,687
Community betterment	340,735	442,735	396,056	46,679
Capital outlay	-	-	68,111	(68,111)
Total expenditures	<u>440,235</u>	<u>560,235</u>	<u>556,980</u>	<u>3,255</u>
Excess of Revenues Over Expenditures	799,910	894,910	981,965	87,055
Other Financing Sources (Uses)				
Transfers out	(1,184,141)	(1,177,921)	(1,127,921)	50,000
Net Change in Fund Balances	<u>\$ (384,231)</u>	<u>\$ (283,011)</u>	<u>\$ (145,956)</u>	<u>\$ 137,055</u>

City of La Vista, Nebraska
Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual (Budget Basis) –
Economic Development Fund
Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Interest income	\$ 1,186,573	\$ 1,186,573	\$ 1,188,405	\$ 1,832
Total revenues	<u>1,186,573</u>	<u>1,186,573</u>	<u>1,188,405</u>	<u>1,832</u>
Expenditures				
Debt service principal retirement	505,000	505,000	505,000	-
Debt service interest	<u>1,494,532</u>	<u>1,494,532</u>	<u>1,494,532</u>	<u>-</u>
Total expenditures	<u>1,999,532</u>	<u>1,999,532</u>	<u>1,999,532</u>	<u>-</u>
Deficiency of Revenues Over Expenditures	<u>(812,959)</u>	<u>(812,959)</u>	<u>(811,127)</u>	<u>1,832</u>
Other Financing Sources				
Transfers in	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (212,959)</u>	<u>\$ (212,959)</u>	<u>\$ (211,127)</u>	<u>\$ 1,832</u>

City of La Vista, Nebraska

Balance Sheet – Proprietary Funds September 30, 2011

	Golf	Sewer	Total
Assets			
Current Assets			
Cash and equivalents	\$ 50,966	\$ 518,510	\$ 569,476
Certificates of deposit	-	500,816	500,816
Investments	-	57,923	57,923
Due from other funds	-	15,408	15,408
Accounts receivable	-	254,712	254,712
Total current assets	50,966	1,347,369	1,398,335
Non-current Assets			
Deferred charges	6,012	-	6,012
Land	-	9,524	9,524
Equipment and furniture	163,156	883,860	1,047,016
Utility systems	-	6,470,176	6,470,176
Autos and trucks	99,774	375,903	475,677
Buildings and improvements	1,623,903	9,365	1,633,268
Accumulated depreciation	(1,215,972)	(2,798,319)	(4,014,291)
Capital assets - net of depreciation	670,861	4,950,509	5,621,370
Total non-current assets	676,873	4,950,509	5,627,382
Total assets	\$ 727,839	\$ 6,297,878	\$ 7,025,717
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	\$ 24,346	\$ 256,701	\$ 281,047
Accrued expenses	18,257	224,312	242,569
Compensated absences - current portion	99	1,442	1,541
Notes payable - current portion	5,938	30,450	36,388
Bonds payable - current portion	115,000	-	115,000
Total current liabilities	163,640	512,905	676,545
Non-current Liabilities			
Compensated absences	14,258	83,357	97,615
Notes payable	9,717	114,171	123,888
Bond payable	245,000	-	245,000
Total non-current liabilities	268,975	197,528	466,503
Net Assets			
Invested in capital assets, net of related debt	273,259	4,805,888	5,079,147
Unrestricted	21,965	781,557	803,522
Total net assets	295,224	5,587,445	5,882,669
Total Liabilities and Net Assets	\$ 727,839	\$ 6,297,878	\$ 7,025,717

City of La Vista, Nebraska
Statement of Revenues, Expenses, and Changes in Net Assets –
Proprietary Funds
Year Ended September 30, 2011

	Golf	Sewer	Total
Operating Revenues			
User fees	\$ 227,479	\$ 1,955,707	\$ 2,183,186
Permits and hookups	-	372,754	372,754
Grant income	-	36,154	36,154
Merchandise sales	34,256	-	34,256
Other revenue	1,609	-	1,609
	<u>263,344</u>	<u>2,364,615</u>	<u>2,627,959</u>
Total operating revenues			
Operating Expenses			
General administrative	137,013	461,075	598,088
Cost of merchandise sold	21,243	-	21,243
Maintenance	179,361	-	179,361
Production and distribution	-	1,533,101	1,533,101
Depreciation and amortization	83,432	138,021	221,453
	<u>421,049</u>	<u>2,132,197</u>	<u>2,553,246</u>
Total operating expenses			
Operating Income (Loss)	<u>(157,705)</u>	<u>232,418</u>	<u>74,713</u>
Non-operating Revenues (Expenses)			
Interest income	39	5,463	5,502
Interest on bonds and notes payable	(21,361)	(2,360)	(23,721)
Contribution from annexation	-	512,046	512,046
	<u>(21,322)</u>	<u>515,149</u>	<u>493,827</u>
Net non-operating revenues (expenses)			
Income (Loss) Before Transfers	<u>(179,027)</u>	<u>747,567</u>	<u>568,540</u>
Transfers In	<u>235,000</u>	<u>-</u>	<u>235,000</u>
Change in Net Assets	<u>55,973</u>	<u>747,567</u>	<u>803,540</u>
Net Assets - Beginning of Year	<u>239,251</u>	<u>4,839,878</u>	<u>5,079,129</u>
Net Assets - End of Year	<u>\$ 295,224</u>	<u>\$ 5,587,445</u>	<u>\$ 5,882,669</u>

City of La Vista, Nebraska

Statement of Cash Flows – Proprietary Funds

Year Ended September 30, 2011

	Golf	Sewer	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 263,344	\$ 2,249,035	\$ 2,512,379
Payments to suppliers	(122,655)	(1,238,330)	(1,360,985)
Payments to employees	(229,242)	(673,318)	(902,560)
Grant income	-	36,154	36,154
Net cash provided by (used in) operating activities	(88,553)	373,541	284,988
Cash Flows from Non-capital Financing Activities			
Transfers	235,000	-	235,000
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(5,932)	(52,980)	(58,912)
Principal paid on bonds	(110,000)	-	(110,000)
Principal paid on notes	(5,764)	(14,845)	(20,609)
Interest paid on bonds and notes	(21,361)	(2,360)	(23,721)
Net cash used in capital and related financing activities	(143,057)	(70,185)	(213,242)
Cash Flows from Investing Activities			
Purchase of investments	-	(501,513)	(501,513)
Proceeds from sales and maturities of investments	-	250,946	250,946
Interest income	39	5,463	5,502
Net cash provided by (used in) investing activities	39	(245,104)	(245,065)
Net Increase in Cash and Cash Equivalents	3,429	58,252	61,681
Cash and Cash Equivalents - Beginning of Year	47,537	460,258	507,795
Cash and Cash Equivalents - End of Year	\$ 50,966	\$ 518,510	\$ 569,476
Operating income (loss)	\$ (157,705)	\$ 232,418	\$ 74,713
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	83,432	138,021	221,453
Increase in receivables	-	(64,018)	(64,018)
Increase in due from other funds	-	(15,408)	(15,408)
Increase (decrease) in payables and accrued expenses	(14,280)	82,528	68,248
Net cash provided by (used in) operating activities	\$ (88,553)	\$ 373,541	\$ 284,988
Supplemental Cash Flows Information			
Debt and payables incurred for purchase of capital assets	\$ 15,929	\$ 159,466	\$ 175,395

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2011

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, 2011.

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

Financial Reporting Entity

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The City's reporting entity applies all relevant GASB pronouncements and applicable Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principles Board ("APB") opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

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

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2011

Note 1: Summary of Significant Accounting Policies - Continued

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

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

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

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

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

Basis of Presentation

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2011

Note 1: Summary of Significant Accounting Policies - Continued

Basis of Presentation - Continued

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

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

Fund Types and Major Funds

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

The City reports the following major governmental funds:

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

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

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

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

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

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2011

Note 1: Summary of Significant Accounting Policies - Continued

Fund Types and Major Funds - Continued

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

The City reports the following major proprietary funds:

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

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

Cash and Investments

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

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

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

Special Assessments

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

Unbilled Sewer Revenue

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

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2011

Note 1: Summary of Significant Accounting Policies – Continued

Capital Assets and Depreciation

The City's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements; proprietary capital assets are also reported in their respective fund. The City maintains infrastructure asset records consistent with all other capital assets. The City generally capitalizes assets with a cost of \$2,500 or more as purchase and construction outlays occur. Such assets are recorded at historical cost or estimated historical cost. Donated assets are stated at fair value on the date donated. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	10 – 45 years
Improvements	5 – 30 years
Infrastructure	20 – 60 years
Equipment, furniture, and fixtures	5 – 20 years

Long-Term Obligations

In government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond issuance costs, bond discounts or premiums and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

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

Compensated Absences

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

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2011

Note 1: Summary of Significant Accounting Policies – Continued

Compensated Absences - Continued

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

Net Assets Classification

Government-wide Statements

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

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

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

Unrestricted – This component consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Balance Classification

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

Nonspendable - Nonspendable fund balances are not in a spendable form or are required to be maintained intact. At September 30, 2011, the City did not have any nonspendable funds.

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

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

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2011

Note 1: Summary of Significant Accounting Policies - Continued

Fund Balance Classification - Continued

Assigned - Assigned fund balances are intended to be used by the City for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. At September 30, 2011, the City did not have any assigned funds.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

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

Use of Estimates

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

Note 2: Budget and Budgetary Accounting

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

- The City's department and division heads prepare and submit budget requests for the following fiscal year to the City Administrator who then reviews the request with the department and division heads.
- After this review process has been completed, the City Administrator presents these budget requests to the Mayor and City Council along with recommendations as to what changes, if any, should be made. These budget requests and recommendations are reviewed by the City Council at meetings open to the public.
- A public hearing on the budget is then conducted at a City Council meeting to obtain comments from citizens.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2011

Note 2: Budget and Budgetary Accounting - Continued

- Prior to September 20, the City Council legally enacts the ensuing fiscal year's budget through the passage of a resolution adopting the budget.
- Formal budgetary integration is employed as a management control device during the year for General, Debt Service and Proprietary Funds.
- The budgets adopted are stated on a cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

Note 3: Deposits and Investments

Deposits

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

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

At September 30, 2011, the City's deposits in excess of FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent of the City.

Investments

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

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

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2011

Note 3: Deposits and Investments - Continued

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

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's only investments are units of participation in the short-term investment pool of the Nebraska Public Agency Investment Trust ("NPAIT"). NPAIT is a special purpose government established under Nebraska statute. The investment pool or trust is not registered and is not rated for credit risk. The City limits its interest rate risk by investing only in the short-term pool, which consists primarily of government agency or government securitized investments with maturities of less than one year. The amount invested in the NPAIT pool was \$3,741,519 at September 30, 2011.

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

Summary of Carrying Values

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

Carrying Values	
Cash at county treasurer	\$ 793,997
Deposits	11,961,545
Investments	3,741,519
	<u>\$ 16,497,061</u>

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

Cash and cash equivalents	\$ 7,853,417
Cash at country treasurer	793,997
Certificates of deposit	4,108,128
Investments	3,741,519
	<u>\$ 16,497,061</u>

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2011

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, 2011 was \$0.4735 per \$100 of assessed valuation and the debt service requirement was \$0.0500 per \$100 of assessed valuation. The assessed valuation for the 2010-2011 tax year was \$1,049,942,564.

Note 5: Receivables

Receivables at September 30, 2011, consist of the following:

Fund	Taxes	Accounts Receivable	Special Assessments	Interest	Note Receivable	Gross Receivables	Allowance for Uncollectibles	Net Receivables
General	\$ 563,393	\$ 443,647	\$ -	\$ -	\$ -	\$ 1,007,040	\$ -	\$ 1,007,040
Debt Service	252,887	-	1,521,658	146,799	-	1,921,344	125,056	1,796,288
Keno	-	121,949	-	-	-	121,949	-	121,949
Capital Improvements	-	82,165	-	-	-	82,165	-	82,165
Economic Development	-	-	-	296,643	15,810,692	16,107,335	-	16,107,335
Sewer	-	254,712	-	-	-	254,712	-	254,712
	<u>\$ 816,280</u>	<u>\$ 902,473</u>	<u>\$ 1,521,658</u>	<u>\$ 443,442</u>	<u>\$ 15,810,692</u>	<u>\$ 19,494,545</u>	<u>\$ 125,056</u>	<u>\$ 19,369,489</u>

Note Receivable

The City has a note receivable from a developer for an economic development project. As of September 30, 2011, the balance of the loan with the developer was \$15,810,692 with an interest rate equal to the average coupon rate of the bonds issued to fund the loan.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2011

Note 6: Capital Assets and Depreciation

Capital asset activity for the year ended September 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Annexation	Ending Balance
Governmental Activities					
Land, not being depreciated	\$ 8,719,257	\$ 2,130,469	\$ -	\$ 7,865	\$ 10,857,591
Construction in progress	-	272,100	-	-	272,100
Total capital assets, not being depreciated	<u>8,719,257</u>	<u>2,402,569</u>	<u>-</u>	<u>7,865,000</u>	<u>11,129,691</u>
Capital assets, being depreciated					
Buildings	18,665,613	-	-	-	18,665,613
Improvements/infrastructure	38,912,477	1,090,938	-	1,888,955	41,892,370
Equipment/furniture/vehicles	8,252,136	419,516	(3,550)	-	8,668,102
Total capital assets, being depreciated	<u>65,830,226</u>	<u>1,510,454</u>	<u>(3,550)</u>	<u>1,888,955</u>	<u>69,226,085</u>
Accumulated Depreciation					
Buildings	(6,832,766)	(722,261)	-	-	(7,555,027)
Improvements/infrastructure	(12,996,814)	(1,067,858)	-	(630,222)	(14,694,894)
Equipment/furniture/vehicles	(5,317,124)	(519,184)	3,550	-	(5,832,758)
Total accumulated depreciation	<u>(25,146,704)</u>	<u>(2,309,303)</u>	<u>3,550</u>	<u>(630,222)</u>	<u>(28,082,679)</u>
Capital assets being depreciated, net	<u>40,683,522</u>	<u>(798,849)</u>	<u>-</u>	<u>1,258,733</u>	<u>41,143,406</u>
Governmental activities capital assets, net	<u>\$ 49,402,779</u>	<u>\$ 1,603,720</u>	<u>\$ -</u>	<u>\$ 1,266,598</u>	<u>\$ 52,273,097</u>

Depreciation was charged to functions/programs as follows:

Governmental Activities	
General services	\$ 167,307
Public safety	690,814
Culture and recreation	258,753
Public works	<u>1,192,429</u>
Total governmental activities depreciation expense	<u>\$ 2,309,303</u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2011

Note 6: Capital Assets and Depreciation - Continued

	Beginning Balance	Increases	Decreases	Annexation	Ending Balance
Business-type Activities					
Land, not being depreciated	\$ 9,524	\$ -	\$ -	\$ -	\$ 9,524
Capital assets, being depreciated					
Golf course	1,623,903	-	-	-	1,623,903
Building and improvements	9,365	-	-	-	9,365
Sewer line system	5,752,029	-	-	718,147	6,470,176
Equipment and furniture	1,309,114	234,307	(20,729)	-	1,522,692
Total capital assets, being depreciated	8,694,411	234,307	(20,729)	718,147	9,626,136
Accumulated depreciation					
Golf course	(974,433)	(56,576)	-	-	(1,031,009)
Building and improvements	(9,365)	-	-	-	(9,365)
Sewer line system	(1,686,189)	(116,365)	-	(206,101)	(2,008,655)
Equipment and furniture	(938,290)	(47,700)	20,729	-	(965,261)
Total accumulated depreciation	(3,608,277)	(220,641)	20,729	(206,101)	(4,014,290)
Capital assets being depreciated, net	5,086,134	13,666	-	512,046	5,611,846
Business-type activities capital assets, net	\$ 5,095,658	\$ 13,666	\$ -	\$ 512,046	\$ 5,621,370

Depreciation was charged to functions/programs as follows:

Business-type Activities	
Golf	\$ 82,620
Sewer	138,021
Total business-type activities depreciation expense	<u>\$ 220,641</u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2011

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, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Long-term debt					
General obligation bonds	\$ 60,050,000	\$ 16,760,000	\$ 17,980,000	\$ 58,830,000	\$ 3,170,000
Registered warrants	640,554	-	-	640,554	-
Installment notes payable	523,867	-	151,256	372,611	133,533
Premium on bonds issued	45,701	-	3,425	42,276	-
Deferred for refunding	(92,880)	(117,331)	(11,808)	(198,403)	-
Other long-term liabilities					
Compensated absences	707,038	889,887	747,449	849,476	12,658
Governmental activities long-term liabilities	\$ 61,874,280	\$ 17,532,556	\$ 18,870,322	\$ 60,536,514	\$ 3,316,191
Business-type Activities					
Long-term debt					
Revenue bonds	\$ 470,000	\$ -	\$ 110,000	\$ 360,000	\$ 115,000
Installment notes payable	21,419	159,466	20,609	160,276	36,388
Other long-term liabilities					
Compensated absences	86,111	100,292	87,247	99,156	1,541
Business-type activities long-term liabilities	\$ 577,530	\$ 259,758	\$ 217,856	\$ 619,432	\$ 152,929

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2011

Note 7: Long-term Liabilities - Continued

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

	Interest Rate	Maturity Date	Date Callable	Ending Balance
Governmental Activities				
General obligation bonds				
June 15, 2003, library refunding bonds	2.450-3.800%	12/15/2012	6/15/2007	\$ 410,000
July 7, 2007, EDP taxable bonds	6.000-7.730%	10/15/2029	10/15/2012	20,190,000
December 21, 2007, public safety tax anticipation bonds	3.400-4.300%	11/15/2022	11/15/2018	1,155,000
July 15, 2008, refunding bonds	3.650-4.125%	10/15/2021	10/15/2013	5,785,000
September 19, 2008, Southport GO bonds	3.125-5.000%	11/15/2028	9/19/2013	3,285,000
September 19, 2009, highway allocation bonds	3.500-5.000%	11/15/2028	9/19/2013	925,000
November 1, 2009, police refunding bonds	2.500-3.950%	03/15/2022	11/06/2014	2,660,000
November 1, 2009, various purpose refunding bonds	2.000-3.800%	11/15/2023	11/15/2014	7,685,000
June 29, 2011, various purpose refunding bonds	1.500-4.050%	12/15/2026	6/29/2016	3,645,000
June 29, 2011, refunding bonds for off-street	1.500-3.800%	12/15/2024	6/29/2016	6,495,000
July 15, 2011, refunding bonds for fire facility	2.000-4.150%	12/15/2026	7/15/2016	4,975,000
July 1, 2008, SID 82 bonds	2.800-3.700%	07/01/2013	-	50,000
October 1, 2007, SID 239 bonds	4.350-5.450%	10/01/2032	10/01/2012	1,570,000
				<u>\$ 58,830,000</u>
Total general obligation bonds				
Installment notes payable				
January 8, 2007, vehicles note payable	5.25%	07/08/2012		\$ 2,282
June 20, 2007, equipment note payable	6.00%	07/20/2012		12,025
October 2, 2008, vehicles note payable	5.25%	10/06/2011		1,330
March 26, 2009, vehicles note payable	2.95%	04/01/2014		49,196
April 20, 2009, equipment note payable	2.95%	04/01/2014		69,485
June 25, 2009, equipment note payable	3.25%	07/01/2014		97,438
February 16, 2010, equipment note payable	3.09%	02/16/2015		140,855
				<u>\$ 372,611</u>
Total installment notes payable				
Business-type Activities				
Revenue bonds				
December 15, 1993, golf course revenue bond	5.40-5.45%	12/15/2013	12/15/2013	\$ 360,000
Installment notes payable				
March 11, 2009, equipment note payable	2.95%	4/1/2014		\$ 15,655
March 4, 2011, sewer jet note payable	2.98%	3/4/2016		144,621
				<u>\$ 160,276</u>
Total installment notes payable				

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2011

Note 7: Long-term Liabilities - Continued

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

Year Ending September 30,	General Obligation Bonds		Installment Notes		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 3,170,000	\$ 2,711,314	\$ 169,921	\$ 14,120	\$ 115,000	\$ 16,458
2013	3,415,000	2,627,921	159,171	8,543	120,000	10,082
2014	3,295,000	2,515,576	135,374	3,317	125,000	3,406
2015	3,310,000	2,401,166	51,343	283	-	-
2016	3,455,000	2,279,842	17,078	142	-	-
2017-2021	17,635,000	9,359,964	-	-	-	-
2022-2026	15,335,000	5,241,611	-	-	-	-
2027-2031	8,990,000	1,329,947	-	-	-	-
2032	225,000	12,399	-	-	-	-
	<u>\$ 58,830,000</u>	<u>\$ 28,479,740</u>	<u>\$ 532,887</u>	<u>\$ 26,405</u>	<u>\$ 360,000</u>	<u>\$ 29,946</u>

Registered Warrants

On August 15, 1999, the City annexed the Brook Valley South Phase II portion of Sanitary and Improvement District No. 59 ("SID"). At September 30, 2011, the agreement to divide the debt of SID No. 59 was not final. The City believes the best estimate of debt attributable to the Brook Valley South Phase II portion of SID No. 59 is \$640,554.

Bond Refundings

In June 2011, the City issued \$3,645,000 in refunding bonds (various purpose), Series 2011A, with interest rates of 1.50% to 4.05%, to refund \$3,445,000 of existing refunding bonds for warrants and to refund \$160,000 of existing SID 214 bonds. The current refunding resulted in a cash flow differential of approximately \$385,000 and an economic gain of approximately \$310,000.

In June 2011, the City issued \$6,495,000 in refunding bonds (off-street parking), Series 2011B, with interest rates of 1.50% to 3.80%, to refund \$6,430,000 of existing refunding bonds (off-street parking), Series 2006. The current refunding resulted in a cash flow differential of approximately \$794,000 and an economic gain of approximately \$609,000.

In July 2011, the City issued \$4,975,000 in refunding bonds (fire station project) with interest rates of 2.00% to 4.15%, to refund \$4,920,000 of existing bonds (fire station project), Series 2005. The current refunding resulted in a cash flow differential of approximately \$519,000 and an economic gain of approximately \$410,000.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2011

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, 2011, consists of the following cash and capital asset transfers:

Transfer To		Transfer From		
		General Fund	Debt Service Fund	Keno Fund
General	\$ 58,800	\$ -	\$ -	\$ 58,800
Debt Service	1,462,436	730,000	-	732,436
Capital Improvements Fund	981,084	52,000	827,399	101,685
Economic Development	600,000	600,000	-	-
Golf	235,000	-	-	235,000
	<u>\$ 3,337,320</u>	<u>\$ 1,382,000</u>	<u>\$ 827,399</u>	<u>\$ 1,127,921</u>

Note 9: Reconciliation of Budget Basis to GAAP

Amounts presented on a non-GAAP budget basis of accounting differ from those presented in accordance with GAAP due to the treatment afforded accruals, encumbrances, and funds for which legally adopted annual budgets are not established. A reconciliation for the year ended September 30, 2011, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

	General Fund	Keno Fund	Economic Development Fund
Net change in fund balance			
Balance on a GAAP basis	\$ 886,481	\$ (65,783)	\$ (211,127)
Basic differences (accruals) occur because the cash basis of accounting used for budgeting differs from the modified accrual basis of accounting prescribed for governmental funds	<u>(1,299,898)</u>	<u>(80,173)</u>	<u>-</u>
Balance on a budget basis	<u>\$ (413,417)</u>	<u>\$ (145,956)</u>	<u>\$ (211,127)</u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2011

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, 2011 were \$7,749 each.

Civilian Employee Retirement Plan

The City has a defined contribution pension plan covering all civilian employees who are eligible. The plan requires that both the employee and the City contribute an amount equal to 6% of the employee's base salary per pay period. The City's and plan member's contributions to the plan for the year ended September 30, 2011 were \$207,395 each.

Police Retirement Plan

The City has a defined contribution pension plan for its full time employees in the Police Department. The plan was converted effective January 1, 1984, from a defined benefit plan to a defined contribution plan. The plan requires that both the employee and the City contribute an amount equal to 6% of the employee's base salary per pay period. The City's and plan member's contributions to the plan for the year ended September 30, 2011 were \$144,785 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, 2011 were \$12,691 and the plan member's contributions to the plan for the year ended September 30, 2011 were \$6,345.

Deferred Compensation Plan

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

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2011

Note 10: Retirement Plans - Continued

Deferred Compensation Plan - Continued

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

Note 11: Keno Fund Operations

The following data summarizes the Keno (Special Revenue) Fund's activity for the year ended September 30, 2011:

Gross sales	\$ 18,037,805
Less: prizes paid	(14,322,912)
Operator's commission	(2,223,867)
Deposits to progressive games	<u>(430)</u>
Net keno revenue	<u><u>\$ 1,490,596</u></u>

Note 12: Risk Management

The City is exposed to various risks of loss related to torts, theft, damage to, or destruction of assets, errors or omissions, injuries to employees, or natural disasters. These risks are transferred to independent insurance carriers and no self-insurance program is maintained by the City. City management believes adequate coverage exists for potential exposures as of September 30, 2011. The City did not pay any settlement amounts which exceeded its insurance coverage for any of the three preceding years.

Note 13: Commitments and Contingencies

Commitments

During the year, the City has accepted various bids for street improvements and other projects in the normal course of business that have not been completed and/or fully paid for at year-end.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2011

Note 13: Commitments and Contingencies - Continued

Claims and Litigation

The City is involved in various litigation matters in the normal course of business. The outcome of such litigation is not expected to have a material effect on the City's financial position or results of operations.

Government Grants

The City participates in a number of federally assisted grant programs, which are subject to financial and compliance audits or reviews. The amount of expenditures, if any, which may be disallowed by the granting agencies, is not determinable at this time; however, City officials do not believe that such amounts, if any, will be significant.

Community Development Block Grant Program

The City is participating in the State of Nebraska Department of Economic Development Community Development Block Grant ("CDBG") program. Under this program, the City has received federal funds from the State of Nebraska to undertake community development activities, as authorized. As of September 30, 2011, the City has entered into loan agreements with two businesses to provide CDBG funds totaling \$503,520. 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.

Note 14: Annexation

Effective May 4, 2011, the City annexed Sanitary and Improvement Districts ("SID") No. 82 and No. 239. At the time of annexation, the City assumed all assets and liabilities of the annexed areas, which were recorded at fair value.

Annexation of SID No. 82 and SID 239 resulted in revenues of \$887,438 included other financing sources in the governmental funds statement of revenues, expenditures and changes in fund balances and \$512,046 included in non-operating revenues in the proprietary funds statement of revenues, expenses and changes in net assets. Annexation revenue of \$696,011 and \$512,046 is included in net assets received from annexation in the statement of activities for the governmental and business-type activities, respectively.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2011

Note 15: Adoption of Accounting Principle

During the fiscal year ended September 30, 2011, the City adopted Governmental Accounting Standards Board Statement (GASB) No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 requires the City to classify fund balance based primarily on the extent to which the City is bound to honor constraints on how the funds can be spent and clarifies the definitions of the governmental fund types, resulting in a change in the activities that are reported in them. Adoption of GASB 54 increased the beginning fund balance in the Debt Service Fund by \$22,303, which was previously reported in Other Governmental Funds.

Supplementary Information

City of La Vista, Nebraska
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2011

Cluster / Program	Federal Agency / Pass-Through Entity	CFDA Number	Grant of Identifying Number	Amount Expended
Highway Planning and Construction Cluster	U.S. Department of Transportation - Federal			
Highway Planning and Construction	Highway Administration / Nebraska	20.205	MAPA-5012(9)	\$ 259,622
ARRA - Highway Planning and Construction	Department of Roads	20.205	MAPA-5012(9)	651,844
Highway Planning and Construction		20.205	MAPA-5017(4)	717
Highway Planning and Construction		20.205	MAPA-5011(13)	10,877
ARRA - Highway Planning and Construction		20.205	MAPA-5011(13)	23,712
Highway Planning and Construction		20.205	ENH-77(50)	59,728
Highway Planning and Construction		20.205	HSIP0902	13,090
				<u>1,019,590</u>
CDBG - State Administered Small Cities Program Cluster	U.S. Department of Housing and Urban			
Community Development Block Grants	Development / State of Nebraska	14.228	09-ED-007	284,148
Community Development Block Grants	Department of Economic Development	14.228	10-ED-002	219,372
				<u>503,520</u>
Hazard Mitigation Grant	U.S. Department of Homeland Security / Nebraska Emergency Management Agency	97.039	DR-1674-NE-0055	1,691,880
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	U.S. Department of Homeland Security / Nebraska Emergency Management Agency	97.036		47,565
State and Community Highway Safety	U.S. Department of Transportation - National Highway Traffic Safety Administration / Nebraska Department of Roads	20.600	402-11-8	22,675
Alcohol Impaired Driving Countermeasures Incentive Grants I	U.S. Department of Transportation - National Highway Traffic Safety Administration / Nebraska Department of Roads	20.601	410-10-5	4,125
		20.601	410-11-2	7,803
		20.601	410-11-5	2,713
		20.601	410-11-5	4,386
				<u>19,027</u>
Project Safe Neighborhoods	U.S. Department of Justice - Bureau of Justice Assistance / City of Omaha	16.609		294
		16.609		<u>1,998</u>
				<u>2,292</u>
Public Safety Partnership and Community Policing Grants	U.S. Department of Justice - Office of Community Oriented Policing Services / City of Omaha	16.710		46,602
Bulletproof Vest Partnership Program Grants	U.S. Department of Justice - Bureau of Justice Assistance / City of Omaha	16.607		2,233
Promotion of the Humanities - We the People	National Endowment for the Humanities / Nebraska Humanities Council	45.168		338
Energy Efficiency and Conservation Block Grant Program (EECBG)	U.S. Department of Energy / Nebraska Department of Environmental Quality	81.128		
				<u>4,969</u>
				<u>\$ 3,360,691</u>

City of La Vista, Nebraska
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2011

Notes to Schedule

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

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

The Mayor and City Council
City of La Vista, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of La Vista (the "City") as of and for the year ended September 30, 2011, which collectively comprise its basic financial statements and have issued our report thereon dated February 23, 2012, which contained an explanatory paragraph regarding a change in accounting principles and an explanatory paragraph regarding omission of required supplementary information. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 11-01 to be a material weakness.

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 also noted certain matters that we reported to the City's management in a separate letter dated February 23, 2012.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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

February 23, 2012

BKL, LLP

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

The Mayor and City Council
City of La Vista, Nebraska

Compliance

We have audited the compliance of the City of La Vista with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the compliance of the City of La Vista based on our audit.

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

In our opinion, the City of La Vista complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

Internal Control Over Compliance

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

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

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

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

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

February 23, 2012

BKD/LLP

City of La Vista, Nebraska
Schedule of Findings and Questioned Costs
Year Ended September 30, 2011

Summary of Auditor's Results

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

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

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

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

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

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

City of La Vista, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended September 30, 2011

7. The City's major programs were:

<u>Cluster/Program</u>	<u>CFDA Number</u>
Highway Planning and Construction Cluster	
Highway Planning and Construction	20.205
ARRA – Highway Planning and Construction	20.205
Hazard Mitigation Grant	97.039
CDBG – State Administered Small Cities Program Cluster	
Community Development Block Grants	14.228

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000.
9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133? ☐ Yes ☒ No

City of La Vista, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended September 30, 2011

Findings Required to be Reported by Government Auditing Standards

Reference Number	Finding	Questioned Costs
11-01	<p>Material Weakness</p> <p><i>Criteria or specific requirement</i> – Management is responsible for the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.</p> <p><i>Condition</i> – Professional standards define an audit adjustment as a proposed correction of the financial statements that in our judgment may not have been detected except through auditing procedures.</p> <p><i>Context</i> – An audit adjustment may be an indicator of a deficiency that could have a significant effect on the City's reporting process, that is, cause financial statements to be significantly misstated. In our judgment, an adjustment we proposed indicated matters that have a significant effect on the City's financial reporting process.</p> <p><i>Effect</i> – A significant adjustment was identified and proposed during the financial statement audit.</p> <p><i>Cause</i> – The City did not have an adequate review process or controls in place to properly identify all non-cash projects that might require capitalization, specifically roads projects paid directly by the State of Nebraska.</p> <p><i>Recommendation</i> – We recommend management review internal control procedures and develop a process to ensure these adjustments are identified and properly recorded in future periods.</p> <p><i>Views of responsible officials and planned corrective actions</i> – Management reviews the financial statements, as prepared by the contracted third party, prior to issuance for accuracy and understandability. Management will evaluate the contracted third party's existing procedures to determine if modifications can be implemented.</p>	None

City of La Vista, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended September 30, 2011

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
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No matters are reportable.

City of La Vista, Nebraska
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2011

Reference Number	Summary of Finding	Status
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No matters are reportable.

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

Accountants' Reports and Financial Statements
September 30, 2011 and 2010



Economic Development Fund
City of La Vista, Nebraska
September 30, 2011 and 2010

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Independent Accountants' Report on Financial Statements

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

We have audited the accompanying financial statements of the Economic Development Fund of the City of La Vista, Nebraska as of and for the years ended September 30, 2011 and 2010. These financial statements are the responsibility of City of La Vista's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the financial statements present only the Economic Development Fund and do not purport to, and do not, present fairly the financial position of the City of La Vista, Nebraska as of September 30, 2011 and 2010, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Economic Development Fund of the City of La Vista, Nebraska as of September 30, 2011 and 2010, and its changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BKD, LLP

February 23, 2012

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

**Balance Sheets
September 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents	\$ 1,093,984	\$ 1,305,111
Note receivable	15,810,692	15,810,692
Accrued interest receivable	<u>296,643</u>	<u>296,643</u>
Total assets	<u>\$ 17,201,319</u>	<u>\$ 17,412,446</u>
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balance		
Restricted for Economic Development	<u>17,201,319</u>	<u>17,412,446</u>
Total liabilities and fund balances	<u>\$ 17,201,319</u>	<u>\$ 17,412,446</u>

Economic Development Fund
City of La Vista, Nebraska
Statements of Revenues, Expenditures, and
Changes in Fund Balance
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Interest Income	\$ 1,188,405	\$ 1,196,106
Expenditures		
Debt service	505,000	-
Principal retirement	1,494,532	1,509,682
Interest	<u>1,999,532</u>	<u>1,509,682</u>
Total expenditures	<u>1,999,532</u>	<u>1,509,682</u>
Deficiency of Revenues Over Expenditures	(811,127)	(313,576)
Transfers	<u>600,000</u>	<u>-</u>
Net Change in Fund Balance	(211,127)	(313,576)
Fund Balance - Beginning of Year	<u>17,412,446</u>	<u>17,726,022</u>
Fund Balance - End of Year	<u><u>\$ 17,201,319</u></u>	<u><u>\$ 17,412,446</u></u>

Economic Development Fund City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2011 and 2010

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, 2011 and 2010, 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, 2011 and 2010

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 \$1,093,984 and \$275,163 at September 30, 2011 and 2010, respectively. At September 30, 2010, the Fund also had \$1,029,948 deposited in a savings account.

Note 2: Note Receivable

The City has a note receivable from a developer for an economic development project. As of September 30, 2011 and 2010, 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. Accrued interest receivable on the loan amounted to \$296,643 at September 30, 2011 and 2010.

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
Economic Development Fund Bonds, Series 2007	6.00-7.73%	10/15/2029	\$ 20,695,000

The initial principal payment of \$505,000 was due and paid in 2011, leaving an outstanding balance of \$20,190,000 at September 30, 2011.

Economic Development Fund City of La Vista, Nebraska

Notes to Financial Statements September 30, 2011 and 2010

Note 3: Long-term Debt - Continued

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

The annual debt service requirements to maturity for bonded debt as of September 30, 2011 is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 535,000	\$ 1,463,172	\$ 1,998,172
2013	570,000	1,429,662	1,999,662
2014	605,000	1,393,396	1,998,396
2015	645,000	1,353,854	1,998,854
2016	685,000	1,311,427	1,996,427
2017-2021	4,195,000	5,785,472	9,980,472
2022-2026	6,080,000	3,904,423	9,984,423
2027-2031	<u>6,875,000</u>	<u>1,114,473</u>	<u>7,989,473</u>
Total	<u>\$ 20,190,000</u>	<u>\$ 17,755,879</u>	<u>\$ 37,945,879</u>

Note 4: City Transfer

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