

# **City of La Vista, Nebraska**

Accountants' Report and Financial Statements

September 30, 2009



**City of La Vista, Nebraska**  
**September 30, 2009**

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## Independent Accountants' Report on Financial Statements

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, each major fund, and the aggregate remaining fund information of the City of La Vista, Nebraska as of and for the year ended September 30, 2009, which collectively comprise the City of La Vista's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of La Vista's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Vista as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund, keno fund and economic development fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2010 on our consideration of the City of La Vista's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

*BKD, LLP*

March 8, 2010

# City of La Vista, Nebraska

## Statement of Net Assets

September 30, 2009

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 7,040,042	\$ 369,956	\$ 7,409,998
Cash at county treasurer	92,502	-	92,502
Certificates of deposit	6,860,494	250,000	7,110,494
Investments	3,614,591	57,841	3,672,432
Receivables	19,325,166	139,739	19,464,905
Deferred charges	610,394	7,637	618,031
Capital assets			
Non-depreciable	7,885,472	9,524	7,894,996
Depreciable, net	41,525,905	5,099,512	46,625,417
<b>Total assets</b>	<b>86,954,566</b>	<b>5,934,209</b>	<b>92,888,775</b>
<b>Liabilities</b>			
Accounts payable	354,982	160,541	515,523
Accrued expenses	1,746,316	257,075	2,003,391
Deferred revenue	200,000	-	200,000
Registered warrants			
Due in more than one year	640,554	-	640,554
Compensated absences			
Payable within one year	10,060	2,376	12,436
Payable in more than one year	665,204	119,466	784,670
Installment notes payable			
Due within one year	108,411	5,658	114,069
Due in more than one year	342,184	21,355	363,539
Bonds payable			
Due within one year	2,290,000	100,000	2,390,000
Due in more than one year	59,788,270	470,000	60,258,270
<b>Total liabilities</b>	<b>66,145,981</b>	<b>1,136,471</b>	<b>67,282,452</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	7,435,823	4,539,036	11,974,859
Unrestricted	13,372,762	258,702	13,631,464
<b>Total net assets</b>	<b>\$ 20,808,585</b>	<b>\$ 4,797,738</b>	<b>\$ 25,606,323</b>

**City of La Vista, Nebraska**  
**Statement of Activities**  
**Year Ended September 30, 2009**

	<u>Program Revenues</u>			<u>Net Revenues (Expenses) and Changes in Net Assets</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General government	\$ 2,614,838	\$ 558,757	\$ 367,816	\$ -	\$ (1,688,265)	\$ -	\$ (1,688,265)
Public safety	4,172,443	-	-	-	(4,172,443)	-	(4,172,443)
Public works	2,922,266	-	-	820,884	(2,101,382)	-	(2,101,382)
Culture and recreation	2,943,104	420,428	-	-	(2,522,676)	-	(2,522,676)
Community development	-	-	1,222,522	-	1,222,522	-	1,222,522
Interest on long-term debt	3,333,196	-	-	-	(3,333,196)	-	(3,333,196)
Total governmental activities	<u>15,985,847</u>	<u>979,185</u>	<u>1,590,338</u>	<u>820,884</u>	<u>(12,595,440)</u>	<u>-</u>	<u>(12,595,440)</u>
<b>Business-type Activities</b>							
Sewer	1,769,498	1,404,057	-	-	-	(365,441)	(365,441)
Golf	405,292	274,934	-	-	-	(130,358)	(130,358)
Total business-type activities	<u>2,174,790</u>	<u>1,678,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(495,799)</u>	<u>(495,799)</u>
Total	<u>\$ 18,160,637</u>	<u>\$ 2,658,176</u>	<u>\$ 1,590,338</u>	<u>\$ 820,884</u>	<u>(12,595,440)</u>	<u>(495,799)</u>	<u>(13,091,239)</u>
<b>General Revenues</b>							
Property taxes					4,858,335	-	4,858,335
Sales and use taxes					3,381,447	-	3,381,447
Occupation taxes					1,241,309	-	1,241,309
Motor vehicle taxes					310,721	-	310,721
Interest income					1,675,753	15,295	1,691,048
Miscellaneous					312,879	-	312,879
Operating Transfers					(191,629)	191,629	-
Total general revenues and transfers					<u>11,588,815</u>	<u>206,924</u>	<u>11,795,739</u>
Change in Net Assets					(1,006,625)	(288,875)	(1,295,500)
Net Assets - Beginning of Year					<u>21,815,210</u>	<u>5,086,613</u>	<u>26,901,823</u>
Net Assets - End of Year					<u>\$ 20,808,585</u>	<u>\$ 4,797,738</u>	<u>\$ 25,606,323</u>

**City of La Vista, Nebraska**  
**Balance Sheet –**  
**Governmental Funds**  
**September 30, 2009**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Keno Fund</b>	<b>Capital Improvements Fund</b>	<b>Economic Development Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Assets</b>							
Cash and cash equivalents	\$ 805,042	\$ 2,886,302	\$ 1,519,219	\$ 173,941	\$ 1,618,687	\$ 36,851	\$ 7,040,042
Cash at county treasurer	72,308	20,194	-	-	-	-	92,502
Certificates of deposit	1,500,120	3,000,481	2,359,893	-	-	-	6,860,494
Investments	2,001,595	1,579,003	33,993	-	-	-	3,614,591
Receivables	800,709	2,404,304	125,904	-	16,107,335	-	19,438,252
Total assets	<u>\$ 5,179,774</u>	<u>\$ 9,890,284</u>	<u>\$ 4,039,009</u>	<u>\$ 173,941</u>	<u>\$ 17,726,022</u>	<u>\$ 36,851</u>	<u>\$ 37,045,881</u>
<b>Liabilities</b>							
Accounts payable	\$ 143,826	\$ -	\$ 103,971	\$ 107,185	\$ -	\$ -	\$ 354,982
Accrued expenses	468,801	-	78,142	-	-	-	546,943
Deferred revenue	32,523	2,189,108	200,000	-	-	-	2,421,631
Total liabilities	<u>645,150</u>	<u>2,189,108</u>	<u>382,113</u>	<u>107,185</u>	<u>-</u>	<u>-</u>	<u>3,323,556</u>
<b>Fund Balances</b>							
Reserved for							
Debt service	-	7,701,176	-	-	-	-	7,701,176
Special revenue funds	-	-	3,656,896	-	17,726,022	-	21,382,918
Capital improvements	-	-	-	66,756	-	36,851	103,607
Unreserved	4,534,624	-	-	-	-	-	4,534,624
Total fund balances	<u>4,534,624</u>	<u>7,701,176</u>	<u>3,656,896</u>	<u>66,756</u>	<u>17,726,022</u>	<u>36,851</u>	<u>33,722,325</u>
Total liabilities and fund balances	<u>\$ 5,179,774</u>	<u>\$ 9,890,284</u>	<u>\$ 4,039,009</u>	<u>\$ 173,941</u>	<u>\$ 17,726,022</u>	<u>\$ 36,851</u>	<u>\$ 37,045,881</u>

**City of La Vista, Nebraska**  
**Reconciliation of the Balance Sheet**  
**of Governmental Funds to the**  
**Statement of Net Assets**  
**September 30, 2009**

Total fund balance - total governmental funds	\$ 33,722,325
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.	49,411,377
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 \$1,284,502, bond issue costs of \$610,394, bond premiums of \$48,270 and warrants payable of \$640,554.	(63,758,398)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(675,264)
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.	(113,086)
Deferred revenues represents funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.	<u>2,221,631</u>
Net assets of governmental activities	<u><u>\$ 20,808,585</u></u>

**City of La Vista, Nebraska**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances –**  
**Governmental Funds**  
**Year Ended September 30, 2009**

	General Fund	Debt Service Fund	Keno Fund	Capital Improvements Fund	Economic Development Fund	Other Governmental Funds	Total
<b>Revenues</b>							
Property tax	\$ 4,342,648	\$ 741,943	\$ -	\$ -	\$ -	\$ -	\$ 5,084,591
Sales and use tax	2,254,298	1,127,149	-	-	-	-	3,381,447
Occupation tax	1,241,309	-	-	-	-	-	1,241,309
Motor vehicle tax	308,615	2,106	-	-	-	-	310,721
Licenses and permits	558,757	-	-	-	-	-	558,757
Intergovernmental	1,116,254	-	-	-	-	-	1,116,254
Charges for services	420,428	-	-	-	-	-	420,428
Keno	-	-	1,222,522	-	-	-	1,222,522
Interest income	40,436	364,826	79,541	-	1,190,935	15	1,675,753
Special assessments	-	516,084	-	-	-	-	516,084
Miscellaneous	42,604	249,972	-	-	-	-	292,576
<b>Total revenues</b>	<b>10,325,349</b>	<b>3,002,080</b>	<b>1,302,063</b>	<b>-</b>	<b>1,190,935</b>	<b>15</b>	<b>15,820,442</b>
<b>Expenditures</b>							
Current							
General government	2,248,555	20,947	-	-	3,319	15,837	2,288,658
Streets and street lighting	1,644,925	-	-	-	-	-	1,644,925
Public safety	3,501,055	-	-	-	-	-	3,501,055
Culture and recreation	1,863,403	-	-	-	-	-	1,863,403
Community development	-	-	378,011	-	-	-	378,011
Capital outlay	261,362	-	-	470,373	-	83,000	814,735
Debt service							
Principal retirement	-	1,740,000	-	-	-	300,000	2,040,000
Interest	-	1,371,976	-	16,214	1,509,683	333,445	3,231,318
<b>Total expenditures</b>	<b>9,519,300</b>	<b>3,132,923</b>	<b>378,011</b>	<b>486,587</b>	<b>1,513,002</b>	<b>732,282</b>	<b>15,762,105</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>806,049</b>	<b>(130,843)</b>	<b>924,052</b>	<b>(486,587)</b>	<b>(322,067)</b>	<b>(732,267)</b>	<b>58,337</b>
<b>Other Financing Sources (Uses)</b>							
Transfers	(795,280)	323,052	(1,198,146)	845,374	-	650,000	(175,000)
<b>Total other financing sources (uses)</b>	<b>(795,280)</b>	<b>323,052</b>	<b>(1,198,146)</b>	<b>845,374</b>	<b>-</b>	<b>650,000</b>	<b>(175,000)</b>
<b>Net Change in Fund Balances</b>	<b>10,769</b>	<b>192,209</b>	<b>(274,094)</b>	<b>358,787</b>	<b>(322,067)</b>	<b>(82,267)</b>	<b>(116,663)</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>4,523,855</b>	<b>7,508,967</b>	<b>3,930,990</b>	<b>(292,031)</b>	<b>18,048,089</b>	<b>119,118</b>	<b>33,838,988</b>
<b>Fund Balances - End of Year</b>	<b>\$ 4,534,624</b>	<b>\$ 7,701,176</b>	<b>\$ 3,656,896</b>	<b>\$ 66,756</b>	<b>\$ 17,726,022</b>	<b>\$ 36,851</b>	<b>\$ 33,722,325</b>

See Notes to the Financial Statements

**City of La Vista, Nebraska**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances – of Governmental Funds**  
**to the Changes in Net Assets of Governmental Activities**  
**Year Ended September 30, 2009**

Net change in fund balances - total governmental funds	\$ (116,663)
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.	(1,549,796)
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.	(546,940)
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.	2,062,438
In the statement of activities, interest is accrued on outstanding bonds and warrants, whereas in governmental funds, an interest expenditure is reported when due.	(101,878)
Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(190,257)
Special assessments receivable are offset by deferred revenue and, therefore, no allowance for doubtful accounts is necessary.	106,365
Deferred revenues represents funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.	<u>(669,894)</u>
Change in net assets of governmental activities	<u><u>\$ (1,006,625)</u></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, 2009**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ 7,948,426	\$ 7,922,760	\$ (25,666)
Licenses and permits	637,000	558,757	(78,243)
Intergovernmental revenues	1,125,010	1,116,929	(8,081)
Charges for services	330,295	418,672	88,377
Grant income	128,180	33,548	(94,632)
Interest income	50,000	40,436	(9,564)
Miscellaneous	11,500	9,056	(2,444)
Total revenues	<u>10,230,411</u>	<u>10,100,158</u>	<u>(130,253)</u>
<b>Expenditures</b>			
General government	2,282,273	2,128,403	153,870
Streets and street lighting	1,708,963	1,652,568	56,395
Public safety	3,825,799	3,525,221	300,578
Culture and recreation	1,442,515	1,327,411	115,104
Public library	590,046	550,741	39,305
Capital outlay	311,171	261,362	49,809
Total expenditures	<u>10,160,767</u>	<u>9,445,706</u>	<u>715,061</u>
<b>Excess of Revenues Over Expenditures</b>	69,644	654,452	584,808
<b>Other Financing Uses</b>			
Operating transfers out	<u>(820,280)</u>	<u>(795,280)</u>	<u>25,000</u>
<b>Net Change in Fund Balances</b>	<u>\$ (750,636)</u>	<u>(140,828)</u>	<u>\$ 609,808</u>
<b>Fund Balance - Beginning of Year</b>		<u>4,447,585</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 4,306,757</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, 2009**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues</b>			
Keno	\$ 975,000	\$ 1,205,980	\$ 230,980
Interest income	100,000	79,541	(20,459)
Total revenues	<u>1,075,000</u>	<u>1,285,521</u>	<u>210,521</u>
<b>Expenditures</b>			
General government	107,500	65,136	42,364
Culture and recreational	225,000	313,867	(88,867)
Total expenditures	<u>332,500</u>	<u>379,003</u>	<u>(46,503)</u>
<b>Excess of Revenues Over Expenditures</b>	742,500	906,518	164,018
<b>Other Financing Uses</b>			
Operating transfers out	<u>(1,306,000)</u>	<u>(1,198,146)</u>	<u>107,854</u>
<b>Net Change in Fund Balances</b>	<u>\$ (563,500)</u>	(291,628)	<u>\$ 271,872</u>
<b>Fund Balance - Beginning of Year</b>		<u>4,204,733</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 3,913,105</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, 2009**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ 150,000	\$ -	\$ (150,000)
Interest income	-	18,514	18,514
Other income	<u>1,234,663</u>	<u>1,128,036</u>	<u>(106,627)</u>
Total revenues	<u>1,384,663</u>	<u>1,146,550</u>	<u>(238,113)</u>
<b>Expenditures</b>			
General government	-	1,630,964	(1,630,964)
Debt service interest	1,509,683	1,509,683	-
Bond issue costs	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total expenditures	<u>1,534,683</u>	<u>3,140,647</u>	<u>(1,605,964)</u>
<b>Net Change in Fund Balances</b>	<u><u>\$ (150,020)</u></u>	(1,994,097)	<u><u>\$ (1,844,077)</u></u>
<b>Fund Balance - Beginning of Year</b>		<u>3,612,784</u>	
<b>Fund Balance - End of Year</b>		<u><u>\$ 1,618,687</u></u>	

# City of La Vista, Nebraska

## Balance Sheet – Proprietary Funds September 30, 2009

	<u>Golf</u>	<u>Sewer</u>	<u>Total</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and equivalents	\$ 42,503	\$ 327,453	\$ 369,956
Certificates of deposit	-	250,000	250,000
Investments	-	57,841	57,841
Accounts receivable	-	139,739	139,739
Total current assets	<u>42,503</u>	<u>775,033</u>	<u>817,536</u>
<b>Noncurrent Assets</b>			
Deferred charges	<u>7,637</u>	<u>-</u>	<u>7,637</u>
Land	-	9,524	9,524
Equipment and furniture	164,619	861,304	1,025,923
Utility systems	-	5,532,231	5,532,231
Autos and trucks	97,179	182,955	280,134
Buildings and improvements	1,603,939	9,365	1,613,304
Accumulated depreciation	<u>(1,075,148)</u>	<u>(2,276,932)</u>	<u>(3,352,080)</u>
Capital assets - net of depreciation	<u>790,589</u>	<u>4,318,447</u>	<u>5,109,036</u>
Total noncurrent assets	<u>798,226</u>	<u>4,318,447</u>	<u>5,116,673</u>
Total assets	<u>\$ 840,729</u>	<u>\$ 5,093,480</u>	<u>\$ 5,934,209</u>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 26,031	\$ 134,510	\$ 160,541
Accrued expenses	22,411	234,664	257,075
Compensated absences	102	2,274	2,376
Installment notes payable - current portion	5,658	-	5,658
Current portion of bonds payable	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total current liabilities	<u>154,202</u>	<u>371,448</u>	<u>525,650</u>
<b>Noncurrent Liabilities</b>			
Compensated absences	9,245	110,221	119,466
Installment notes payable	21,355	-	21,355
Bonds payable	<u>470,000</u>	<u>-</u>	<u>470,000</u>
Total noncurrent liabilities	<u>500,600</u>	<u>110,221</u>	<u>610,821</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	220,589	4,318,447	4,539,036
Unrestricted	<u>(34,662)</u>	<u>293,364</u>	<u>258,702</u>
Total net assets	<u>185,927</u>	<u>4,611,811</u>	<u>4,797,738</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 840,729</u>	<u>\$ 5,093,480</u>	<u>\$ 5,934,209</u>

**City of La Vista, Nebraska**  
**Statement of Revenues, Expenses and Changes in Net Assets –**  
**Proprietary Funds**  
**Year Ended September 30, 2009**

	<b>Golf</b>	<b>Sewer</b>	<b>Total</b>
<b>Operating Revenues</b>			
User fees	\$ 237,025	\$ 1,042,277	\$ 1,279,302
Permits and hookups	-	333,800	333,800
Grant income	-	27,980	27,980
Merchandise sales	36,167	-	36,167
Other revenue	1,742	-	1,742
	<u>274,934</u>	<u>1,404,057</u>	<u>1,678,991</u>
<b>Operating Expenses</b>			
General administrative	121,096	542,018	663,114
Cost of merchandise sold	23,163	-	23,163
Maintenance	153,416	-	153,416
Production and distribution	-	1,091,011	1,091,011
Depreciation and amortization	73,382	138,842	212,224
	<u>371,057</u>	<u>1,771,871</u>	<u>2,142,928</u>
<b>Operating Loss</b>	<u>(96,123)</u>	<u>(367,814)</u>	<u>(463,937)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Interest income	102	15,193	15,295
Gain (loss) on disposition of fixed assets	(2,334)	2,373	39
Interest on notes payable	(31,901)	-	(31,901)
	<u>(34,133)</u>	<u>17,566</u>	<u>(16,567)</u>
<b>Loss Before Transfers</b>	<u>(130,256)</u>	<u>(350,248)</u>	<u>(480,504)</u>
<b>Transfers</b>	<u>191,954</u>	<u>(325)</u>	<u>191,629</u>
<b>Change in Net Assets</b>	61,698	(350,573)	(288,875)
<b>Net Assets - Beginning of Year</b>	<u>124,229</u>	<u>4,962,384</u>	<u>5,086,613</u>
<b>Net Assets - End of Year</b>	<u>\$ 185,927</u>	<u>\$ 4,611,811</u>	<u>\$ 4,797,738</u>

**City of La Vista, Nebraska**  
**Statement of Cash Flows –**  
**Proprietary Funds**  
**Year Ended September 30, 2009**

	<u>Golf</u>	<u>Sewer</u>	<u>Total</u>
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 274,934	\$ 1,359,705	\$ 1,634,639
Payments to suppliers	(110,185)	(965,177)	(1,075,362)
Payments to employees	(189,121)	(666,372)	(855,493)
Grant income	-	27,980	27,980
	<u>(24,372)</u>	<u>(243,864)</u>	<u>(268,236)</u>
Net cash used in operating activities			
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers	175,000	-	175,000
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition of fixed assets	(6,115)	-	(6,115)
Principal paid on bonds	(97,280)	-	(97,280)
Interest paid on bonds	(31,901)	-	(31,901)
	<u>(135,296)</u>	<u>-</u>	<u>(135,296)</u>
Net cash used in capital and related financing activities			
<b>Cash Flows from Investing Activities</b>			
Purchases of investments	-	(769,017)	(769,017)
Proceeds from sales and maturities of investments	-	987,957	987,957
Interest income	102	15,193	15,295
	<u>102</u>	<u>234,133</u>	<u>234,235</u>
Net cash provided by investing activities			
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	15,434	(9,731)	5,703
<b>Cash and Cash Equivalents - Beginning of Year</b>	27,069	337,184	364,253
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 42,503</u>	<u>\$ 327,453</u>	<u>\$ 369,956</u>
<b>Operating loss</b>			
Operating loss	\$ (96,123)	\$ (367,814)	\$ (463,937)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation and amortization	73,382	138,842	212,224
Increase in receivables	-	(16,372)	(16,372)
(Increase) decrease in payables and accrued expenses	(1,631)	1,480	(151)
	<u>(24,372)</u>	<u>(243,864)</u>	<u>(268,236)</u>
Net cash used in operating activities			
<b>Supplemental Cash Flows Information</b>			
Fixed assets included in accounts payable	\$ (55,958)	\$ -	\$ (55,958)
Transfers of fixed assets	\$ 16,954	\$ (325)	\$ 16,629

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2009**

**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, 2009.

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.

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

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2009**

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

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

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

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

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

***Basis of Presentation***

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

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

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2009**

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

***Basis of Presentation - Continued***

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

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

***Fund Types and Major Funds***

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

The City reports the following major governmental funds:

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

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

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

Capital Improvements Fund is used to account for resources and expenditures to purchase and construct capital assets.

Economic Development Fund is used to create jobs and/or develop tourism for the purpose of supporting the City's commercial developments, rehabilitate residential neighborhoods and expand industrial development in order to ensure economic stability and vitality of the City.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2009**

**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, 2009

### 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, 2009**

**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***

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 the debt attributable to unspent proceeds is not included in the calculation of invested in capital assets, net of related debt.

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

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

***Use of Estimates***

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

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2009**

**Note 2: Budget and Budgetary Accounting**

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

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

**Note 3: Deposits and Investments**

***Deposits***

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

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

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2009**

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

***Deposits - Continued***

Effective October 3, 2008, the FDIC's insurance limits increased to \$250,000. The increase in federally insured limits is currently set to expire December 31, 2013.

***Investments***

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

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

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

*Credit Risk* – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's only investments are units of participation in the short-term investment pool of the Nebraska Public Agency Investment Trust ("NPAIT"). NPAIT is a special purpose government established under Nebraska statute. The investment pool or trust is not registered and is not rated for credit risk. The City limits its interest rate risk by investing only in the short-term pool, which consists primarily of government agency or government securitized investments with maturities of less than one year. The amount invested in the NPAIT pool was \$3,672,432 at September 30, 2009.

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

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2009**

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

***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	\$ 92,502
Deposits	14,520,492
Investments	<u>3,672,432</u>
	<u>\$ 18,285,426</u>

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

Cash and cash equivalents	\$ 7,409,998
Cash at country treasurer	92,502
Certificates of deposit	7,110,494
Investments	<u>3,672,432</u>
	<u>\$ 18,285,426</u>

**Note 4: Property Taxes**

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

The tax rate to finance governmental services other than the payment of principal and interest on long-term debt for the year ended September 30, 2009 was \$0.4435 per \$100 of assessed valuation and the debt service requirement was \$0.0800 per \$100 of assessed valuation. The assessed valuation for the 2008-2009 tax year was \$950,626,037.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2009**

**Note 5: Reconciliation of Budget Basis to GAAP**

Amounts presented on a non-GAAP budget basis of accounting differ from those presented in accordance with GAAP due to the treatment afforded accruals, encumbrances, and funds for which legally adopted annual budgets are not established. A reconciliation for the year ended September 30, 2009, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

	<b>General Fund</b>	<b>Keno Fund</b>	<b>Economic Development Fund</b>
Net change in fund balance			
Balance on a GAAP basis	\$ 10,769	\$ (274,094)	\$ (322,067)
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	(151,597)	(17,534)	(1,672,030)
Balance on a budget basis	\$ (140,828)	\$ (291,628)	\$ (1,994,097)

**Note 6: Receivables**

Receivables at September 30, 2009, consist of the following:

<b>Fund</b>	<b>Taxes</b>	<b>Accounts Receivable</b>	<b>Special Assessments</b>	<b>Interest</b>	<b>Note Receivable</b>	<b>Gross Receivables</b>	<b>Allowance for Uncollectibles</b>	<b>Net Receivables</b>
General	\$ 498,765	\$ 301,944	\$ -	\$ -	\$ -	\$ 800,709	\$ -	\$ 800,709
Debt Service	221,198	-	2,064,168	118,938	-	2,404,304	113,086	2,291,218
Keno	-	125,904	-	-	-	125,904	-	125,904
Economic Development	-	-	-	296,643	15,810,692	16,107,335	-	16,107,335
Sewer	-	139,739	-	-	-	139,739	-	139,739
	\$ 719,963	\$ 567,587	\$ 2,064,168	\$ 415,581	\$ 15,810,692	\$ 19,577,991	\$ 113,086	\$ 19,464,905

**Note Receivable**

On April 25, 2007, the City entered into an economic development project with John Q. Hammons Affiliated Parties (the developer). Under the project the City would provide a \$3 million grant to the developer and a loan not to exceed \$18 million or 80% of the construction costs of a hotel and convention center. The developer will repay the entire principal balance of the loan in a single balloon payment no later than July 2017. The developer will make quarterly interest payments, at a rate equal to the average coupon rate of the bonds issued to fund the loan, until the entire principal balance is paid in full. As of September 30, 2009, the balance of the loan with the developer is \$15,810,692, as reflected above as a note receivable.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2009**

**Note 7: Capital Assets and Depreciation**

Capital asset activity for the year ended September 30, 2009, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>					
Land, not being depreciated	\$ 8,047,475	\$ -	\$ (24,213)	\$ (137,790)	\$ 7,885,472
Capital assets, being depreciated					
Buildings	18,664,838	1,225	(450)	-	18,665,613
Improvements/infrastructure	37,570,910	-	-	117,099	37,688,009
Equipment/furniture/vehicles	6,118,810	793,153	(290,024)	121,152	6,743,091
Total capital assets, being depreciated	<u>62,354,558</u>	<u>794,378</u>	<u>(290,474)</u>	<u>238,251</u>	<u>63,096,713</u>
Accumulated Depreciation					
Buildings	(5,379,204)	(724,834)	319	(5,983)	(6,109,702)
Improvements/infrastructure	(10,743,455)	(1,022,621)	-	(39,855)	(11,805,931)
Equipment/furniture/vehicles	(3,318,202)	(463,117)	197,396	(71,252)	(3,655,175)
Total accumulated depreciation	<u>(19,440,861)</u>	<u>(2,210,572)</u>	<u>197,715</u>	<u>(117,090)</u>	<u>(21,570,808)</u>
Capital assets being depreciated, net	<u>42,913,697</u>	<u>(1,416,194)</u>	<u>(92,759)</u>	<u>121,161</u>	<u>41,525,905</u>
Governmental activities capital assets, net	<u>\$ 50,961,172</u>	<u>\$ (1,416,194)</u>	<u>\$ (116,972)</u>	<u>\$ (16,629)</u>	<u>\$ 49,411,377</u>
<b>Business-type Activities</b>					
Land, not being depreciated	\$ 9,524	\$ -	\$ -	\$ -	\$ 9,524
Capital assets, being depreciated					
Golf course	1,597,858	4,998	(12,478)	13,560	1,603,938
Building and improvements	54,365	-	(45,000)	-	9,365
Sewer line system	5,539,712	-	(7,481)	-	5,532,231
Equipment and furniture	1,664,376	59,843	(304,141)	(114,022)	1,306,056
Total capital assets, being depreciated	<u>8,856,311</u>	<u>64,841</u>	<u>(369,100)</u>	<u>(100,462)</u>	<u>8,451,590</u>
Accumulated depreciation					
Golf course	(873,753)	(53,310)	8,199	-	(918,864)
Building and improvements	(54,034)	(308)	45,000	-	(9,342)
Sewer line system	(1,436,166)	(109,006)	7,481	-	(1,537,691)
Equipment and furniture	(1,260,176)	(48,787)	305,691	117,091	(886,181)
Total accumulated depreciation	<u>(3,624,129)</u>	<u>(211,411)</u>	<u>366,371</u>	<u>117,091</u>	<u>(3,352,078)</u>
Capital assets being depreciated, net	<u>5,232,182</u>	<u>(146,570)</u>	<u>(2,729)</u>	<u>16,629</u>	<u>5,099,512</u>
Business-type activities capital assets, net	<u>\$ 5,241,706</u>	<u>\$ (146,570)</u>	<u>\$ (2,729)</u>	<u>\$ 16,629</u>	<u>\$ 5,109,036</u>

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2009**

**Note 7: Capital Assets and Depreciation - Continued**

Depreciation was charged to functions/programs as follows:

**Governmental Activities**

General services	\$ 165,838
Public safety	662,277
Culture and recreation	268,886
Public works	<u>1,113,571</u>
Total governmental activities depreciation expense	<u><u>\$ 2,210,572</u></u>

**Business-type Activities**

Golf	\$ 72,569
Sewer	<u>138,842</u>
Total business-type activities depreciation expense	<u><u>\$ 211,411</u></u>

**Note 8: Long-term Liabilities**

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

The following is a summary of long-term debt activity of the City for the year ended September 30, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Long-term debt					
General obligation bonds	\$ 64,070,000	\$ -	\$ 2,040,000	\$ 62,030,000	\$ 2,290,000
Registered warrants	1,002,734	-	362,180	640,554	-
Installment notes payable	117,070	387,904	54,379	450,595	108,411
Premium on bonds issued	51,384	-	3,114	48,270	-
Other long-term liabilities					
Compensated absences	<u>485,007</u>	<u>205,214</u>	<u>14,957</u>	<u>675,264</u>	<u>10,060</u>
Governmental activities long-term liabilities	<u><u>\$ 65,726,195</u></u>	<u><u>\$ 593,118</u></u>	<u><u>\$ 2,474,630</u></u>	<u><u>\$ 63,844,683</u></u>	<u><u>\$ 2,408,471</u></u>

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2009**

**Note 8: Long-term Liabilities - Continued**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Business-type Activities</b>					
Long-term debt					
Revenue bonds	\$ 665,000	\$ -	\$ 95,000	\$ 570,000	\$ 100,000
Installment notes payable	-	29,293	2,280	27,013	5,658
Other long-term liabilities					
Compensated absences	110,803	13,601	2,562	121,842	2,376
Business-type activities					
long-term liabilities	<u>\$ 775,803</u>	<u>\$ 42,894</u>	<u>\$ 99,842</u>	<u>\$ 718,855</u>	<u>\$ 108,034</u>

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

	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>			
General obligation bonds			
March 26, 2002, police facility building bonds	3.75-5.00%	3/15/2022	\$ 3,020,000
June 15, 2003, library refunding bonds	2.45-3.80%	12/15/2012	795,000
May 15, 2003, refunding bonds	2.45-4.50%	11/15/2019	2,220,000
July 15, 2003, street improvement bonds	2.60-4.45%	7/15/2023	3,125,000
October 15, 2004, SID bonds	2.75-5.20%	4/15/2024	1,625,000
December 15, 2005, fire facility bonds	3.65-4.90%	12/15/2026	5,330,000
December 15, 2005, refunding bonds for warrants	3.55-4.80%	12/15/2026	3,735,000
March 15, 2006, off-street parking bonds	4.375-4.70%	4/15/2025	7,070,000
March 15, 2004, Southwind GO bonds	3.00-5.10%	9/15/2024	1,810,000
July 7, 2007, EDP taxable bonds	6.00-7.73%	10/15/2029	20,695,000
December 21, 2007, public safety	3.40-4.30%	11/15/2022	1,300,000
July 15, 2008, refunding bonds	3.65-4.125%	10/15/2021	6,795,000
September 19, 2008, Southport GO bonds	3.125-5.00%	11/15/2028	3,520,000
September 19, 2009, highway allocation bonds	3.50-5.00%	11/15/2028	990,000
Total general obligation bonds			<u>\$ 62,030,000</u>

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2009**

**Note 8: Long-term Liabilities - Continued**

	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Ending Balance</b>
<b>Governmental Activities - Continued</b>			
Installment notes payable			
January 8, 2007, vehicles note payable	5.25%	7/8/2012	\$ 15,151
June 20, 2007, equipment note payable	6.00%	7/20/2012	38,518
October 2, 2008, vehicles note payable	5.25%	10/6/2011	31,459
March 26, 2009, vehicles note payable	2.95%	4/1/2014	84,792
April 20, 2009, equipment note payable	2.95%	4/1/2014	119,715
June 25, 2009, equipment note payable	3.25%	7/1/2014	<u>160,960</u>
Total installment notes payable			<u>\$ 450,595</u>
<b>Business-type Activities</b>			
Revenue bonds			
December 15, 1993, golf course revenue bond	5.40-5.45%	12/15/2013	<u>\$ 570,000</u>
Installment notes payable			
March 11, 2009, equipment note payable	2.95%	4/1/2014	<u>\$ 27,013</u>

Annual requirements pay principal and interest to maturity on outstanding debt is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Governmental Activities</b>			
2010	\$ 2,398,411	\$ 3,280,590	\$ 5,679,001
2011	3,006,554	3,175,466	6,182,020
2012	3,113,650	3,047,298	6,160,948
2013	3,230,718	2,911,001	6,141,719
2014	3,136,262	2,772,306	5,908,568
2015-2019	16,405,000	11,635,791	28,040,791
2020-2024	17,395,000	7,224,266	24,619,266
2025-2029	11,870,000	2,698,558	14,568,558
2030	<u>1,925,000</u>	<u>74,401</u>	<u>1,999,401</u>
Total	<u>\$ 62,480,595</u>	<u>\$ 36,819,677</u>	<u>\$ 99,300,272</u>
<b>Business-type Activities</b>			
2010	\$ 105,658	\$ 28,844	\$ 134,502
2011	115,764	23,095	138,859
2012	120,938	16,846	137,784
2013	126,119	10,289	136,408
2014	<u>128,534</u>	<u>3,506</u>	<u>132,040</u>
Total	<u>\$ 597,013</u>	<u>\$ 82,580</u>	<u>\$ 679,593</u>

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2009**

**Note 8: Long-term Liabilities - Continued**

***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, 2009, 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.

**Note 9: Interfund Balances and Activity**

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

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

Transfer To/From Other Funds at September 30, 2009, consists of the following cash and capital asset transfers:

<u>Transfer To</u>	<u>Transfer From</u>				
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Keno Fund</u>	<u>Sewer Fund</u>	
General	\$ 10,045	\$ -	\$ -	\$ 9,720	\$ 325
Debt Service	969,426	-	-	969,426	-
Capital Improvements Fund	845,374	155,000	646,374	44,000	-
Other Governmental Funds	650,000	650,000	-	-	-
Golf	191,954	16,954	-	175,000	-
	<u>\$ 2,666,799</u>	<u>\$ 821,954</u>	<u>\$ 646,374</u>	<u>\$ 1,198,146</u>	<u>\$ 325</u>

**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 of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2009**

**Note 10: Retirement Plans - Continued**

***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, 2009 were \$6,933 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, 2009 were \$183,037 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, 2009 were \$122,726 each.

***Fire Retirement Plan***

The City has a defined contribution pension plan for its full time employees in the Fire Department. The plan was effective June 2007. The plan requires that the City contribute an amount equal to 13% of employee's base salary per pay period. The City's contributions to the plan for the year ended September 30, 2009 were \$11,627 and the plan member's contributions to the plan for the year ended September 30, 2009 were \$5,814.

***Deferred Compensation Plan***

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

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

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2009**

**Note 11: Keno Fund Operations**

The following data summarizes the Keno (Special Revenue) Fund's activity for the year ended September 30, 2009:

Gross sales	\$ 15,804,522
Less: prizes paid	(12,646,256)
Operator's commission	(1,936,054)
Deposits to progressive games	310
Net keno revenue	\$ 1,222,522

**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, 2009. The City did not pay any settlement amounts which exceeded its insurance coverage for any of the three preceding years.

**Note 13: Commitments and Contingencies**

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

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

The City also participates in a number of federal and state assistance programs. The programs are subject to financial and compliance audits or reviews. The amount of expenditures, if any, which may be disallowed by the granting agencies, is not determinable; however, City officials do not believe such amounts would be significant.

Included in the Capital Improvements Fund and the Offstreet Parking Fund is cash of \$173,941 and \$36,851, respectively, of bond proceeds that will be used for future purchases of capital assets. The Economic Development Fund includes \$1,618,687 in cash of bond proceeds that will be used for future community and business development.

**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2009**

**Note 14: Subsequent Events**

In November 2009, the City authorized the issuance of \$3,050,000 in Refunding Bonds. The interest rates range from 2.50% to 3.95%, and the final maturity is on 3/15/2022. Additionally, in November 2009, the City authorized the issuance of \$8,320,000 of General Obligation Various Purpose Refunding Bonds. The interest rates range from 2.00% to 3.80%, and the final maturity is on 11/15/2023.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Vista as of and for the year ended September 30, 2009, which collectively comprise its basic financial statements and have issued our report thereon dated March 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to the City's management in a separate letter dated March 8, 2010.

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

BKD, LLP

March 8, 2010

**City of La Vista, Nebraska**  
**Schedule of Findings and Responses**  
**Year Ended September 30, 2009**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.