City of La Vista, Nebraska

Accountants' Report and Financial Statements

September 30, 2010

BKD LLP
CPAs & Advisors

City of La Vista, Nebraska

September 30, 2010

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BKD LLP
CPAs & Advisors

1120 S. 101st Street, Suite 410
Omaha, NE 68124-1088
402.392.1040 Fax 402.392.1772 www.bkd.com

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, each major fund, and the aggregate remaining fund information of the City of La Vista as of and for the year ended September 30, 2010, 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, 2010, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund, keno fund and economic development fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2011, 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.

The budgetary information as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

March 3, 2011

City of La Vista, Nebraska

Statement of Net Assets

September 30, 2010

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 8,030,452	$ 507,795	$ 8,538,247
Cash at county treasurer	43,899	-	43,899
Certificates of deposit	4,103,919	250,272	4,354,191
Investments	4,072,565	57,900	4,130,465
Receivables	19,374,724	190,694	19,565,418
Deferred charges	576,697	6,824	583,521
Capital assets			
Non-depreciable	8,719,257	9,524	8,728,781
Depreciable, net	40,681,927	5,086,134	45,768,061
Total assets	85,603,440	6,109,143	91,712,583
Liabilities			
Accounts payable	416,529	195,319	611,848
Accrued expenses	1,809,113	257,165	2,066,278
Deferred revenue	200,000	-	200,000
Registered warrants			
Due in more than one year	640,554	-	640,554
Compensated absences			
Payable within one year	18,035	1,828	19,863
Payable in more than one year	689,003	84,283	773,286
Installment notes payable			
Due within one year	150,016	5,764	155,780
Due in more than one year	373,851	15,655	389,506
Bonds payable			
Due within one year	3,000,000	110,000	3,110,000
Due in more than one year	57,002,821	360,000	57,362,821
Total liabilities	64,299,922	1,030,014	65,329,936
Net Assets			
Invested in capital assets, net of related debt	9,079,173	4,611,063	13,690,236
Unrestricted	12,224,345	468,066	12,692,411
Total net assets	$ 21,303,518	$ 5,079,129	$ 26,382,647

City of La Vista, Nebraska

Statement of Activities

Year Ended September 30, 2010

		Program Revenues			Net Revenues (Expenses) and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	$ 3,209,728	$ 444,910	$ 511,897	$ -	$ (2,252,921)	$ -	$ (2,252,921)
Public safety	4,254,537	-	-	-	(4,254,537)	-	(4,254,537)
Public works	3,248,389	-	622,570	1,769,867	(855,952)	-	(855,952)
Culture and recreation	2,687,247	408,814	-	-	(2,278,433)	-	(2,278,433)
Community development	-	1,259,986	-	-	1,259,986	-	1,259,986
Interest on long-term debt	3,104,332	-	-	-	(3,104,332)	-	(3,104,332)
Total governmental activities	16,504,233	2,113,710	1,134,467	1,769,867	(11,486,189)	-	(11,486,189)
Business-type activities							
Sewer	1,593,775	1,631,483	-	183,571	-	221,279	221,279
Golf	432,455	250,649	-	-	-	(181,806)	(181,806)
Total business-type activities	2,026,230	1,882,132	-	183,571	-	39,473	39,473
Total	$ 18,530,463	$ 3,995,842	$ 1,134,467	$ 1,953,438	(11,486,189)	39,473	(11,446,716)
General revenues							
Property taxes					5,245,729	-	5,245,729
Sales and use taxes					3,492,898	-	3,492,898
Occupation taxes					1,414,507	-	1,414,507
Motor vehicle taxes					310,709	-	310,709
Interest income					1,588,437	6,954	1,595,391
Miscellaneous					163,806	-	163,806
Operating transfers					(234,964)	234,964	-
Total general revenues and transfers					11,981,122	241,918	12,223,040
Change in net assets					494,933	281,391	776,324
Net assets - beginning of year					20,808,585	4,797,738	25,606,323
Net assets - end of year					$ 21,303,518	$ 5,079,129	$ 26,382,647

See Notes to the Financial Statements

City of La Vista, Nebraska

Balance Sheet – Governmental Funds

September 30, 2010

	General Fund	Debt Service Fund	Keno Fund	Capital Improvements Fund	Economic Development Fund	Other Governmental Funds	Total
Assets							
Cash and cash equivalents	$ 1,882,639	$ 3,459,570	$ 1,239,533	$ 119,483	$ 1,305,111	$ 24,116	$ 8,030,452
Cash at county treasurer	40,665	3,234	-	-	-	-	43,899
Certificates of deposit	1,251,252	1,000,980	1,851,687	-	-	-	4,103,919
Investments	1,157,983	2,880,555	34,027	-	-	-	4,072,565
Receivables	946,986	1,996,113	99,483	279,973	16,107,335	-	19,429,890
Total assets	$ 5,279,525	$ 9,340,452	$ 3,224,730	$ 399,456	$ 17,412,446	$ 24,116	$ 35,680,725
Liabilities							
Accounts payable	$ 227,194	$ -	$ 159,334	$ 28,188	$ -	$ 1,813	$ 416,529
Accrued expenses	552,712	-	87,572	-	-	-	640,284
Deferred revenue	170,396	1,787,879	200,000	-	-	-	2,158,275
Total liabilities	950,302	1,787,879	446,906	28,188	-	1,813	3,215,088
Fund balances							
Reserved for							
Debt service	-	7,552,573	-	-	-	-	7,552,573
Special revenue funds	-	-	2,777,824	-	17,412,446	-	20,190,270
Capital improvements	-	-	-	371,268	-	22,303	393,571
Unreserved	4,329,223	-	-	-	-	-	4,329,223
Total fund balances	4,329,223	7,552,573	2,777,824	371,268	17,412,446	22,303	32,465,637
Total liabilities and fund balances	$ 5,279,525	$ 9,340,452	$ 3,224,730	$ 399,456	$ 17,412,446	$ 24,116	$ 35,680,725

See Notes to the Financial Statements

City of La Vista, Nebraska

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

September 30, 2010

Total fund balance - total governmental funds	$ 32,465,637
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.	49,401,184
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 $1,253,958, bond issue costs of $576,697, bond premiums of $45,701, deferred refunding of $92,880 and warrants payable of $640,554.	(61,759,374)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(707,038)
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.	(55,166)
Deferred revenues represents funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.	1,958,275
Net assets of governmental activities	$ 21,303,518

City of La Vista, Nebraska

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

Year Ended September 30, 2010

	General Fund	Debt Service Fund	Keno Fund	Capital Improvements Fund	Economic Development Fund	Other Governmental Funds	Total
Revenues							
Property tax	$ 4,494,503	$ 819,146	$ -	$ -	$ -	$ -	$ 5,313,649
Sales and use tax	2,328,599	1,164,299	-	-	-	-	3,492,898
Occupation tax	1,414,507	-	-	-	-	-	1,414,507
Motor vehicle tax	308,538	2,171	-	-	-	-	310,709
Licenses and permits	444,910	-	-	-	-	-	444,910
Intergovernmental revenues	1,312,542	-	-	622,570	-	-	1,935,112
Charges for services	408,814	-	-	-	-	-	408,814
Keno	-	-	1,259,986	-	-	-	1,259,986
Interest income	56,239	270,876	65,116	-	1,196,106	100	1,588,437
Special assessments	-	347,917	-	-	-	-	347,917
Contribution from annexation	238,602	50,877	-	-	-	-	289,479
Miscellaneous	43,518	98,433	19,627	-	-	-	161,578
Total revenues	11,050,772	2,753,719	1,344,729	622,570	1,196,106	100	16,967,996
Expenditures							
Current							
General government	2,417,110	142,068	51,881	-	-	28,953	2,640,012
Streets and street lighting	1,917,853	-	-	-	-	-	1,917,853
Public safety	3,994,353	-	-	-	-	-	3,994,353
Culture and recreation	2,037,137	-	-	-	-	-	2,037,137
Community development	-	-	439,088	-	-	-	439,088
Capital outlay	205,720	-	524,587	891,094	-	-	1,621,401
Debt service							
Principal retirement	-	2,020,000	-	-	-	315,000	2,335,000
Interest	-	1,304,499	-	-	1,509,682	320,695	3,134,876
Total expenditures	10,572,173	3,466,567	1,015,556	891,094	1,509,682	664,648	18,119,720
Excess (Deficiency) of Revenues Over Expenditures	478,599	(712,848)	329,173	(268,524)	(313,576)	(664,548)	(1,151,724)
Other Financing Sources (Uses)							
Proceeds from refunding of bonds payable	-	11,370,000	-	-	-	-	11,370,000
Payment to bond refunding escrow agent	-	(11,240,000)	-	-	-	-	(11,240,000)
Transfers	(684,000)	434,245	(1,208,245)	573,036	-	650,000	(234,964)
Total other financing sources (uses)	(684,000)	564,245	(1,208,245)	573,036	-	650,000	(104,964)
Net Change in Fund Balances	(205,401)	(148,603)	(879,072)	304,512	(313,576)	(14,548)	(1,256,688)
Fund Balances - Beginning of Year	4,534,624	7,701,176	3,656,896	66,756	17,726,022	36,851	33,722,325
Fund Balances - End of Year	$ 4,329,223	$ 7,552,573	$ 2,777,824	$ 371,268	$ 17,412,446	$ 22,303	$ 32,465,637

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, 2010

Net change in fund balances - total governmental funds	$ (1,256,688)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(762,455)
Proceeds from debt issues are another 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.	(11,509,462)
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.	13,702,942
In the statement of activities, interest is accrued on outstanding bonds and warrants, whereas in governmental funds, an interest expenditure is reported when due.	30,544
Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(31,774)
Special assessments receivable are offset by deferred revenue and, therefore, no allowance for doubtful accounts is necessary.	57,920
Deferred revenues represents funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.	(263,356)
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.	527,262
Change in net assets of governmental activities	$ 494,933

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, 2010

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Taxes	$ 7,838,414	$ 8,568,424	$ 730,010
Licenses and permits	472,600	444,910	(27,690)
Intergovernmental revenues	1,175,149	1,309,217	134,068
Charges for services	383,892	410,650	26,758
Grant income	253,313	154,615	(98,698)
Interest income	50,000	56,239	6,239
Miscellaneous	29,000	6,495	(22,505)
Total revenues	10,202,368	10,950,550	748,182
Expenditures			
General government	2,644,644	2,583,914	60,730
Streets and street lighting	1,940,279	1,911,864	28,415
Public safety	4,214,988	3,801,863	413,125
Culture and recreation	1,535,127	1,463,431	71,696
Public library	634,871	563,750	71,121
Capital outlay	273,216	199,500	73,716
Total expenditures	11,243,125	10,524,322	718,803
Excess (Deficiency) of Revenues Over Expenditures	(1,040,757)	426,228	1,466,985
Other Financing Sources (Uses)			
Operating transfers	(669,000)	(684,000)	(15,000)
Net assets received from annexation	2,152,854	242,889	(1,909,965)
Total other financing sources (uses)	1,483,854	(441,111)	(1,924,965)
Net Change in Fund Balances	$ 443,097	$ (14,883)	$ (457,980)

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, 2010

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Keno	$ 975,000	$ 1,306,034	$ 331,034
Interest income	75,000	65,116	(9,884)
Total revenues	1,050,000	1,371,150	321,150
Expenditures			
General government	103,550	52,616	50,934
Culture and recreational	334,050	429,560	(95,510)
Capital outlay	-	468,587	(468,587)
Total expenditures	437,600	950,763	(513,163)
Excess of Revenues Over Expenditures	612,400	420,387	(192,013)
Other Financing Uses			
Operating transfers out	(1,270,545)	(1,208,245)	62,300
Net Change in Fund Balances	$ (658,145)	$ (787,858)	$ (129,713)

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, 2010

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Interest income	$ 1,186,573	$ 1,196,106	$ 9,533
Total revenues	1,186,573	1,196,106	9,533
Expenditures			
Debt service interest	1,509,683	1,509,682	1
Total expenditures	1,509,683	1,509,682	1
Net Change in Fund Balances	$ (323,110)	$ (313,576)	$ 9,534

City of La Vista, Nebraska

Balance Sheet – Proprietary Funds

September 30, 2010

	Golf	Sewer	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 47,537	$ 460,258	$ 507,795
Certificates of deposit	-	250,272	250,272
Investments	-	57,900	57,900
Accounts receivable	-	190,694	190,694
Total current assets	47,537	959,124	1,006,661
Noncurrent Assets			
Deferred charges	6,824	-	6,824
Land	-	9,524	9,524
Equipment and furniture	164,619	864,362	1,028,981
Utility systems	-	5,752,029	5,752,029
Autos and trucks	97,179	182,955	280,134
Buildings and improvements	1,623,903	9,365	1,633,268
Accumulated depreciation	(1,154,081)	(2,454,197)	(3,608,278)
Capital assets - net of depreciation	731,620	4,364,038	5,095,658
Total noncurrent assets	738,444	4,364,038	5,102,482
Total assets	$ 785,981	$ 5,323,162	$ 6,109,143
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	$ 19,531	$ 175,788	$ 195,319
Accrued expenses	23,278	233,887	257,165
Compensated absences - current portion	106	1,722	1,828
Installment notes payable - current portion	5,764	-	5,764
Bonds payable - current portion	110,000	-	110,000
Total current liabilities	158,679	411,397	570,076
Noncurrent Liabilities			
Compensated absences	12,396	71,887	84,283
Notes payable	15,655	-	15,655
Bond payable	360,000	-	360,000
Total noncurrent liabilities	388,051	71,887	459,938
Net Assets			
Invested in capital assets, net of related debt	247,025	4,364,038	4,611,063
Unrestricted	(7,774)	475,840	468,066
Total net assets	239,251	4,839,878	5,079,129
Total Liabilities and Net Assets	$ 785,981	$ 5,323,162	$ 6,109,143

City of La Vista, Nebraska

Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds

Year Ended September 30, 2010

	Golf	Sewer	Total
Operating Revenues			
User fees	$ 212,736	$ 1,508,182	$ 1,720,918
Permits and hookups	-	95,912	95,912
Grant income	-	27,389	27,389
Merchandise sales	35,330	-	35,330
Other revenue	2,583	-	2,583
Total operating revenues	250,649	1,631,483	1,882,132
Operating Expenses			
General administrative	136,079	417,736	553,815
Cost of merchandise sold	25,308	-	25,308
Maintenance	164,704	-	164,704
Production and distribution	-	1,035,000	1,035,000
Depreciation and amortization	79,746	141,039	220,785
Total operating expenses	405,837	1,593,775	1,999,612
Operating Income (Loss)	(155,188)	37,708	(117,480)
Non-Operating Revenues (Expenses)			
Interest income	166	6,788	6,954
Interest on bonds and notes payable	(26,618)	-	(26,618)
Contribution from annexation	-	183,571	183,571
Total non-operating revenues (expenses)	(26,452)	190,359	163,907
Income (Loss) Before Transfers	(181,640)	228,067	46,427
Transfers	234,964	-	234,964
Change in Net Assets	53,324	228,067	281,391
Net Assets - Beginning of Year	185,927	4,611,811	4,797,738
Net Assets - End of Year	$ 239,251	$ 4,839,878	$ 5,079,129

City of La Vista, Nebraska

Statement of Cash Flows – Proprietary Funds

Year Ended September 30, 2010

	Golf	Sewer	Total
Cash Flows From Operating Activities			
Receipts from customers	$ 250,649	$ 1,553,139	$ 1,803,788
Payments to suppliers	(133,564)	(854,647)	(988,211)
Payments to employees	(195,005)	(596,474)	(791,479)
Grant income	-	27,389	27,389
Net cash provided by (used in) operating activities	(77,920)	129,407	51,487
Cash Flows From Noncapital Financing Activities			
Transfers	215,000	-	215,000
Cash Flows From Capital and Related Financing Activities			
Acquisition of fixed assets	-	(3,059)	(3,059)
Principal paid on bonds and notes	(105,594)	-	(105,594)
Interest paid on bonds and notes	(26,618)	-	(26,618)
Net cash used in capital and related financing activities	(132,212)	(3,059)	(135,271)
Cash Flows From Investing Activities			
Purchases of investments	-	(252,370)	(252,370)
Proceeds from sales and maturities of investments	-	252,039	252,039
Interest income	166	6,788	6,954
Net cash provided by investing activities	166	6,457	6,623
Net Increase in Cash and Cash Equivalents	5,034	132,805	137,839
Cash and Cash Equivalents - Beginning of Year	42,503	327,453	369,956
Cash and Cash Equivalents - End of Year	$ 47,537	$ 460,258	$ 507,795
Operating income (loss)	$ (155,188)	$ 37,708	$ (117,480)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation and amortization	79,746	141,039	220,785
Increase in receivables	-	(50,955)	(50,955)
Increase in payables and accrued expenses	(2,478)	1,615	(863)
Net cash provided by (used in) operating activities	$ (77,920)	$ 129,407	$ 51,487
Supplemental Cash Flows Information			
Transfer of capital assets	$ 19,964	$ -	$ 19,964

City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2010

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, 2010.

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

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.

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.

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.

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.

The City has adopted Governmental Accounting Standards Board (GASB) Statement 51 as of October 1, 2009. The statement requires that all intangible assets, including right of ways, be classified as capital assets. Current year purchases of right of ways have been included in capital assets as land and have been determined to have an indefinite useful life. The City has not retroactively reported any intangible assets.

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.

Note 1: Summary of Significant Accounting Policies - Continued

Compensated Absences

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

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

Net Assets Classification

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

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation, 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.

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 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).

Note 3: Deposits and Investments - Continued

Deposits - Continued

At September 30, 2010, 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.

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

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's only investments are units of participation in the short-term investment pool of the Nebraska Public Agency Investment Trust ("NPAIT"). NPAIT is a special purpose government established under Nebraska statute. The investment pool or trust is not registered and is not rated for credit risk. The City limits its interest rate risk by investing only in the short-term pool, which consists primarily of government agency or government securitized investments with maturities of less than one year. The amount invested in the NPAIT pool was $4,130,465 at September 30, 2010.

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

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	$ 43,899
Deposits	12,892,438
Investments	4,130,465
	$ 17,066,802

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

Cash and cash equivalents	$ 8,538,247
Cash at country treasurer	43,899
Certificates of deposit	4,354,191
Investments	4,130,465
	$ 17,066,802

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, 2010 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 2009-2010 tax year was $1,018,941,739.

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, 2010, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented blow:

	General Fund	Keno Fund	Economic Development Fund
Net change in fund balance			
Balance on a GAAP basis	$ (205,401)	$ (879,072)	$ (313,576)
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	190,518	91,214	-
Balance on a budget basis	$ (14,883)	$ (787,858)	$ (313,576)

Note 6: Receivables

Receivables at September 30, 2010, consist of the following:

Fund	Taxes	Accounts Receivable	Special Assessments	Interest	Note Receivable	Gross Receivables	Allowance for Uncollectibles	Net Receivables
General	$ 487,128	$ 459,858	$ -	$ -	$ -	$ 946,986	$ -	$ 946,986
Debt Service	217,758	-	1,735,362	42,993	-	1,996,113	55,166	1,940,947
Keno	-	99,483	-	-	-	99,483	-	99,483
Capital Improvements	-	279,973	-	-	-	279,973	-	279,973
Economic Development	-	-	-	296,643	15,810,692	16,107,335	-	16,107,335
Sewer	-	190,694	-	-	-	190,694	-	190,694
	$ 704,886	$ 1,030,008	$ 1,735,362	$ 339,636	$ 15,810,692	$ 19,620,584	$ 55,166	$ 19,565,418

Note Receivable

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

Note 7: Capital Assets and Depreciation

Capital asset activity for the year ended September 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Annexation	Ending Balance
Governmental Activities					
Land, not being depreciated	$ 7,885,472	$ 833,785	$ -	$ -	$ 8,719,257
Capital assets, being depreciated					
Buildings	18,665,613	-	-	-	18,665,613
Improvements/infrastructure	37,688,009	318,856	-	905,612	38,912,477
Equipment/furniture/vehicles	6,743,091	371,842	(131,650)	-	6,983,283
Total capital assets, being depreciated	63,096,713	690,698	(131,650)	905,612	64,561,373
Accumulated Depreciation					
Buildings	(6,109,702)	(723,064)	-	-	(6,832,766)
Improvements/infrastructure	(11,805,931)	(1,037,534)	-	(153,349)	(12,996,814)
Equipment/furniture/vehicles	(3,655,175)	(526,000)	131,309	-	(4,049,866)
Total accumulated depreciation	(21,570,808)	(2,286,598)	131,309	(153,349)	(23,879,446)
Capital assets being depreciated, net	41,525,905	(1,595,900)	(341)	752,263	40,681,927
Governmental activities capital assets, net	$ 49,411,377	$ (762,115)	$ (341)	$ 752,263	$ 49,401,184

Depreciation was charged to functions/programs as follows:

Governmental Activities	
General services	$ 167,645
Public safety	703,397
Culture and recreation	264,783
Public works	1,150,773
Total governmental activities depreciation expense	$ 2,286,598

Note 7: 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	1,603,938	19,965	-	-	1,623,903
Building and improvements	9,365	-	-	-	9,365
Sewer line system	5,532,231	-	-	219,798	5,752,029
Equipment and furniture	1,306,056	3,058	-	-	1,309,114
Total capital assets, being depreciated	8,451,590	23,023	-	219,798	8,694,411
Accumulated depreciation					
Golf course	(918,864)	(55,569)	-	-	(974,433)
Building and improvements	(9,342)	(23)	-	-	(9,365)
Sewer line system	(1,537,691)	(112,271)	-	(36,227)	(1,686,189)
Equipment and furniture	(886,181)	(52,109)	-	-	(938,290)
Total accumulated depreciation	(3,352,078)	(219,972)	-	(36,227)	(3,608,277)
Capital assets being depreciated, net	5,099,512	(196,949)	-	183,571	5,086,134
Business-type activities capital assets, net	$ 5,109,036	$ (196,949)	$ -	$ 183,571	$ 5,095,658

Depreciation was charged to functions/programs as follows:

Business-type Activities	
Golf	$ 78,933
Sewer	141,039
Total business-type activities depreciation expense	$ 219,972

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, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Long-term debt					
General obligation bonds	$ 62,030,000	$ 11,595,000	$ 13,575,000	$ 60,050,000	$ 3,000,000
Registered warrants	640,554	-	-	640,554	-
Installment notes payable	450,595	201,214	127,942	523,867	150,016
Premium on bonds issued	48,270	-	2,569	45,701	-
Deferred for refunding	-	(99,908)	(7,028)	(92,880)	-
Other long-term liabilities					
Compensated absences	675,264	653,893	622,119	707,038	18,035
Governmental activities long-term liabilities	$ 63,844,683	$ 12,350,199	$ 14,320,602	$ 61,874,280	$ 3,168,051

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
Long-term debt					
Revenue bonds	$ 570,000	$ -	$ 100,000	$ 470,000	$ 110,000
Installment notes payable	27,013	-	5,594	21,419	5,764
Other long-term liabilities					
Compensated absences	121,842	40,038	75,769	86,111	1,828
Business-type activities long-term liabilities	$ 718,855	$ 40,038	$ 181,363	$ 577,530	$ 117,592

Note 8: Long-term Liabilities - Continued

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

	Interest Rate	Maturity Date	Ending Balance
Governmental Activities			
General obligation bonds			
June 15, 2003, library refunding bonds	2.450-3.800%	12/15/2012	$ 605,000
December 15, 2005, fire facility bonds	3.650-4.900%	12/15/2026	5,130,000
December 15, 2005, refunding bonds for warrants	3.550-4.800%	12/15/2026	3,595,000
March 15, 2006, off-street parking bonds	4.375-4.700%	04/15/2025	6,755,000
July 7, 2007, EDP taxable bonds	6.000-7.730%	10/15/2029	20,695,000
December 21, 2007, public safety tax anticipation bonds	3.400-4.300%	11/15/2022	1,230,000
July 15, 2008, refunding bonds	3.650-4.125%	10/15/2021	6,300,000
September 19, 2008, Southport GO bonds	3.125-5.000%	11/15/2028	3,405,000
September 19, 2009, highway allocation bonds	3.500-5.000%	11/15/2028	960,000
November 1, 2009, police refunding bonds	2.500-3.950%	03/15/2022	2,860,000
November 1, 2009, various purpose refunding bonds	2.000-3.800%	11/15/2023	8,320,000
June 1, 2002, SID bonds	4.800-5.500%	06/01/2015	195,000
Total general obligation bonds			$ 60,050,000
Installment notes payable			
January 8, 2007, vehicles note payable	5.25%	07/08/2012	$ 8,887
June 20, 2007, equipment note payable	6.00%	07/20/2012	25,670
October 2, 2008, vehicles note payable	5.25%	10/06/2011	18,040
March 26, 2009, vehicles note payable	2.95%	04/01/2014	67,260
April 20, 2009, equipment note payable	2.95%	04/01/2014	94,976
June 25, 2009, equipment note payable	3.25%	07/01/2014	129,722
February 16, 2010, equipment note payable	3.09%	02/16/2015	179,312
Total installment notes payable			$ 523,867

Note 8: Long-term Liabilities - Continued

Business-type Activities

Revenue bonds			
December 15, 1993, golf course revenue bond	5.40-5.45%	12/15/2013	$ 470,000
Installment notes payable			
March 11, 2009, equipment note payable	2.95%	4/1/2014	$ 21,419

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

Year Ending	General Obligation Bonds		Installment Notes		Revenue Bonds	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2011	$ 3,000,000	$ 3,015,154	$ 155,780	$ 15,687	$ 110,000	$ 22,531
2012	3,115,000	2,898,885	140,730	10,468	115,000	16,458
2013	3,240,000	2,776,330	127,780	5,958	120,000	10,083
2014	3,155,000	2,650,223	103,017	3,012	125,000	3,406
2015	3,190,000	2,520,461	17,979	141	-	-
2016-2020	16,910,000	10,452,220	-	-	-	-
2021-2025	16,485,000	6,158,811	-	-	-	-
2026-2030	10,955,000	1,899,551	-	-	-	-
	$60,050,000	$32,371,635	$ 545,286	$ 35,266	$ 470,000	$ 52,478

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, 2010, the agreement to divide the debt of SID No. 59 was not final. The City believes the best estimate of debt attributable to the Brook Valley South Phase II portion of SID No. 59 is $640,554.

Bond Refunding

On November 1, 2009, the City issued $3,050,000 in Refunding Bonds (La Vista Police Facility Project), Series 2009, with interest rates of 2.50% to 3.95%, to advance refund $3,020,000 of Building Bonds (La Vista Police Facility Project), Series, 2002. The refunding resulted in a cash flow differential of approximately $283,000 and an economic gain of approximately $227,000.

On November 1, 2009, the City issued $8,320,000 in General Obligation Various Purpose Refunding Bonds, Series 2009, with interest rates of 2.00% to 3.80%, to advance refund $2,945,000 of Various Purpose Refunding Bonds, Series 2003; $2,005,000 of Various Purpose Refunding Bonds, Series 2003; $1,725,000 of General Obligation Bonds, Series 2004; and $1,545,000 of Refunding Bonds, Series 2004. The refunding resulted in a cash flow differential of approximately $907,000 and an economic gain of approximately $656,000.

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, 2010, consists of the following cash and capital asset transfers:

		Transfer From			
Transfer To		General Fund	Debt Service Fund	Keno Fund	Capital Improvements Fund
General	$ 11,000	$ -	$ -	$ 11,000	$ -
Debt Service	927,245	-	-	927,245	-
Capital Improvements Fund	593,000	45,000	493,000	55,000	-
Other Governmental Funds	650,000	650,000	-	-	-
Golf	234,964	-	-	215,000	19,964
	$ 2,416,209	$ 695,000	$ 493,000	$ 1,208,245	$ 19,964

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, 2010 were $7,210 each.

Note 10: Retirement Plans - Continued

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, 2010 were $192,394 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, 2010 were $132,328 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, 2010 were $11,909 and the plan member's contributions to the plan for the year ended September 30, 2010 were $5,954 each.

Deferred Compensation Plan

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

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

Note 11: Keno Fund Operations

The following data summarizes the Keno (Special Revenue) Fund's activity for the year ended September 30, 2010:

Gross sales	$ 17,055,461
Less: prizes paid	(13,720,831)
Operator's commission	(2,075,091)
Deposits to progressive games	447
Net keno revenue	$ 1,259,986

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, 2010. The City did not pay any settlement amounts which exceeded its insurance coverage for any of the three preceding years.

Note 13: Commitments and Contingencies

Commitments

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

Claims and Litigation

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

Government Grants

The City participates in a number of federally assisted grant programs, which are subject to financial and compliance audits. 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.

Note 14: Annexation

Effective December 16, 2009, the City annexed Sanitary Improvement District No. 214. At the time of annexation, the City assumed all assets and liabilities of the annexed area which were recorded at fair value. Annexation resulted in revenue of $289,479 included in other contributions in the governmental funds statement of revenues, expenditures, and changes in fund balances and $183,571 included in non-operating revenues in the proprietary funds statement of revenues, expenses, and changes in net assets. Annexation revenue of $908,464 and $183,571 is included in capital grants and contributions in the statement of activities for governmental and business-type activities, respectively.

Supplementary Information

City of La Vista, Nebraska

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

Cluster / Program	Federal Agency / Pass-Through Entity	CFDA Number	Grant or Identifying Number	Amount Expended
Highway Planning and Construction Cluster	U.S. Department of Transportation / Nebraska Department of Roads			
Highway Planning and Construction		20.205	MAPA-5012(9)	$ 318,856
ARRA - Highway Planning and Construction		20.205	ENH-77(50)	36,028
ARRA - Highway Planning and Construction		20.205		4,188
				359,072
CDBG - State-Administered Small Cities Program Cluster Community Development Block Grants	U.S. Department of Housing and Urban Development / State of Nebraska Department of Economic Development	14.228	09-ED-007	117,592
Hazard Mitigation Grant	U.S. Department of Homeland Security / Nebraska Emergency Management Agency	97.039	DR-1674-NE-0055	229,444
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program	U.S. Department of Justice	16.804		16,526
Homeland Security Grant Program	U.S. Department of Homeland Security / City of Omaha	97.067		5,044
State and Community Highway Safety	U.S. Department of Transportation National Highway Traffic Safety Administration / Nebraska Department of Roads	20.600		8,006
Alcohol Impaired Driving Countermeasures Incentive Grants I	U.S. Department of Transportation National Highway Traffic Safety Administration / Nebraska Department of Roads	20.601		29,687
Project Safe Neighborhoods	U.S. Department of Justice Bureau of Justice Assistance / City of Omaha	16.609		4,025
Public Safety Partnership and Community Policing Grants	U.S. Department of Justice Office of Community Oriented Policing Services / City of Omaha	16.710		668
Missing Children's Assistance	U.S. Department of Justice Office of Juvenile Justice and Delinquency Prevention / Nebraska Department of Transportation	16.543		1,081
Project Safe Neighborhoods	U.S. Department of Justice Bureau of Justice Assistance / U.S. Attorney General	16.609		759
Broadband Technology Opportunities Program (BTOP)	U.S. Department of Commerce National Telecommunications and Information Administration / Nebraska Department of Transportation	11.557		2,676
				$ 774,580

City of La Vista, Nebraska

Schedule of Expenditures of Federal Awards - Continued

Year Ended September 30, 2010

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.

BKD LLP
CPAs & Advisors

1120 S. 101st Street, Suite 410
Omaha, NE 68124-1088
402.392.1040 Fax 402.392.1772 www.bkd.com

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, each major fund, and the aggregate remaining fund information the City of La Vista as of and for the year ended September 30, 2010, which collectively comprise its basic financial statements and have issued our report thereon dated March 3, 2011, which contained an explanatory paragraph regarding exclusion 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 10-01 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 March 3, 2011.

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.

BKD, LLP

March 3, 2011

BKD LLP
CPAs & Advisors

1120 S. 101st Street, Suite 410
Omaha, NE 68124-1088
402.392.1040 Fax 402.392.1772 www.bkd.com

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, 2010. 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, 2010.

Internal Control Over Compliance

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

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

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

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

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

BKD, LLP

March 3, 2011

City of La Vista, Nebraska

Schedule of Findings and Questioned Costs

Year Ended September 30, 2010

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) noted considered material weakness(es)?	☒ Yes	☐ No
Significant deficiency(ies) noted that are not considered to be a material weakness?	☐ 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 applicable to major federal awards programs described:

Significant deficiency(ies) noted considered material weakness(es)?	☐ Yes	☒ No
Significant deficiency(ies) noted that are not considered to be a material weakness?	☐ 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, 2010

7. The City's major programs were:

Cluster/Program	CFDA Number
Highway Planning and Construction Cluster	
Highway Planning and Construction	20.205
ARRA – Highway Planning and Construction	20.205
Hazard Mitigation Grant	97.039

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, 2010

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
10-01	**Material Weakness**	None

Criteria or specific requirement – Management is responsible for the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition – Professional standards define an audit adjustment as a proposed correction of the financial statements that in our judgment may not have been detected except though auditing procedures.

Context – 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, several adjustments we proposed either individually or in the aggregate indicated matters that have a significant effect on the City's financial reporting process.

Effect – Significant adjustments were identified and proposed during the financial statement audit.

Cause – The City did not have an adequate review process or controls in place to properly identify all financial statement captions that might require adjustments.

Recommendation – We recommend management review internal control procedures and develop a process to ensure these adjustments are identified and properly recorded in future periods.

Views of responsible officials and planned corrective actions – 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.

City of La Vista, Nebraska

Schedule of Findings and Questioned Costs - Continued

Year Ended September 30, 2010

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
	No matters are reportable.	

City of La Vista, Nebraska

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2010

Reference Number	Summary of Finding	Status
	No matters are reportable.	