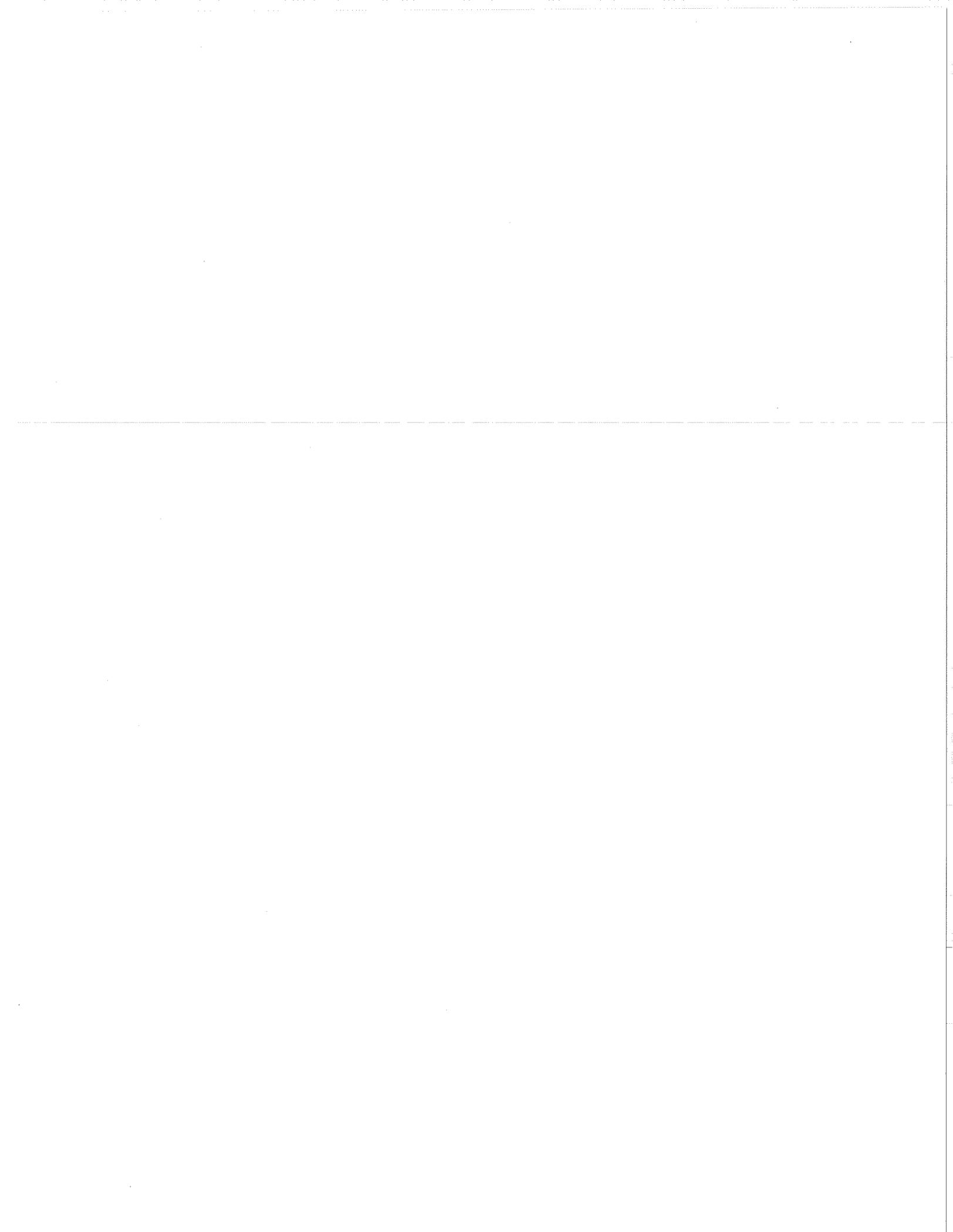


**Economic Development Fund  
City of La Vista, Nebraska**

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

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

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## Independent Accountants' Report on Financial Statements

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

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

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

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

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

*BKD, LLP*

February 23, 2012

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

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

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

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

**Economic Development Fund**  
**City of La Vista, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2011 and 2010**

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

***Organization***

On September 30, 2003, the citizens of the City of La Vista, Nebraska (the "City") voted to establish the Economic Development Program to create jobs and/or develop tourism for the purpose of supporting the City's commercial developments, rehabilitate residential neighborhoods and expand industrial development in order to ensure economic stability and vitality of the City.

***Financial Reporting Entity***

The financial statements of the Economic Development Fund include all significant separately administered activities for which the Economic Development Fund is financially accountable. Financial accountability is determined on the basis of selection of governing authority, imposition of will, a financial benefit/burden relationship, and/or fiscal dependency. The Economic Development Fund's financial statements are included in the City's financial statements as a major governmental fund.

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

***Basis of Accounting***

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

***Use of Estimates***

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

# Economic Development Fund City of La Vista, Nebraska

**Notes to Financial Statements  
September 30, 2011 and 2010**

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

### ***Cash and Cash Equivalents***

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

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

The Economic Development Fund participates in the pooled cash accounts maintained by the City. The Fund's share of this pool was \$1,093,984 and \$275,163 at September 30, 2011 and 2010, respectively. At September 30, 2010, the Fund also had \$1,029,948 deposited in a savings account.

## **Note 2: Note Receivable**

The City has a note receivable from a developer for an economic development project. As of September 30, 2011 and 2010, the balance of the loan with the developer was \$15,810,692 with an interest rate equal to the average coupon rate of the bonds issued to fund the loan. Accrued interest receivable on the loan amounted to \$296,643 at September 30, 2011 and 2010.

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

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

Description	Interest Rate	Maturity Date	Original Balance
Economic Development Fund Bonds, Series 2007	6.00-7.73%	10/15/2029	\$ 20,695,000

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

**Economic Development Fund  
City of La Vista, Nebraska  
Notes to Financial Statements  
September 30, 2011 and 2010**

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

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

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

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

**Note 4: City Transfer**

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