

City of La Vista, Nebraska

Independent Auditor's Report and Financial Statements

September 30, 2015



City of La Vista, Nebraska
September 30, 2015

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Independent Auditor's Report

The Mayor and City Council
City of La Vista, Nebraska

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities and each major fund of the City of La Vista, Nebraska (the City), as of and for the year ended September 30, 2015 and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of La Vista, Nebraska as of September 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

BKD, LLP

Omaha, Nebraska
March 10, 2016

City of La Vista, Nebraska
Statement of Net Position
September 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 10,637,230	\$ 685,208	\$ 11,322,438
Cash at County Treasurer	79,515	-	79,515
Certificates of deposit	3,604,825	250,441	3,855,266
Investments	3,360,500	-	3,360,500
Receivables	19,190,143	407,508	19,597,651
Due from other funds	-	892,732	892,732
Prepaid expenses	263,575	-	263,575
Capital assets			
Nondepreciable	14,619,245	9,524	14,628,769
Depreciable, net	40,112,672	5,622,690	45,735,362
Total assets	<u>91,867,705</u>	<u>7,868,103</u>	<u>99,735,808</u>
Deferred Outflows of Resources			
Deferred charge on refunding	<u>628,860</u>	<u>-</u>	<u>628,860</u>
Liabilities			
Accounts payable	1,089,467	521,407	1,610,874
Due to other funds	892,732	-	892,732
Accrued expenses	1,299,725	412,317	1,712,042
Sales tax refunds payable	2,191,775	-	2,191,775
Compensated absences			
Payable within one year	1,100,000	90,000	1,190,000
Payable in more than one year	167,252	16,568	183,820
Notes payable			
Due within one year	36,795	14,316	51,111
Due in more than one year	112,897	-	112,897
Bonds payable			
Due within one year	4,015,000	-	4,015,000
Due in more than one year	45,077,459	-	45,077,459
Total liabilities	<u>55,983,102</u>	<u>1,054,608</u>	<u>57,037,710</u>
Net Position			
Net investment in capital assets	22,643,751	5,613,220	28,256,971
Restricted for community development	1,848,042	-	1,848,042
Restricted for community betterment	1,655,971	-	1,655,971
Unrestricted	10,365,699	1,200,275	11,565,974
Total net position	<u>\$ 36,513,463</u>	<u>\$ 6,813,495</u>	<u>\$ 43,326,958</u>

City of La Vista, Nebraska
Statement of Activities
Year Ended September 30, 2015

	<u>Program Revenues</u>			<u>Net Revenues (Expenses) and Changes in Net Position</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>
Primary Government							
Governmental activities							
General government	\$ 3,042,745	\$ 663,837	\$ 502,110	\$ -	\$ (1,876,798)	\$ -	\$ (1,876,798)
Public safety	6,369,785	-	310,441	-	(6,059,344)	-	(6,059,344)
Public works	3,710,503	-	1,550,192	718,596	(1,441,715)	-	(1,441,715)
Culture and recreation	2,641,524	283,575	-	-	(2,357,949)	-	(2,357,949)
Community betterment	471,751	1,389,381	-	-	917,630	-	917,630
Community development	579,238	-	-	-	(579,238)	-	(579,238)
Interest on long-term debt	2,275,121	-	-	-	(2,275,121)	-	(2,275,121)
Total governmental activities	<u>19,090,667</u>	<u>2,336,793</u>	<u>2,362,743</u>	<u>718,596</u>	<u>(13,672,535)</u>	<u>-</u>	<u>(13,672,535)</u>
Business-type activities							
Sewer	3,021,293	2,979,124	22,918	-	-	(19,251)	(19,251)
Golf	367,118	248,149	-	-	-	(118,969)	(118,969)
Total business-type activities	<u>3,388,411</u>	<u>3,227,273</u>	<u>22,918</u>	<u>-</u>	<u>-</u>	<u>(138,220)</u>	<u>(138,220)</u>
Total Primary Government	<u>\$ 22,479,078</u>	<u>\$ 5,564,066</u>	<u>\$ 2,385,661</u>	<u>\$ 718,596</u>	<u>(13,672,535)</u>	<u>(138,220)</u>	<u>(13,810,755)</u>
			General Revenues				
			Property taxes	6,878,134	-	6,878,134	
			Sales and use taxes	7,722,672	-	7,722,672	
			Occupation taxes	1,821,521	-	1,821,521	
			Motor vehicle taxes	402,999	-	402,999	
			Interest income	1,481,807	4,033	1,485,840	
			Miscellaneous	1,225,768	-	1,225,768	
			Sales tax refunds	(2,325,035)	-	(2,325,035)	
			Transfers	(131,575)	131,575	-	
			Total general revenues and transfers	<u>17,076,291</u>	<u>135,608</u>	<u>17,211,899</u>	
			Change in Net Position	3,403,756	(2,612)	3,401,144	
			Net Position, Beginning of Year	<u>33,109,707</u>	<u>6,816,107</u>	<u>39,925,814</u>	
			Net Position, End of Year	<u>\$ 36,513,463</u>	<u>\$ 6,813,495</u>	<u>\$ 43,326,958</u>	

City of La Vista, Nebraska
Balance Sheet –
Governmental Funds
September 30, 2015

	General Fund	Debt Service Fund	Keno Fund	Capital Improvements Fund	Economic Development Fund	84th Street Redevelopment Fund	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 2,800,119	\$ 5,378,351	\$ 527,800	\$ 201,026	\$ 236,134	\$ 1,493,800	\$ 10,637,230
Cash at County Treasurer	74,649	4,866	-	-	-	-	79,515
Certificates of deposit	2,753,501	-	851,324	-	-	-	3,604,825
Investments	2,508,885	35,270	816,345	-	-	-	3,360,500
Due from other funds	266,596	-	-	275,902	-	-	542,498
Receivables	1,582,590	1,027,021	116,080	-	16,107,335	357,117	19,190,143
Prepaid expenses	263,575	-	-	-	-	-	263,575
Total assets	<u>\$ 10,249,915</u>	<u>\$ 6,445,508</u>	<u>\$ 2,311,549</u>	<u>\$ 476,928</u>	<u>\$ 16,343,469</u>	<u>\$ 1,850,917</u>	<u>\$ 37,678,286</u>
Liabilities							
Accounts payable	\$ 680,828	\$ 9,352	\$ 155,853	\$ 240,559	\$ -	\$ 2,875	\$ 1,089,467
Accrued expenses	348,000	347	87,568	-	-	-	435,915
Due to other funds	-	1,023,073	412,157	-	-	-	1,435,230
Total liabilities	<u>1,028,828</u>	<u>1,032,772</u>	<u>655,578</u>	<u>240,559</u>	<u>-</u>	<u>2,875</u>	<u>2,960,612</u>
Deferred Inflows of Resources							
Unavailable revenues	<u>59,153</u>	<u>666,241</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>735,394</u>
Fund Balances							
Nonspendable	263,575	-	-	-	-	-	263,575
Restricted for:							
Debt service	-	4,746,495	-	-	-	-	4,746,495
Community betterment	-	-	1,645,971	-	-	-	1,645,971
Economic development	-	-	-	-	16,343,469	-	16,343,469
84th street redevelopment	-	-	-	-	-	1,848,042	1,848,042
Committed for:							
Capital improvements	-	-	-	236,369	-	-	236,369
Unassigned	<u>8,898,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,898,359</u>
Total fund balances	<u>9,161,934</u>	<u>4,746,495</u>	<u>1,645,971</u>	<u>236,369</u>	<u>16,343,469</u>	<u>1,848,042</u>	<u>33,982,280</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 10,249,915</u>	<u>\$ 6,445,508</u>	<u>\$ 2,311,549</u>	<u>\$ 476,928</u>	<u>\$ 16,343,469</u>	<u>\$ 1,850,917</u>	<u>\$ 37,678,286</u>

City of La Vista, Nebraska
Reconciliation of the Balance Sheet
of Governmental Funds to the
Statement of Net Position
September 30, 2015

Total Fund Balances - Total Governmental Funds	\$ 33,982,280
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation used in governmental activities, are not financial resources and, therefore, are not reported in the funds.	54,731,917
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 \$814,234, bond premiums of \$147,459 and deferred charges on refunding of \$628,860.	(49,477,101)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(1,267,252)
Sales tax refunds payable are not due and payable in the current period and, therefore, are not reported in the funds.	(2,191,775)
Deferred inflows represents funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.	<u>735,394</u>
Net Position of Governmental Activities	<u><u>\$ 36,513,463</u></u>

City of La Vista, Nebraska
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
Year Ended September 30, 2015

	General Fund	Debt Service Fund	Keno Fund	Capital Improvements Fund	Economic Development Fund	84th Street Redevelopment Fund	Total
Revenues							
Property tax	\$ 6,115,724	\$ 796,599	\$ -	\$ -	\$ -	\$ -	\$ 6,912,323
Sales and use tax	3,861,955	1,930,056	-	-	-	1,930,661	7,722,672
Occupation tax	1,821,521	-	-	-	-	-	1,821,521
Motor vehicle tax	400,846	2,153	-	-	-	-	402,999
Licenses and permits	663,837	-	-	-	-	-	663,837
Intergovernmental	2,497,144	-	-	580,471	-	-	3,077,615
Charges for services	283,575	-	-	-	-	-	283,575
Keno	-	-	1,389,381	-	-	-	1,389,381
Interest income	16,635	303,721	4,108	125	1,187,535	1,362	1,513,486
Special assessments	-	731,673	-	-	-	-	731,673
Miscellaneous	242,289	869,294	19,935	75,000	-	-	1,206,518
Total revenues	15,903,526	4,633,496	1,413,424	655,596	1,187,535	1,932,023	25,725,600
Expenditures							
Current							
General government	2,353,972	356,436	27,962	-	-	-	2,738,370
Public works	2,109,913	-	-	-	-	-	2,109,913
Public safety	5,726,842	-	-	-	-	-	5,726,842
Culture and recreation	2,305,979	-	-	-	-	-	2,305,979
Community betterment	-	-	471,751	-	-	-	471,751
Community development	553,337	-	-	-	-	25,901	579,238
State sales tax refunds	116,160	58,080	-	-	-	58,080	232,320
Capital outlay	373,628	-	-	2,276,814	-	-	2,650,442
Debt service	-	-	-	-	-	-	-
Principal retirement	-	13,342,623	-	-	645,000	-	13,987,623
Interest	-	925,891	-	-	1,353,854	-	2,279,745
Total expenditures	13,539,831	14,683,030	499,713	2,276,814	1,998,854	83,981	33,082,223
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,363,695	(10,049,534)	913,711	(1,621,218)	(811,319)	1,848,042	(7,356,623)
Other Financing Sources (Uses)							
Proceeds from refunding of bonds payable	-	11,035,000	-	-	-	-	11,035,000
Proceeds from bond premium	-	132,398	-	-	-	-	132,398
Transfers	(1,396,076)	15,834	(484,686)	1,155,484	600,000	-	(109,444)
Total other financing sources (uses)	(1,396,076)	11,183,232	(484,686)	1,155,484	600,000	-	11,057,954
Net Change in Fund Balances	967,619	1,133,698	429,025	(465,734)	(211,319)	1,848,042	3,701,331
Fund Balances, Beginning of Year	8,194,315	3,612,797	1,216,946	702,103	16,554,788	-	30,280,949
Fund Balances, End of Year	\$ 9,161,934	\$ 4,746,495	\$ 1,645,971	\$ 236,369	\$ 16,343,469	\$ 1,848,042	\$ 33,982,280

City of La Vista, Nebraska
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Changes in Net Position of Governmental Activities
Year Ended September 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 3,701,331
 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.	(201,616)
The issuance of long-term debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(11,104,192)
Repayment of bond, note and warrant principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	13,987,623
In the statement of activities, interest is accrued on outstanding bonds and warrants, whereas in governmental funds, an interest expenditure is reported when due.	4,624
Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(116,732)
Sales tax refunds do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds until the refunds are paid. This is the amount by which refunds accrued in the statement of activities exceed payments made in the governmental funds.	(2,092,715)
Deferred inflows represent funds not available in the current period and, therefore, are not recognized as revenue in the governmental funds.	<u>(774,567)</u>
Change in Net Position of Governmental Activities	\$ <u><u>3,403,756</u></u>

City of La Vista, Nebraska

Balance Sheet – Proprietary Funds September 30, 2015

	Golf Fund	Sewer Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 309,279	\$ 375,929	\$ 685,208
Certificates of deposit	-	250,441	250,441
Accounts receivable	-	407,508	407,508
Due from other funds	-	899,162	899,162
	309,279	1,933,040	2,242,319
Non-Current Assets			
Land	-	9,524	9,524
Equipment and furniture	195,489	1,192,969	1,388,458
Utility systems	-	7,697,042	7,697,042
Vehicles	108,643	378,062	486,705
Buildings and improvements	1,623,903	9,365	1,633,268
Accumulated depreciation	(1,525,905)	(4,056,878)	(5,582,783)
	402,130	5,230,084	5,632,214
Capital assets - net of depreciation	402,130	5,230,084	5,632,214
Total assets	\$ 711,409	\$ 7,163,124	\$ 7,874,533
Liabilities and Net Position			
Current Liabilities			
Accounts payable	\$ 16,000	\$ 505,407	\$ 521,407
Accrued expenses	9,188	403,129	412,317
Due to other funds	6,430	-	6,430
Compensated absences - current portion	8,921	81,079	90,000
Notes payable - current portion	-	14,316	14,316
	40,539	1,003,931	1,044,470
Total current liabilities	40,539	1,003,931	1,044,470
Non-Current Liabilities			
Compensated absences	1,546	15,022	16,568
	1,546	15,022	16,568
Total non-current liabilities	1,546	15,022	16,568
Net Position			
Net investment in capital assets	397,452	5,215,768	5,613,220
Unrestricted	271,872	928,403	1,200,275
	669,324	6,144,171	6,813,495
Total net position	669,324	6,144,171	6,813,495
Total liabilities and net position	\$ 711,409	\$ 7,163,124	\$ 7,874,533

City of La Vista, Nebraska
Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
Year Ended September 30, 2015

	Golf Fund	Sewer Fund	Total
Operating Revenues			
User fees	\$ 205,570	\$ 2,800,098	\$ 3,005,668
Permits and hookups	-	179,026	179,026
Grant income	-	22,918	22,918
Merchandise sales	40,810	-	40,810
Other revenue	1,769	-	1,769
	<u>248,149</u>	<u>3,002,042</u>	<u>3,250,191</u>
Operating Expenses			
General and administrative	95,613	541,750	637,363
Cost of merchandise sold	24,080	-	24,080
Maintenance	176,332	2,250,466	2,426,798
Depreciation and amortization	71,093	228,015	299,108
	<u>367,118</u>	<u>3,020,231</u>	<u>3,387,349</u>
Operating Loss	<u>(118,969)</u>	<u>(18,189)</u>	<u>(137,158)</u>
Nonoperating Revenues (Expenses)			
Interest income	214	3,819	4,033
Interest on notes payable	-	(1,062)	(1,062)
	<u>214</u>	<u>2,757</u>	<u>2,971</u>
Loss Before Transfers and Capital Contributions	(118,755)	(15,432)	(134,187)
Capital Contributions	-	22,131	22,131
Operating Transfers	<u>125,000</u>	<u>(15,556)</u>	<u>109,444</u>
Change in Net Position	6,245	(8,857)	(2,612)
Net Position, Beginning of Year	<u>663,079</u>	<u>6,153,028</u>	<u>6,816,107</u>
Net Position, End of Year	<u>\$ 669,324</u>	<u>\$ 6,144,171</u>	<u>\$ 6,813,495</u>

City of La Vista, Nebraska
Statement of Cash Flows –
Proprietary Funds
September 30, 2015

	Golf Fund	Sewer Fund	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 248,149	\$ 2,864,656	\$ 3,112,805
Payments to suppliers	(96,090)	(1,716,286)	(1,812,376)
Payments to employees	(193,477)	(732,735)	(926,212)
Grant income	-	22,918	22,918
	<u>(41,418)</u>	<u>438,553</u>	<u>397,135</u>
Net cash provided by (used in) operating activities			
Cash Flows from Noncapital Financing Activities			
Transfers	125,000	(15,556)	109,444
Net borrowings between funds	6,430	(899,162)	(892,732)
	<u>131,430</u>	<u>(914,718)</u>	<u>(783,288)</u>
Net cash provided by (used in) noncapital financing activities			
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(5,472)	(57,009)	(62,481)
Principal paid on notes	-	(33,346)	(33,346)
Interest paid on notes	(1,987)	(1,062)	(3,049)
	<u>(7,459)</u>	<u>(91,417)</u>	<u>(98,876)</u>
Net cash used in capital and related financing activities			
Cash Flows from Investing Activities			
Proceeds from sales and maturities of investments	-	750,000	750,000
Interest income	214	4,607	4,821
	<u>214</u>	<u>754,607</u>	<u>754,821</u>
Net cash provided by investing activities			
Net Increase in Cash and Cash Equivalents	82,767	187,025	269,792
Cash and Cash Equivalents, Beginning of Year	<u>226,512</u>	<u>188,904</u>	<u>415,416</u>
Cash and Cash Equivalents, End of Year	<u>\$ 309,279</u>	<u>\$ 375,929</u>	<u>\$ 685,208</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities			
Operating loss	\$ (118,969)	\$ (18,189)	\$ (137,158)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	71,093	228,015	299,108
Increase in receivables	-	(114,468)	(114,468)
Decrease in prepaid expenses	1,478	7,652	9,130
Increase in payables and accrued expenses	4,980	335,543	340,523
	<u>(41,418)</u>	<u>438,553</u>	<u>397,135</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (41,418)</u>	<u>\$ 438,553</u>	<u>\$ 397,135</u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

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, 2015.

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 is such that exclusion would make the financial statements misleading or incomplete. The Governmental Accounting Standards Board (“GASB”) has set forth criteria to be considered in determining financial accountability, which was used in making this evaluation.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

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 debt service expenditures and other certain long-term obligations, which are reported as expenditures in the year due.

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

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

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

Basis of Presentation

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

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

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 1: Summary of Significant Accounting Policies - Continued

Basis of Presentation - Continued

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

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

Fund Types and Major Funds

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

The City reports the following major governmental funds:

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

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

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

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

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

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 1: Summary of Significant Accounting Policies - Continued

Fund Types and Major Funds - Continued

84th Street Redevelopment Fund is used to account for revenues and expenditures to support the redevelopment of the 84th Street corridor between Harrison Street and Giles Street to improve the economic viability of a town center and central park. A voter approved sales tax levy provides the revenue for this fund.

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 balance sheet. Proprietary fund operating statements present increases and decreases in total net position.

The City reports the following major proprietary funds:

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

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

Cash and Investments

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

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

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

Special Assessments

Special assessments are recorded as revenue in the year the assessments become current. Annual installments not yet due are reflected as special assessments receivables and deferred revenues.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 1: Summary of Significant Accounting Policies - Continued

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.

Capital Assets and Depreciation

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

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

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

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

Deferred Outflows/Inflows of Resources

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

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 1: Summary of Significant Accounting Policies - Continued

Deferred Outflows/Inflows of Resources - Continued

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

Long-Term Obligations

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

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

Compensated Absences

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

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

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 1: Summary of Significant Accounting Policies - Continued

Sales Tax Refunds Payable

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

Net Position

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

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

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

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

Fund Balance Classification

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

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

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

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 1: Summary of Significant Accounting Policies - Continued

Fund Balance Classification - Continued

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

Assigned – Assigned fund balances are intended to be used by the City for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. At September 30, 2015, the City did not have any assigned funds.

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

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

Use of Estimates

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

Implementation of New Accounting Principle

In 2015, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This standard established accounting and financial reporting standards that improve accounting and financial reporting by state and local governments providing useful information and providing additional transparency. This standard modified Note 10 of the financial statements, but did not have a significant impact on the City's financial statements.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 2: Budget and Budgetary Accounting

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

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

Note 3: Deposits and Investments

Deposits

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

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

At September 30, 2015, all of 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.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 3: Deposits and Investments - Continued

Investments

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

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

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

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City’s only investments are units of participation in the short-term investment pool of the Nebraska Public Agency Investment Trust (“NPAIT”). NPAIT is a special purpose government established under Nebraska statute. The investment pool or trust is not registered and is not rated for credit risk. The City limits its interest rate risk by investing only in the short-term pool, which consists primarily of government agency or government securitized investments with maturities of less than one year. The amount invested in the NPAIT pool was \$3,360,500 at September 30, 2015.

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

Summary of Carrying Values

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

Carrying Values	
Cash at County Treasurer	\$ 79,515
Deposits	15,177,704
Investments	<u>3,360,500</u>
	<u><u>\$ 18,617,719</u></u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 3: Deposits and Investments - Continued

Summary of Carrying Values - Continued

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

Cash and cash equivalents	\$ 11,322,438
Cash at Country Treasurer	79,515
Certificates of deposit	3,855,266
Investments	<u>3,360,500</u>
	<u><u>\$ 18,617,719</u></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, 2015, was \$0.4900 per \$100 of assessed valuation and the debt service requirement was \$0.0600 per \$100 of assessed valuation. The assessed valuation for the 2014-2015 tax year was \$1,269,085,286.

Note 5: Receivables

Receivables at September 30, 2015, consist of the following:

Fund	Taxes	Accounts Receivable	Special Assessments	Interest	Note Receivable	Gross Receivables	Allowance for Uncollectibles	Net Receivables
General	\$ 793,287	\$ 789,303	\$ -	\$ -	\$ -	\$ 1,582,590	\$ -	\$ 1,582,590
Debt Service	366,997	-	632,473	165,999	-	1,165,469	138,448	1,027,021
Keno	-	116,080	-	-	-	116,080	-	116,080
84th Street Redevelopment	357,117	-	-	-	-	357,117	-	357,117
Economic Development	-	-	-	296,643	15,810,692	16,107,335	-	16,107,335
Sewer	-	407,508	-	-	-	407,508	-	407,508
	<u>\$ 1,517,401</u>	<u>\$ 1,312,891</u>	<u>\$ 632,473</u>	<u>\$ 462,642</u>	<u>\$ 15,810,692</u>	<u>\$ 19,736,099</u>	<u>\$ 138,448</u>	<u>\$ 19,597,651</u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 5: Receivables - Continued

Note Receivable

The City has a note receivable from a developer for an economic development project. As of September 30, 2015, the balance of the loan with the developer was \$15,810,692 with an interest rate equal to the average coupon rate of the bonds issued to fund the loan. The balance of the note is due in a single balloon payment on July 31, 2017. Accrued interest receivable on the loan amounted to \$296,643 at September 30, 2015.

Note 6: Capital Assets and Depreciation

Capital asset activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Land, not being depreciated	\$ 11,344,222	\$ -	\$ -	\$ -	\$ 11,344,222
Construction in progress	2,020,754	2,050,975	-	(796,706)	3,275,023
Total capital assets, not being depreciated	<u>13,364,976</u>	<u>2,050,975</u>	<u>-</u>	<u>(796,706)</u>	<u>14,619,245</u>
Capital assets, being depreciated					
Buildings	18,930,700	-	-	-	18,930,700
Improvements/infrastructure	53,047,418	173,239	-	774,575	53,995,232
Equipment/furniture/vehicles	8,759,894	636,734	(18,797)	-	9,377,831
Total capital assets, being depreciated	<u>80,738,012</u>	<u>809,973</u>	<u>(18,797)</u>	<u>774,575</u>	<u>82,303,763</u>
Accumulated Depreciation					
Buildings	(9,719,549)	(732,871)	-	-	(10,452,420)
Improvements/infrastructure	(23,267,288)	(1,518,504)	-	-	(24,785,792)
Equipment/furniture/vehicles	(6,487,154)	(484,522)	18,797	-	(6,952,879)
Total accumulated depreciation	<u>(39,473,991)</u>	<u>(2,735,897)</u>	<u>18,797</u>	<u>-</u>	<u>(42,191,091)</u>
Capital assets being depreciated, net	<u>41,264,021</u>	<u>(1,925,924)</u>	<u>-</u>	<u>774,575</u>	<u>40,112,672</u>
Governmental activities capital assets, net	<u>\$ 54,628,997</u>	<u>\$ 125,051</u>	<u>\$ -</u>	<u>\$ (22,131)</u>	<u>\$ 54,731,917</u>

Depreciation was charged to functions/programs as follows:

Governmental Activities	
General government	\$ 160,398
Public safety	670,590
Culture and recreation	270,600
Public works	<u>1,634,309</u>
Total governmental activities depreciation expense	<u>\$ 2,735,897</u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 6: Capital Assets and Depreciation - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Land, not being depreciated	\$ 9,524	\$ -	\$ -	\$ 9,524
Capital assets, being depreciated				
Golf course	1,623,903	-	-	1,623,903
Building and improvements	9,365	-	-	9,365
Sewer line system	7,674,911	22,131	-	7,697,042
Equipment and furniture	1,812,682	62,481	-	1,875,163
Total capital assets, being depreciated	<u>11,120,861</u>	<u>84,612</u>	<u>-</u>	<u>11,205,473</u>
Accumulated depreciation				
Golf course	(1,199,147)	(56,268)	-	(1,255,415)
Building and improvements	(9,365)	-	-	(9,365)
Sewer line system	(2,862,418)	(150,334)	-	(3,012,752)
Equipment and furniture	(1,212,745)	(92,506)	-	(1,305,251)
Total accumulated depreciation	<u>(5,283,675)</u>	<u>(299,108)</u>	<u>-</u>	<u>(5,582,783)</u>
Capital assets being depreciated, net	<u>5,837,186</u>	<u>(214,496)</u>	<u>-</u>	<u>5,622,690</u>
Business-type activities capital assets, net	<u>\$ 5,846,710</u>	<u>\$ (214,496)</u>	<u>\$ -</u>	<u>\$ 5,632,214</u>

Depreciation was charged to functions/programs as follows:

Business-type Activities	
Golf	\$ 71,093
Sewer	228,015
Total business-type activities depreciation expense	<u>\$ 299,108</u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 7: Long-term Liabilities

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

The following is a summary of long-term debt activity of the City for the year ended September 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Long-term debt					
General obligation bonds	\$ 51,780,000	\$ 11,035,000	\$ 13,870,000	\$ 48,945,000	\$ 4,015,000
Installment notes payable	17,892	171,111	39,311	149,692	36,795
Premium on bonds issued	32,002	132,397	16,940	147,459	-
Other long-term liabilities					
Compensated absences	<u>1,150,520</u>	<u>1,229,211</u>	<u>1,112,479</u>	<u>1,267,252</u>	<u>1,100,000</u>
Governmental activities long-term liabilities	<u>\$ 52,980,414</u>	<u>\$ 12,567,719</u>	<u>\$ 15,038,730</u>	<u>\$ 50,509,403</u>	<u>\$ 5,151,795</u>
Business-type Activities					
Long-term debt					
Installment notes payable	\$ 47,662	\$ -	\$ 33,346	\$ 14,316	\$ 14,316
Other long-term liabilities					
Compensated absences	<u>98,719</u>	<u>101,712</u>	<u>93,863</u>	<u>106,568</u>	<u>90,000</u>
Business-type activities long-term liabilities	<u>\$ 146,381</u>	<u>\$ 101,712</u>	<u>\$ 127,209</u>	<u>\$ 120,884</u>	<u>\$ 104,316</u>

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

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 7: Long-term Liabilities - Continued

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

	Interest Rate	Maturity Date	Date Callable	Ending Balance
Governmental Activities				
General obligation bonds				
July 7, 2007, EDP taxable bonds	6.000-7.730%	10/15/2029	10/15/2012	\$ 17,835,000
June 29, 2011, various purpose refunding bonds	1.500-4.050%	12/15/2026	06/29/2016	2,800,000
June 29, 2011, refunding bonds for off-street parking	1.500-3.800%	12/15/2024	06/29/2016	4,900,000
July 15, 2011, refunding bonds for fire facility	2.000-4.150%	12/15/2026	07/15/2016	3,955,000
June 28, 2012, GO refunding bonds	0.300-3.250%	12/15/2032	06/28/2017	7,695,000
April 15, 2011, SID 195 refunding bonds	1.250-4.800%	04/15/2025	04/15/2016	1,185,000
December 31, 2014, GO refunding bonds	1.750-2.450%	08/15/2023	12/31/2019	6,240,000
December 31, 2014, highway allocation refunding bonds	1.850-3.250%	11/15/2028	12/31/2019*	790,000
December 31, 2014, public safety tax anticipation refunding bonds	1.850-2.350%	11/15/2022	12/31/2019	835,000
December 31, 2014, facilities corp refunding bonds	1.750-3.650%	03/15/2035	12/31/2019	2,710,000
				<u>\$ 48,945,000</u>
Total general obligation bonds				
Installment notes payable				
January 5, 2015, dump truck note payable	2.89%	01/05/2020		\$ 149,692
Business-type Activities				
Installment notes payable				
March 4, 2011, sewer jet note payable	2.98%	03/4/2016		\$ 14,316

* Bonds are subject to mandatory redemption in various amounts prior to maturity beginning November 15, 2015.

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

Governmental Activities

Year Ending September 30,	General Obligation Bonds		Installment Notes	
	Principal	Interest	Principal	Interest
2016	\$ 4,015,000	\$ 2,080,233	\$ 36,795	\$ 2,663
2017	3,860,000	1,975,388	34,821	1,974
2018	3,955,000	1,865,202	35,524	1,271
2019	4,070,000	1,745,128	36,241	554
2020	3,875,000	1,614,226	6,311	25
2021-2025	17,140,000	5,840,476	-	-
2026-2030	11,445,000	1,979,557	-	-
2031-2035	585,000	41,279	-	-
	<u>\$ 48,945,000</u>	<u>\$ 17,141,489</u>	<u>\$ 149,692</u>	<u>\$ 6,487</u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 7: Long-term Liabilities - Continued

Business-type Activities

<u>Year Ending September 30,</u>	<u>Installment Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 14,316	\$ 151

In December 2014, the City issued \$6,475,000 of General Obligation Refunding Bonds, Series 2014, to refund the outstanding principal of \$5,105,000 and \$1,410,000 of the General Obligation Various Purpose Refunding Bonds, Series 2009, and General Obligation Refunding Bonds, Series, 2009, issued by Sanitary and Improvement District No. 59. In the same offering, the City also issued \$790,000 of Highway Allocation Pledge Refunding Bonds, Series 2014, to refund the outstanding principal of \$780,000 of Highway Allocation Pledge Bonds, Series 2008. That same offering also included the issuance of \$835,000 of Public Safety Refunding Bonds, Series 2014, to refund the outstanding principal of \$830,000 of Public Safety Tax Anticipation Bonds, Series 2007. The City completed the refundings to reduce its total debt service payments by approximately \$629,000, which resulted in an economic gain of approximately \$584,000.

In December 2014, the City also issued \$2,935,000 of Building and Refunding Bonds, Series 2014, to refund the outstanding principal of \$2,020,000 Refunding Bonds, Series 2009, and to finance the acquisition and renovation of the City's Public Works facility. The City completed the refunding to reduce its total debt service payments by approximately \$144,000, which resulted in an economic gain of approximately \$118,000.

Note 8: Interfund Balances and Activity

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

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

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 8: Interfund Balances and Activity - Continued

Transfer To/From Other Funds at September 30, 2015, consists of the following cash and capital asset transfers:

Transfer To	Transfer From				Total
	General Fund	Debt Service Fund	Keno Fund	Sewer Fund	
General Fund	\$ -	\$ -	\$ 86,845	\$ -	\$ 86,845
Debt Service	615,000	-	-	-	615,000
Keno	-	599,166	-	-	599,166
Capital Improvements	267,921	-	872,007	15,556	1,155,484
Economic Development	600,000	-	-	-	600,000
Golf	-	-	125,000	-	125,000
	<u>\$ 1,482,921</u>	<u>\$ 599,166</u>	<u>\$ 1,083,852</u>	<u>\$ 15,556</u>	<u>\$ 3,181,495</u>

As of September 30, 2015, the balance due to/from other funds primarily resulted from the respective funds overdrawing its share of pooled cash. The balance due from the Keno Fund to the Capital Improvement Fund totaled \$412,157 for capital improvement expenditures incurred prior to year-end.

Note 9: Reconciliation of Budget Basis to GAAP

Amounts presented on a non-GAAP budget basis of accounting differ from those presented in accordance with GAAP due to the treatment afforded accruals, encumbrances, and funds for which legally adopted annual budgets are not established. A reconciliation for the year ended September 30, 2015, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

	General Fund	Keno Fund	Economic Development Fund
Net change in fund balance			
Balance on a GAAP basis	\$ 967,619	\$ 429,025	\$ (211,319)
Basic differences (accruals) occur because the cash basis of accounting used for budgeting differs from the modified accrual basis of accounting prescribed for governmental funds	<u>240,987</u>	<u>18,113</u>	<u>-</u>
Balance on a budget basis	<u>\$ 1,208,606</u>	<u>\$ 447,138</u>	<u>\$ (211,319)</u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 10: Retirement Plans

The employees of the City are covered by several defined contribution retirement plans as detailed below. All plans are administered by outside trustees and, therefore, are not included in the City's basic financial statements. Any plan provisions or amendments are reviewed and approved by the Mayor and City Council.

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, 2015, were \$8,252 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 plan allows for forfeitures to be used to pay administration costs of the plan and then used to reduce the City's contributions. Employees are fully vested in their contributions and begin vesting in employer contributions after four years and are fully vested after seven years. The City's and plan members' contributions to the plan for the year ended September 30, 2015, were \$210,347 each. The City used forfeitures of \$8,253 to offset the City's contributions to the plan in 2015.

Police Retirement Plan

The City has a defined contribution pension plan for its full time employees in the Police Department. The plan was converted effective January 1, 1984, from a defined benefit plan to a defined contribution plan. The plan requires that both the employee and the City contribute an amount equal to 6.5% of the employee's base salary per pay period. The plan allows for forfeitures to be used to pay administration costs of the plan and then used to reduce the City's contributions. Employees are fully vested in their contributions and begin vesting in employer contributions after four years and are fully vested after seven years. The City's and plan members' contributions to the plan for the year ended September 30, 2015, were \$177,892 each. The City used forfeitures of \$29,982 to offset the City's contributions to the plan in 2015.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 10: Retirement Plans - Continued

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 the employee's base salary per pay period. The plan allows for forfeitures to be allocated to the Unallocated Employer Account and if the Unallocated Employer Account is sufficient to meet plan liabilities, then forfeitures shall first be used to pay expenses of administration and then reduce City contributions. Employees are fully vested in their own contributions and begin vesting in employer contributions after four years and are fully vested after seven years. The City's contributions to the plan for the year ended September 30, 2015, were \$12,276 and the plan members' contributions to the plan for the year ended September 30, 2015 were \$6,138.

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, 2015:

Gross sales	\$ 17,131,891
Less: prizes paid	(13,609,454)
Operator's commission	(2,129,874)
Deposits to progressive games	<u>(3,182)</u>
Net Keno revenue	<u><u>\$ 1,389,381</u></u>

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

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, 2015. The City did not pay any settlement amounts which exceeded its insurance coverage for any of the three preceding years.

Note 13: Commitments and Contingencies

Commitments

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

Claims and Litigation

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

Government Grants

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

Community Development Block Grant Program

The City is participating in the State of Nebraska Department of Economic Development Community Development Block Grant ("CDBG") program. Under this program, the City has received federal funds from the State of Nebraska to undertake community development activities, as authorized. As of September 30, 2015, the City has entered into loan agreements with three businesses to provide CDBG funds. Since fiscal year 2010, the City has loaned a total of \$1,097,362 to these businesses, of which \$0 was loaned in fiscal year 2015. Under the agreements with these businesses, if the businesses meet certain criteria, some or all of their loans may be forgiven. As any repayments on these loans would be returned to the State, the City charges these loans to expense in the year advanced.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 13: Commitments and Contingencies - Continued

Sales Tax Refunds

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

As of September 30, 2015, the City had been notified of \$2,191,775 of sales tax refunds due, which are to be repaid starting in December 2015 through December 2016. This amount is recognized on the government-wide statement of net position.

Note 14: Interlocal Agreement

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

Under the terms of the agreement, the participants have created a mutual finance organization as authorized under the Nebraska Municipal Finance Assistance Act, known as the Papillion Fire Protection Mutual Finance Organization (“MFO”). The MFO is responsible for transacting business for financing the operation and equipment needs of the fire department or MFO; having charge and custody of and managing all funds of the MFO; and seeking funding from the Nebraska Mutual Finance Assistance Fund or other potential funding organizations. The participants in the MFO are required to levy a general fund property tax at an equal rate for the purpose of jointly funding the single fire department operations. The rate must have unanimous approval from all participants and exclude levies for bonded indebtedness and lease-purchase contracts in existence on July 1, 1998. The Papillion Finance Director serves as the fiscal agent of the MFO. As of September 30, 2015, the MFO has not issued debt nor acquired title to any assets. Any debt or assets of the MFO would be split amongst the participants.

City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015

Note 14: Interlocal Agreement - Continued

During the year ended September 30, 2015, the City paid \$1,612,020 to Papillion in consideration of services rendered. The City received \$691,655 from the MFO, as determined by the terms of the interlocal agreement.

Note 15: Subsequent Events

In December 2015, the City issued \$8,240,000 of General Obligation Refunding Bonds, Series 2015, to refund the outstanding principal of \$2,560,000, \$4,470,000 and \$1,080,000 of the General Obligation Various Purpose Refunding Bonds, Series 2011A date of original issue June 29, 2011; General Obligation Refunding Bonds (Off-Street Parking Project), Series 2011B date of original issue June 29, 2011; and General Obligation Refunding Bonds, Series 2011, issued by Sanitary and Improvement District No. 159 dated April 15, 2011. Interest rates on the General Obligation Series 2015 bonds range from 0.50% to 2.35% and have a final maturity of December 2026. The City completed the refunding to reduce its total debt service payments by approximately \$608,000, which resulted in an economic gain of approximately \$556,000.

In January 2016, the City was notified by the State of approximately \$93,000 of additional sales tax refunds due in January 2017.

Required Supplementary Information

City of La Vista, Nebraska
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual (Budget Basis) –
General Fund
Year Ended September 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 10,773,840	\$ 10,773,840	\$ 11,928,256	\$ 1,154,416
Licenses and permits	389,850	389,850	663,837	273,987
Intergovernmental revenues	1,832,956	1,832,956	2,041,156	208,200
Charges for services	276,500	276,500	283,575	7,075
Grant income	206,230	206,230	40,744	(165,486)
Interest income	15,000	15,000	16,635	1,635
Miscellaneous	183,933	183,933	235,503	51,570
Total revenues	<u>13,678,309</u>	<u>13,678,309</u>	<u>15,209,706</u>	<u>1,531,397</u>
Expenditures				
General government	2,534,254	2,534,254	2,270,842	263,412
Public works	2,221,248	2,221,248	1,861,734	359,514
Public safety	5,766,028	5,766,028	5,651,013	115,015
Culture and recreation	1,804,809	1,804,809	1,483,056	321,753
Public library	736,275	736,275	623,006	113,269
Community development	574,868	574,868	513,602	61,266
Capital outlay	428,465	428,465	332,795	95,670
Total expenditures	<u>14,065,947</u>	<u>14,065,947</u>	<u>12,736,048</u>	<u>1,329,899</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(387,638)	(387,638)	2,473,658	2,861,296
Other Financing Sources (Uses)				
Operating transfers	<u>(1,305,400)</u>	<u>(1,305,400)</u>	<u>(1,265,052)</u>	<u>40,348</u>
Net Change in Fund Balances	<u><u>\$ (1,693,038)</u></u>	<u><u>\$ (1,693,038)</u></u>	<u><u>\$ 1,208,606</u></u>	<u><u>\$ 2,901,644</u></u>

City of La Vista, Nebraska
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual (Budget Basis) –
Keno Fund
Year Ended September 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Keno	\$ 1,236,700	\$ 1,236,700	\$ 1,414,619	\$ 177,919
Interest income	10,000	10,000	4,108	(5,892)
Total revenues	<u>1,246,700</u>	<u>1,246,700</u>	<u>1,418,727</u>	<u>172,027</u>
Expenditures				
General government	39,000	39,000	28,324	10,676
Community betterment	483,179	483,179	485,823	(2,644)
Total expenditures	<u>522,179</u>	<u>522,179</u>	<u>514,147</u>	<u>8,032</u>
Excess of Revenues Over Expenditures	724,521	724,521	904,580	180,059
Other Financing Sources (Uses)				
Transfers in - bond proceeds	900,000	900,000	842,296	(57,704)
Operating transfers out	<u>(1,613,113)</u>	<u>(1,613,113)</u>	<u>(1,299,738)</u>	<u>313,375</u>
Total other financing sources	(713,113)	(713,113)	(457,442)	255,671
Net Change in Fund Balances	<u>\$ 11,408</u>	<u>\$ 11,408</u>	<u>\$ 447,138</u>	<u>\$ 435,730</u>

City of La Vista, Nebraska
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual (Budget Basis) –
Economic Development Fund
Year Ended September 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Interest income	\$ -	\$ -	\$ 962	\$ 962
Other income	1,186,573	1,186,573	1,186,573	-
Total revenues	<u>1,186,573</u>	<u>1,186,573</u>	<u>1,187,535</u>	<u>962</u>
Expenditures				
Debt service principal retirement	645,000	645,000	645,000	-
Debt service interest	1,353,853	1,353,853	1,353,854	1
Total expenditures	<u>1,998,853</u>	<u>1,998,853</u>	<u>1,998,854</u>	<u>1</u>
Deficiency of Revenues Under Expenditures	<u>(812,280)</u>	<u>(812,280)</u>	<u>(811,319)</u>	<u>961</u>
Other Financing Sources				
Operating transfers	600,000	600,000	600,000	-
Total other financing sources	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (212,280)</u>	<u>\$ (212,280)</u>	<u>\$ (211,319)</u>	<u>\$ 961</u>

Economic Development Fund

City of La Vista, Nebraska

Independent Auditor's Report and Financial Statements

September 30, 2015 and 2014



Economic Development Fund
City of La Vista, Nebraska
September 30, 2015 and 2014

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the Economic Development Fund of the City of La Vista, Nebraska, which comprise the balance sheets as of September 30, 2015 and 2014, and the related statements of revenues, expenditures, and changes in fund balance for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the Economic Development Fund of the City of La Vista, Nebraska as of September 30, 2015 and 2014, and its changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Economic Development Fund are intended to present the financial position and changes in financial position of only that portion of the governmental activities and each major fund of the City of La Vista, Nebraska that is attributable to the transactions of the Economic Development Fund. They do not purport to, and do not, present fairly the financial position of the City of La Vista, Nebraska as of September 30, 2015 and 2014, and its changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

BKD, LLP

Omaha, Nebraska
March 10, 2016

**Economic Development Fund
City of La Vista, Nebraska
Balance Sheets
September 30, 2015 and 2014**

	2015	2014
Assets		
Cash and cash equivalents	\$ 236,134	\$ 448,383
Note receivable	15,810,692	15,810,692
Accrued interest receivable	296,643	296,643
Total assets	\$ 16,343,469	\$ 16,555,718
 Liabilities		
	\$ -	\$ 930
 Fund Balance		
Restricted for economic development	16,343,469	16,554,788
Total liabilities and fund balances	\$ 16,343,469	\$ 16,555,718

**Economic Development Fund
City of La Vista, Nebraska**
**Statements of Revenues, Expenditures, and
Changes in Fund Balance**
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Interest Income	\$ 1,187,535	\$ 1,186,746
Expenditures		
Community development	-	8,714
Debt service		
Principal retirement	645,000	605,000
Interest	1,353,854	1,393,396
Total expenditures	<u>1,998,854</u>	<u>2,007,110</u>
Deficiency of Revenues Under Expenditures	(811,319)	(820,364)
Transfers	<u>600,000</u>	<u>600,000</u>
Net Change in Fund Balance	(211,319)	(220,364)
Fund Balance, Beginning of Year	<u>16,554,788</u>	<u>16,775,152</u>
Fund Balance, End of Year	<u><u>\$ 16,343,469</u></u>	<u><u>\$ 16,554,788</u></u>

Economic Development Fund City of La Vista, Nebraska

Notes to Financial Statements

September 30, 2015 and 2014

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 the 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, 2015 and 2014, 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 debt service expenditures 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, 2015 and 2014**

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 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).

The Economic Development Fund participates in the pooled cash accounts maintained by the City. The Fund's share of this pool was \$236,134 and \$448,383 at September 30, 2015 and 2014, respectively.

Note 2: Note Receivable

The City has a note receivable from a developer for an economic development project. As of September 30, 2015 and 2014, the balance of the loan with the developer was \$15,810,692 with an interest rate equal to the average coupon rate of the bonds issued to fund the loan. The balance of the note is due in a single balloon payment on July 31, 2017. Accrued interest receivable on the loan amounted to \$296,643 at both September 30, 2015 and 2014.

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	2015 Principal Outstanding	2014 Principal Outstanding
Economic Development Fund Bonds, Series 2007	6.00-7.73%	10/15/2029	\$20,695,000	\$ 17,835,000	\$ 18,480,000

**Economic Development Fund
City of La Vista, Nebraska
Notes to Financial Statements
September 30, 2015 and 2014**

Note 3: Long-term Debt - Continued

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

The annual debt service requirements to maturity for bonded debt as of September 30, 2015, is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 685,000	\$ 1,311,427	\$ 1,996,427
2017	730,000	1,265,741	1,995,741
2018	780,000	1,216,439	1,996,439
2019	835,000	1,162,459	1,997,459
2020	890,000	1,103,548	1,993,548
2021-2025	5,630,000	4,355,777	9,985,777
2026-2030	<u>8,285,000</u>	<u>1,700,304</u>	<u>9,985,304</u>
Total	<u>\$ 17,835,000</u>	<u>\$ 12,115,695</u>	<u>\$ 29,950,695</u>

Note 4: City Transfer

The general fund of the City transferred \$600,000 to the Economic Development Fund in both 2015 and 2014 to assist in funding debt service payments.