

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

FINANCIAL STATEMENTS
And
INDEPENDENT AUDITOR'S REPORT

September 30, 2015

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

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Scottsbluff, Nebraska

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CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

September 30, 2015

The management of the City of Scottsbluff, Nebraska (the City) offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. Please consider this discussion in conjunction with the additional information provided in the transactions, events and conditions reflected in the City's financial statements (beginning on page 12).

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at September 30, 2015, by \$72,405,824 (net position). Of this amount, \$25,308,445 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of September 30, 2015, the City's governmental funds reported combined ending fund balances of \$17,290,428. This is a decrease of \$147,936 in comparison with the prior year.
- As of September 30, 2015, unassigned fund balance for the general fund was \$3,905,294, or 46% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the year ended September 30, 2015. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general administrative services, public safety, streets and highways, health, planning and zoning, parks and recreation, libraries, and self-insurance. The business-type activities of the City include sanitation, wastewater, water, stormwater, electric utilities, and geographic information systems.

The government-wide financial statements can be found on pages 12-14 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – (CONTINUED)

September 30, 2015

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

The City maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, the Transportation fund, the Economic Development fund, the Debt Service fund, the Special Projects fund, and the Leasing Corporation fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 15-20 of this report.

Proprietary funds - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sanitation, wastewater, water, stormwater, and electric systems. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-funding unemployment and health insurance and geographic information services. Because the self-funding services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The geographic information services is shown as a business-type function and has been included within the business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all of the enterprise funds. Internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for these funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 21-26 of this report.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – (CONTINUED)

September 30, 2015

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 27-28 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-42 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget. The City adopts an annual appropriated budget for its general fund and all other governmental funds. A budgetary comparison statement has been provided for the General, Transportation, Economic Development, Debt, Special Projects, and Leasing Corporation major funds to demonstrate compliance with this budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$72,405,824 at September 30, 2015.

By far the largest portion of the City's net position (64 percent) reflects its investment in capital assets (e.g., land, buildings, improvements, utility plant, infrastructure, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Scottsbluff
Condensed Statement of Net Position
September 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 21,211,811	\$ 20,875,767	\$ 8,136,962	\$ 8,138,735	\$ 29,348,773	\$ 29,014,502
Capital assets	32,668,983	30,057,766	23,164,501	23,142,514	55,833,484	53,200,280
Other noncurrent assets	-	87,594	640,170	559,689	640,170	647,283
Total assets	53,880,794	51,021,127	31,941,633	31,840,938	85,822,427	82,862,065
Current liabilities	2,748,223	2,995,235	1,333,711	1,299,313	4,081,934	4,294,548
Long-term liabilities outstanding	6,735,650	4,808,751	2,599,019	3,189,305	9,334,669	7,998,056
Total liabilities	9,483,873	7,803,986	3,932,730	4,488,618	13,416,603	12,292,604
Net assets:						
Net investment in capital assets	26,343,983	25,611,010	20,113,226	19,522,731	46,457,209	45,133,741
Restricted	7,631,419	-	640,170	559,689	8,271,589	559,689
Unrestricted	10,421,519	17,606,131	7,255,507	7,269,900	17,677,026	24,876,031
Total net position	\$ 44,396,921	\$ 43,217,141	\$ 28,008,903	\$ 27,352,320	\$ 72,405,824	\$ 70,569,461

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – (CONTINUED)

September 30, 2015

At September 30, 2015, the City is able to report positive balances in all three categories of net position, for the government as a whole.

City of Scottsbluff
Statement of Activities and Changes in Net Assets
September 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 372,744	\$ 397,899	\$ 9,449,875	\$ 9,460,605	\$ 9,822,619	\$ 9,858,504
Operating grants and contributions	123,459	151,490	49,666	22,930	173,125	174,420
Capital grants and contributions	864,157	1,746,282	148,388	-	1,012,545	1,746,282
General revenues:						
Property taxes	1,504,090	1,519,866	-	-	1,504,090	1,519,866
Sales and use tax	6,036,637	5,362,035	-	-	6,036,637	5,362,035
Other taxes	923,212	1,212,239	-	-	923,212	1,212,239
Intergovernmental	1,692,503	1,679,890	-	-	1,692,503	1,679,890
Investment income	60,614	52,216	21,528	21,771	82,142	73,987
Miscellaneous	3,318,345	3,987,802	74,800	182,723	3,393,145	4,170,525
Total revenues	14,895,761	16,109,719	9,744,257	9,688,029	24,640,018	25,797,748
Expenses:						
General government	3,947,558	4,065,694	-	-	3,947,558	4,065,694
Public safety	5,292,925	5,577,040	-	-	5,292,925	5,577,040
Transportation	3,001,623	2,734,310	-	-	3,001,623	2,734,310
Public health	205,918	210,180	-	-	205,918	210,180
Culture and recreation	2,855,290	2,875,393	-	-	2,855,290	2,875,393
Public works	807,662	487,941	-	-	807,662	487,941
Interest on long-term debt	232,342	172,709	-	-	232,342	172,709
Environmental services	-	-	2,134,986	2,051,609	2,134,986	2,051,609
Wastewater	-	-	2,122,375	2,061,699	2,122,375	2,061,699
Water	-	-	1,866,233	1,626,061	1,866,233	1,626,061
Electric	-	-	122,764	59,362	122,764	59,362
Stormwater	-	-	122,105	142,270	122,105	142,270
Geographic information sy	-	-	91,874	89,129	91,874	89,129
Total expenses	16,343,318	16,123,267	6,460,337	6,030,130	22,803,655	22,153,397
Increase (decrease) in net assets before transfers	(1,447,557)	(13,548)	3,283,920	3,657,899	1,836,363	3,644,351
Transfers in (out)	2,627,337	2,359,393	(2,627,337)	(2,359,393)	-	-
Increase (decrease) in net assets	1,179,780	2,345,845	656,583	1,298,506	1,836,363	3,644,351
Prior period adjustment (Note 1)	-	(5,622)	-	-	-	(5,622)
Net assets, October 1	43,217,141	40,876,918	27,352,320	26,053,814	70,569,461	66,930,732
Net assets, September 30	\$ 44,396,921	\$ 43,217,141	\$ 28,008,903	\$ 27,352,320	\$ 72,405,824	\$ 70,569,461

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – (CONTINUED)

September 30, 2015

GOVERNMENTAL ACTIVITIES

Governmental activities increased the City's net position by a total of \$1,583,546. Key elements in this increase follows:

- The economic development fund received sales tax revenue that was more than grants. This contributed almost \$64,000 to the increase in net assets.
- The transportation fund had \$846,713 worth of contributed capital due to the value of road construction that was paid for by the State of Nebraska.

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the city's net position by \$656,583. Key elements in this increase follows:

- Environmental services revenues were \$102,904 higher than budgeted. Department supplies, that was increased to buy more recycling containers, as \$44,568 less than budget.
- Wastewater revenues were \$120,100 higher than budgeted. The electric power rate didn't increase as much as budgeted so actual was \$31,016 less than budget. Capital improvement projects that were budgeted were not completed.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2015, the City's governmental funds reported combined ending fund balances of \$17,290,428, a decrease of \$147,936 in comparison with the prior year.

The general fund is the chief operating fund of the City. At September 30, 2015, the unassigned fund balance of the general fund was \$3,905,294. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned fund balance represents 46 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$178,381 during 2015. This increase was due to higher than budgeted sales tax revenues. Sales tax was \$268,533 higher than budget.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – (CONTINUED)

September 30, 2015

PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the sanitation, wastewater system, water system, electric system, and stormwater system amounted to \$263,560, \$2,261,035, \$2,056,998, \$2,171,658, and \$534,866 respectively, at September 30, 2015. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Variances between actual general fund revenues and expenditures and the final amended budget include:

- \$44,140 positive variance in taxes. Sales tax receipts were \$268,533 higher than budget.
- \$316,042 positive variance in general government. \$250,000 was budgeted in contingency to cover any unforeseen costs that may arise during the year. Only \$48,231 of that amount was used for Westmoor pool.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015, was \$56,088,148 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, streets, storm sewers, electric plant, and water and sewer plant.

City of Scottsbluff
Capital assets (net of depreciation)
September 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 471,878	\$ 471,878	\$ 1,403,607	\$ 1,403,607	\$ 1,875,484	\$ 1,875,485
Inventory	2,562,113	2,562,113	-	-	2,562,113	2,562,113
Construction in progress	731,379	476,521	15,448	176,402	746,827	652,923
Buildings and improvements	8,391,478	8,274,860	2,781,063	2,884,231	11,172,542	11,159,091
Equipment and vehicles	3,097,202	3,198,151	2,839,315	2,940,860	5,936,517	6,139,011
Infrastructure	17,414,934	15,074,243	9,925,538	9,119,525	27,340,471	24,193,768
Plant in service	-	-	6,199,530	6,617,889	6,199,530	6,617,889
Total	\$ 32,668,983	\$ 30,057,766	\$ 23,164,501	\$ 23,142,514	\$ 55,833,484	\$ 53,200,280

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – (CONTINUED)

September 30, 2015

Major capital asset events during 2015 included the following:

- 2 buildings for downtown project. Leasing Corporation \$435,383
- Ave I mill and overlay. Transportation \$1,169,957
- Chip seal city roads. Transportation \$1,948,679
- Compost equipment. ES and Wastewater \$509,451
- Water transmission main. Water \$661,468

Additional information on the City's capital assets can be found in Note 4 of the notes to the financial statements on pages 35-36 of this report.

LONG-TERM DEBT

At September 30, 2015, the City of Scottsbluff had total bonded debt outstanding of \$6,960,000. This entire amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City's total bonded debt increased by \$1,775,000 (34.23 percent) during 2015. The key factor to this increase was the issuance of \$2,330,000 GO Highway Bond for chip seal and other road projects.

Additional information on the City's long-term debt can be found in Note 5 of the notes to the financial statements on pages 36-38 of this report.

City of Scottsbluff
Outstanding Bonded Debt
September 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 2,805,000	\$ 710,000	\$ -	\$ -	\$ 2,805,000	\$ 710,000
Revenue bonds	4,155,000	4,475,000	-	-	4,155,000	4,475,000
Total	\$ 6,960,000	\$ 5,185,000	\$ -	\$ -	\$ 6,960,000	\$ 5,185,000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The increase in the City's property tax base provided by real growth is estimated at .58%, with an actual increase in valuation from the prior year of approximately \$16.7 million.
- For 2016 budget, the projection for sales tax was estimated at 1% growth due to a rebound in sales tax receipts.
- The cost of living adjustment given to employees was 1.2%.
- \$500,000 was set aside in the general fund to pay the City's portion of Monument Valley Pathway.

All of these factors were considered in preparing the City's budget for the 2016 fiscal year.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – (CONTINUED)

September 30, 2015

The utility rates were increased for the 2016 budget year. The sanitation, water, and stormwater rates were increased by 12.5%, 1%, and 50% (from \$1.00 to \$1.50), respectively. The rate increases affected both residential and industrial consumers by approximately the same percentage. These increases are necessary to fund debt service, cover the cost of inflation, and cover the cost of federal mandates.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Scottsbluff, Finance Department, 2525 Circle Drive, Scottsbluff, NE 69361.



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Independent Auditors' Report

To the Honorable Mayor, City Council,
And City Administrator
City of Scottsbluff
Scottsbluff, Nebraska

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The City of Scottsbluff's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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

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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 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, each major fund and the aggregate remaining fund information of the City of Scottsbluff, 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 conformity 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 management's discussion and analysis and budgetary comparison information, on pages 1-8 and 44-50, be presented to supplement the basic financial statements. Such 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. 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Scottsbluff's basic financial statements. The Other Supplementary Information as listed in the table of contents as pages 52-57 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information as listed in the table of contents as pages 52-27 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information as listed in the table

of contents as pages 52-57 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2016 on our consideration of City of Scottsbluff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Scottsbluff's internal control over financial reporting and compliance.

Contnyman Associates PC
Certified Public Accountants
Scottsbluff, Nebraska

February 12, 2016

CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Equity in pooled cash	\$ 18,527,212	\$ 6,197,247	\$ 24,724,459
Funds held by county treasurer	80,521	-	80,521
Net receivables:			
Taxes	1,751,392	-	1,751,392
Accounts and unbilled	-	1,561,219	1,561,219
Special assessments	55,507	-	55,507
Accrued interest	9,151	2,429	11,580
Governmental unit	190,082	-	190,082
Other receivables	597,946	-	597,946
Inventory	-	376,067	376,067
Total current assets	<u>21,211,811</u>	<u>8,136,962</u>	<u>29,348,773</u>
Noncurrent assets:			
Restricted investments	-	640,170	640,170
Capital assets - non-depreciable	3,765,373	1,419,055	5,184,428
Net capital assets - depreciable	<u>28,903,610</u>	<u>21,745,446</u>	<u>50,649,056</u>
Total noncurrent assets	<u>32,668,983</u>	<u>23,804,671</u>	<u>56,473,654</u>
Total assets	<u>\$ 53,880,794</u>	<u>\$ 31,941,633</u>	<u>\$ 85,822,427</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 368,161	\$ 346,118	\$ 714,279
Accrued interest payable	32,563	19,848	52,411
Accrued compensated absences	93,333	19,616	112,949
Other accrued expenses	168,819	191,458	360,277
Notes and warrants payable	1,217,048	581,500	1,798,548
Deferred revenue	868,299	175,171	1,043,470
Total current liabilities	<u>2,748,223</u>	<u>1,333,711</u>	<u>4,081,934</u>
Noncurrent liabilities:			
Bonds and notes payable	6,325,000	2,469,767	8,794,767
Accrued compensated absences	410,650	129,252	539,902
Total noncurrent liabilities	<u>6,735,650</u>	<u>2,599,019</u>	<u>9,334,669</u>
Total liabilities	<u>9,483,873</u>	<u>3,932,730</u>	<u>13,416,603</u>
NET POSITION			
Net investment in capital assets	26,343,983	20,113,226	46,457,209
Restricted for:			
Debt service	3,145,519	-	3,145,519
Economic development	4,485,900	-	4,485,900
New landfill	-	640,170	640,170
Unrestricted	<u>10,421,519</u>	<u>7,255,507</u>	<u>17,677,026</u>
Total net position	<u>44,396,921</u>	<u>28,008,903</u>	<u>72,405,824</u>
Total liabilities and net position	<u>\$ 53,880,794</u>	<u>\$ 31,941,633</u>	<u>\$ 85,822,427</u>

See accompanying notes to the basic financial statements.

STATEMENT OF ACTIVITIES
CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF ACTIVITIES
FOR YEAR ENDED SEPTEMBER 30, 2015

		Program Revenues		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 3,947,558	\$ 24,439	\$ 5,000	\$ -
Public safety	5,292,925	117,806	118,459	17,444
Transportation	3,001,623	9,884	-	846,713
Public health and social services	205,918	44,565	-	-
Culture and recreation:				
Library	715,129	-	-	-
Parks and recreation	1,790,161	162,080	-	-
Zoo	350,000	13,970	-	-
Public works	807,662	-	-	-
Interest on long term debt	232,342	-	-	-
Total governmental activities	<u>16,343,318</u>	<u>372,744</u>	<u>123,459</u>	<u>864,157</u>
Business type activities:				
Environmental services	2,134,986	2,463,899	-	-
Wastewater	2,122,375	2,543,388	-	148,388
Water	1,866,233	1,886,727	-	-
Electric	122,764	2,525,328	-	-
Stormwater	122,105	30,533	49,666	-
Geographic information systems	91,874	-	-	-
Total business type activities	<u>6,460,337</u>	<u>9,449,875</u>	<u>49,666</u>	<u>148,388</u>
Total primary government	\$ <u>22,803,655</u>	\$ <u>9,822,619</u>	\$ <u>173,125</u>	\$ <u>1,012,545</u>

General Revenues:

Taxes:

Property taxes, levied for general purposes
Property taxes, levied for debt service
Property taxes, levied for transportation
Property taxes, levied for cemetery perpetual care
Property taxes, levied for public safety
Sales tax
Other taxes

Intergovernmental

Investment income

Miscellaneous

Net transfers

Total general revenues and transfers

Change in net position

Net position, October 1

Prior period adjustment (Note 13)

Net position, September 30

See accompanying notes to the basic financial statements.

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business type Activities	Total
\$ (3,918,119)	\$ -	\$ (3,918,119)
(5,039,216)	-	(5,039,216)
(2,145,026)	-	(2,145,026)
(161,353)	-	(161,353)
(715,129)	-	(715,129)
(1,628,081)	-	(1,628,081)
(336,030)	-	(336,030)
(807,662)	-	(807,662)
(232,342)	-	(232,342)
<u>(14,982,958)</u>	<u>-</u>	<u>(14,982,958)</u>
-	328,913	328,913
-	569,401	569,401
-	20,494	20,494
-	2,402,564	2,402,564
-	(41,906)	(41,906)
-	(91,874)	(91,874)
<u>-</u>	<u>3,187,592</u>	<u>3,187,592</u>
<u>(14,982,958)</u>	<u>3,187,592</u>	<u>(11,795,366)</u>
159,482	-	159,482
559,701	-	559,701
501,536	-	501,536
122,978	-	122,978
160,393	-	160,393
6,036,637	-	6,036,637
923,212	-	923,212
1,692,503	-	1,692,503
60,614	21,528	82,142
3,318,345	74,800	3,393,145
2,627,337	(2,627,337)	-
<u>16,162,738</u>	<u>(2,531,009)</u>	<u>13,631,729</u>
<u>1,179,780</u>	<u>656,583</u>	<u>1,836,363</u>
<u>43,217,141</u>	<u>27,352,320</u>	<u>70,569,461</u>
<u>\$ 44,396,921</u>	<u>\$ 28,008,903</u>	<u>\$ 72,405,824</u>

CITY OF SCOTTSBLUFF, NEBRASKA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	Transportation Fund	Economic Development Fund	Debt Service Fund
ASSETS				
Equity in pooled cash	\$ 3,839,660	\$ 2,057,292	\$ 5,609,555	\$ 3,638,277
Funds held by county treasurer	9,661	28,622	-	21,253
Net receivables:				
Taxes	855,932	268,758	167,522	316,451
Special assessments	-	-	-	55,507
Accrued interest	1,504	806	2,198	3,325
Governmental unit	10,196	165,864	2,923	-
Other receivables	60,200	-	-	-
Total assets	<u>\$ 4,777,153</u>	<u>\$ 2,521,342</u>	<u>\$ 5,782,198</u>	<u>\$ 4,034,813</u>
LIABILITIES				
Accounts payable	\$ 144,082	\$ 51,258	\$ 63,989	\$ 37,558
Accrued salaries	127,403	20,151	-	-
Other accrued expenses	16,355	1,784	-	-
Warrants payable	-	-	-	530,280
Total liabilities	<u>287,840</u>	<u>73,193</u>	<u>63,989</u>	<u>567,838</u>
DEFERRED INFLOW OF RESOURCES				
Deferred revenue	84,019	209,420	-	321,456
FUND BALANCES				
Restricted	-	-	4,485,900	3,145,519
Committed	-	-	53,426	-
Assigned	500,000	2,238,729	1,178,883	-
Unassigned	3,905,294	-	-	-
Total fund balances	<u>4,405,294</u>	<u>2,238,729</u>	<u>5,718,209</u>	<u>3,145,519</u>
Total liabilities and fund balances	<u>\$ 4,777,153</u>	<u>\$ 2,521,342</u>	<u>\$ 5,782,198</u>	<u>\$ 4,034,813</u>

Special Projects Fund	Leasing Corporation Fund	Other Governmental Funds	Total Governmental Funds
\$ 502,858	\$ 12,126	\$ 1,643,114	\$ 17,302,882
-	-	20,985	80,521
-	-	142,729	1,751,392
-	-	-	55,507
191	3	647	8,674
7,622	-	3,477	190,082
-	-	-	60,200
<u>\$ 510,671</u>	<u>\$ 12,129</u>	<u>\$ 1,810,952</u>	<u>\$ 19,449,258</u>
\$ 12,080	\$ 194	\$ 59,004	\$ 368,165
-	-	2,862	150,416
-	-	264	18,403
-	-	-	530,280
<u>12,080</u>	<u>194</u>	<u>62,130</u>	<u>1,067,264</u>
330,553	-	146,118	1,091,566
17,781	11,935	493,542	8,154,677
150,257	-	935,814	1,139,497
-	-	173,348	4,090,960
-	-	-	3,905,294
<u>168,038</u>	<u>11,935</u>	<u>1,602,704</u>	<u>17,290,428</u>
<u>\$ 510,671</u>	<u>\$ 12,129</u>	<u>\$ 1,810,952</u>	<u>\$ 19,449,258</u>

**CITY OF SCOTTSBLUFF, NEBRASKA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

Total Governmental Fund Balances	\$ 17,290,428
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	32,668,983
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Internal service funds are used by management to charge the costs of certain services to individual funds. These assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	1,224,808
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Deferred inflow of resources in governmental fund financials for property taxes and special assessments is shown as revenue for government wide financials.	761,016
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

Due within one year:

Interest payable	\$ 32,563
Bonds payable	686,768
Compensated absences	93,333

Due in more than one year:

Bonds payable	6,325,000
Compensated absences	410,650

(7,548,314)

Net position of governmental activities	\$ <u><u>44,396,921</u></u>
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See accompanying notes to the basic financial statements.

**CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	General Fund	Transportation Fund	Economic Development Fund	Debt Service Fund
Revenues:				
Taxes and special assessments	\$ 5,126,820	\$ 1,161,269	\$ 1,005,704	\$ 651,453
Licenses and permits	86,545	-	-	-
Intergovernmental	193,882	1,493,621	-	-
Charges for services	302,725	9,884	-	-
Interest	10,922	7,926	18,253	13,359
Other revenue	189,946	51,473	36,843	5,199
Total revenues	<u>5,910,840</u>	<u>2,724,173</u>	<u>1,060,800</u>	<u>670,011</u>
Expenditures:				
Current operations:				
General government	494,964	-	996,879	910,531
Public safety	4,897,273	-	-	-
Transportation	-	1,821,156	-	-
Public health and social services	-	-	-	-
Culture and recreation:				
Library	642,398	-	-	-
Parks and recreation	1,489,133	-	-	-
Zoo	350,000	-	-	-
Public works	470,746	-	-	-
Capital expenditures	63,994	2,604,984	-	-
Debt service:				
Principal	-	235,000	-	68,457
Interest	-	6,405	-	4,744
Bond issuance costs	-	27,300	-	-
Total expenditures	<u>8,408,508</u>	<u>4,694,845</u>	<u>996,879</u>	<u>983,732</u>
Excess revenues over (under) expenditures	<u>(2,497,668)</u>	<u>(1,970,672)</u>	<u>63,921</u>	<u>(313,721)</u>
Other financing sources (uses):				
Proceeds from debt issuance	-	2,330,000	-	-
Warrant and bond expense	-	-	-	(300,286)
Operating transfers in	2,687,049	-	-	-
Operating transfers out	(11,000)	(48,713)	-	-
Total other financing sources (uses)	<u>2,676,049</u>	<u>2,281,287</u>	<u>-</u>	<u>(300,286)</u>
Excess revenues and other financing sources over (under) expenditures and other financing uses	178,381	310,615	63,921	(614,007)
Fund balances, October 1	<u>4,226,913</u>	<u>1,928,114</u>	<u>5,654,288</u>	<u>3,759,526</u>
Fund balances, September 30	<u>\$ 4,405,294</u>	<u>\$ 2,238,729</u>	<u>\$ 5,718,209</u>	<u>\$ 3,145,519</u>

See accompanying notes to the basic financial statements.

Special Projects Fund	Leasing Corporation Fund	Other Governmental Funds	Total Governmental Funds
\$ 17,781	\$ -	\$ 481,279	\$ 8,444,306
-	-	2,950	89,495
-	-	5,000	1,692,503
15,570	-	44,565	372,744
1,554	35	5,131	57,180
117,996	898,550	232,491	1,532,498
<u>152,901</u>	<u>898,585</u>	<u>771,416</u>	<u>12,188,726</u>
-	-	26,995	2,429,369
81,375	-	47,103	5,025,751
-	-	-	1,821,156
-	-	185,055	185,055
-	213	11,597	654,208
-	-	-	1,489,133
-	-	-	350,000
-	-	24,293	495,039
-	435,383	573,692	3,678,053
-	4,000,000	45,000	4,348,457
-	132,373	20,355	163,877
-	51,314	-	78,614
<u>81,375</u>	<u>4,619,283</u>	<u>934,090</u>	<u>20,718,712</u>
<u>71,526</u>	<u>(3,720,698)</u>	<u>(162,674)</u>	<u>(8,529,986)</u>
-	3,725,000	-	6,055,000
-	-	-	(300,286)
-	-	23,944	2,710,993
<u>(23,944)</u>	<u>-</u>	<u>-</u>	<u>(83,657)</u>
<u>(23,944)</u>	<u>3,725,000</u>	<u>23,944</u>	<u>8,382,050</u>
47,582	4,302	(138,730)	(147,936)
<u>120,456</u>	<u>7,633</u>	<u>1,741,434</u>	<u>17,438,364</u>
<u>\$ 168,038</u>	<u>\$ 11,935</u>	<u>\$ 1,602,704</u>	<u>\$ 17,290,428</u>

**CITY OF SCOTTSBLUFF, NEBRASKA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Net Change in Fund Balances - Total Governmental Funds	\$ (147,936)
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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 estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	1,764,503
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the value of contributed capital.	846,713
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Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the Statement of Net Position.	(6,055,000)
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Payments on debt are expenditures in the funds, but a debt payment decreases long-term liabilities in the Statement of Net Position.	4,348,457
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Deferred inflow of resources in governmental fund financials for property taxes and special assessments is shown as revenue for government wide financials.	19,632
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Some expenses reported in the Statement of Activities do not require the use of of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued compensated absences	15,734
Accrued interest	(68,466)

Internal service funds are used by management to charge the costs of certain services to individual funds.	456,143
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Change in net position of governmental activities	<u>\$ 1,179,780</u>
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CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	Business-type Activities			
	Environmental Services	Wastewater	Water	Electric
ASSETS				
Current assets				
Equity in pooled cash	\$ 607,534	\$ 2,077,173	\$ 1,598,365	\$ 1,351,701
Net receivables:				
Accounts and unbilled	152,059	348,237	289,393	769,427
Accrued interest	238	814	626	530
Inventory	-	-	376,067	-
Total current assets	<u>759,831</u>	<u>2,426,224</u>	<u>2,264,451</u>	<u>2,121,658</u>
Noncurrent assets				
Restricted investments	640,170	-	-	-
Due from other funds	-	-	-	50,000
Capital assets - non-depreciable	34,008	215,279	595,561	300,000
Net capital assets - depreciable	<u>1,120,170</u>	<u>11,721,943</u>	<u>7,437,540</u>	<u>490,207</u>
Total noncurrent assets	<u>1,794,348</u>	<u>11,937,222</u>	<u>8,033,101</u>	<u>840,207</u>
Total assets	<u>\$ 2,554,179</u>	<u>\$ 14,363,446</u>	<u>\$ 10,297,552</u>	<u>\$ 2,961,865</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 248,048	\$ 50,367	\$ 39,867	\$ -
Accrued interest payable	-	19,848	-	-
Accrued salaries	25,722	20,226	19,526	-
Accrued compensated absences	7,158	6,064	5,916	-
Other accrued expenses	1,379	15,626	104,767	-
Current portion long-term debt	-	581,500	-	-
Unearned billings	<u>175,171</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>457,478</u>	<u>693,631</u>	<u>170,076</u>	<u>-</u>
Noncurrent liabilities				
Long-term debt	-	2,469,767	-	-
Compensated absences	<u>38,793</u>	<u>53,058</u>	<u>37,377</u>	<u>-</u>
Total noncurrent liabilities	<u>38,793</u>	<u>2,522,825</u>	<u>37,377</u>	<u>-</u>
Total liabilities	<u>496,271</u>	<u>3,216,456</u>	<u>207,453</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	1,154,178	8,885,955	8,033,101	790,207
Restricted for new landfill	640,170	-	-	-
Unreserved	<u>263,560</u>	<u>2,261,035</u>	<u>2,056,998</u>	<u>2,171,658</u>
Total net position	<u>2,057,908</u>	<u>11,146,990</u>	<u>10,090,099</u>	<u>2,961,865</u>
Total liabilities and net position	<u>\$ 2,554,179</u>	<u>\$ 14,363,446</u>	<u>\$ 10,297,552</u>	<u>\$ 2,961,865</u>

Business-type Activities			Governmental Activities
Stormwater	Internal Service	Totals	Internal Service
\$ 540,539	\$ 21,935	\$ 6,197,247	\$ 1,224,331
2,103	-	1,561,219	-
212	9	2,429	477
-	-	376,067	-
<u>542,854</u>	<u>21,944</u>	<u>8,136,962</u>	<u>1,224,808</u>
-	-	640,170	-
-	-	50,000	-
274,207	-	1,419,055	-
975,578	-	21,745,438	-
<u>1,249,785</u>	<u>-</u>	<u>23,854,663</u>	<u>-</u>
<u>\$ 1,792,639</u>	<u>\$ 21,944</u>	<u>\$ 31,991,625</u>	<u>\$ 1,224,808</u>
\$ 7,794	\$ 34	\$ 346,110	\$ -
-	-	19,848	-
-	3,940	69,414	-
-	478	19,616	-
194	78	122,044	-
-	30,000	611,500	-
-	-	175,171	-
<u>7,988</u>	<u>34,530</u>	<u>1,363,703</u>	<u>-</u>
-	20,000	2,489,767	-
-	24	129,252	-
<u>-</u>	<u>20,024</u>	<u>2,619,019</u>	<u>-</u>
<u>7,988</u>	<u>54,554</u>	<u>3,982,722</u>	<u>-</u>
1,249,785	-	20,113,226	-
-	-	640,170	-
<u>534,866</u>	<u>(32,610)</u>	<u>7,255,507</u>	<u>1,224,808</u>
<u>1,784,651</u>	<u>(32,610)</u>	<u>28,008,903</u>	<u>1,224,808</u>
<u>\$ 1,792,639</u>	<u>\$ 21,944</u>	<u>\$ 31,991,625</u>	<u>\$ 1,224,808</u>

CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities			
	Environmental Services	Wastewater	Water	Electric
Operating revenues:				
Charges for services	\$ 2,463,899	\$ 2,543,388	\$ 1,886,727	\$ 2,525,328
Other revenues	2,092	180,861	37,539	1,834
Total operating revenues	2,465,991	2,724,249	1,924,266	2,527,162
Operating expenses:				
Personnel services	1,132,635	861,957	795,544	-
Operating supplies	161,948	78,075	507,893	-
Contractual	498,782	66,181	112,885	-
Maintenance	92,765	75,559	18,718	-
Utilities	14,381	175,153	116,961	-
Insurance	38,442	63,136	31,733	-
Other operating expenses	7,517	14,799	11,844	63,403
Depreciation and amortization	188,516	714,722	270,655	59,361
Total operating expenses	2,134,986	2,049,582	1,866,233	122,764
Operating income (loss)	331,005	674,667	58,033	2,404,398
Non-operating revenues (expenses):				
Interest income	1,519	5,785	5,150	7,252
Gain (loss) on sale of assets	-	-	-	-
Interest expense	-	(72,793)	-	-
Net non-operating revenues (expenses)	1,519	(67,008)	5,150	7,252
Income (loss) before contributions & transfers	332,524	607,659	63,183	2,411,650
Transfers from (to) other funds:				
Operating transfers in	-	18,214	-	-
Operating transfers (out)	(54,713)	(140,713)	(96,927)	(2,510,049)
Net transfers from (to) other funds	(54,713)	(122,499)	(96,927)	(2,510,049)
Change in net position	277,811	485,160	(33,744)	(98,399)
Net position, October 1	1,780,097	10,661,830	10,123,843	3,060,264
Net position, September 30	\$ 2,057,908	\$ 11,146,990	\$ 10,090,099	\$ 2,961,865

Business-type Activities			Governmental Activities
Stormwater	Internal Service	Totals	Internal Service
\$ 30,533	\$ -	\$ 9,449,875	\$ -
50,392	48	272,766	1,872,649
80,925	48	9,722,641	1,872,649
-	76,111	2,866,247	-
11,044	3,181	762,141	-
37,816	71	715,735	-
7,215	6,400	200,657	-
505	425	307,425	-
-	-	133,311	-
1,438	2,835	101,836	1,419,940
64,087	-	1,297,341	-
122,105	89,023	6,384,693	1,419,940
(41,180)	(88,975)	3,337,948	452,709
1,715	107	21,528	3,434
88	-	88	-
-	(2,851)	(75,644)	-
1,803	(2,744)	(54,028)	3,434
(39,377)	(91,719)	3,283,920	456,143
50,000	106,851	175,065	-
-	-	(2,802,402)	-
50,000	106,851	(2,627,337)	-
10,623	15,132	656,583	456,143
1,774,028	(47,742)	27,352,320	768,665
\$ 1,784,651	\$ (32,610)	\$ 28,008,903	\$ 1,224,808

CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities			
	Environmental Services	Wastewater	Water	Electric
Cash flows from operating activities:				
Cash received from customers	\$ 2,446,180	\$ 2,719,364	\$ 1,957,488	\$ 2,541,883
Cash paid to suppliers	(624,449)	(550,864)	(947,092)	(63,403)
Cash paid to employees	(775,381)	(619,631)	(571,142)	-
Other expenses	(357,259)	(242,324)	(224,397)	-
Net cash provided by operating activities	<u>689,091</u>	<u>1,306,545</u>	<u>214,857</u>	<u>2,478,480</u>
Cash flows from non-capital financing activities:				
Transfers from (to) other funds	(54,713)	(122,499)	(96,927)	(2,510,049)
Net cash provided (used) by non-capital financing activities	<u>(54,713)</u>	<u>(122,499)</u>	<u>(96,927)</u>	<u>(2,510,049)</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(360,468)	(335,728)	(623,039)	-
Principal paid on capital debt	-	(568,516)	-	-
Interest paid on capital debt	-	(77,376)	-	-
Net cash (used) by capital and related financing activities	<u>(360,468)</u>	<u>(981,620)</u>	<u>(623,039)</u>	<u>-</u>
Cash flows from investing activities:				
Investment in landfill	(80,481)	-	-	-
Interest and dividends	1,484	5,890	5,557	7,400
Net cash provided by investing activities	<u>(78,997)</u>	<u>5,890</u>	<u>5,557</u>	<u>7,400</u>
Net increase in cash and cash equivalents	194,913	208,316	(499,552)	(24,169)
Cash and cash equivalents, October 1	412,621	1,868,857	2,097,917	1,375,870
Cash and cash equivalents, September 30	<u>\$ 607,534</u>	<u>\$ 2,077,173</u>	<u>\$ 1,598,365</u>	<u>\$ 1,351,701</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 331,005	\$ 674,667	\$ 58,033	\$ 2,404,398
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization expense	188,516	714,722	270,655	59,361
Changes in assets and liabilities:				
Receivables - net of allowances	(20,491)	(4,885)	33,222	14,721
Inventory	-	-	(66,599)	-
Accounts and other payables	184,065	(73,467)	(82,887)	-
Accrued expenses	5,996	(4,492)	2,433	-
Net cash provided by operating activities	<u>\$ 689,091</u>	<u>\$ 1,306,545</u>	<u>\$ 214,857</u>	<u>\$ 2,478,480</u>

Business-type Activities			Governmental Activities
Stormwater	Internal Service	Totals	Internal Service
\$ 48,583	\$ 53	\$ 9,713,551	\$ 1,872,649
(21,727)	(13,241)	(2,220,776)	(1,420,675)
-	(56,030)	(2,022,184)	-
-	(20,082)	(844,062)	-
<u>26,856</u>	<u>(89,300)</u>	<u>4,626,529</u>	<u>451,974</u>
 50,000	 106,851	 (2,627,337)	 -
 50,000	 106,851	 (2,627,337)	 -
 -	 -	 (1,319,235)	 -
 -	 (30,000)	 (598,516)	 -
 -	 (2,851)	 (80,227)	 -
 -	 (32,851)	 (1,997,978)	 -
 -	 -	 (80,481)	 -
 1,730	 116	 22,177	 3,328
 1,730	 116	 (58,304)	 3,328
 78,586	 (15,184)	 (57,090)	 455,302
 461,953	 37,119	 6,254,337	 769,029
<u>\$ 540,539</u>	<u>\$ 21,935</u>	<u>\$ 6,197,247</u>	<u>\$ 1,224,331</u>
 \$ (41,180)	 \$ (88,975)	 \$ 3,337,948	 \$ 452,709
 64,087	 -	 1,297,341	 -
 18,067	 -	 40,634	 -
 -	 -	 (66,599)	 -
 (14,189)	 (14)	 13,508	 (735)
 71	 (311)	 3,697	 -
<u>\$ 26,856</u>	<u>\$ (89,300)</u>	<u>\$ 4,626,529</u>	<u>\$ 451,974</u>

CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2015

	Agency Fund	Pension Trust Fund	Total Fiduciary Funds
ASSETS			
Equity in pooled cash	\$ 168,000	\$ -	\$ 168,000
Investments managed by trustee	-	10,194,986	10,194,986
Net receivables:			
Accrued interest	66	-	66
Total assets	<u>\$ 168,066</u>	<u>\$ 10,194,986</u>	<u>\$ 10,363,052</u>
LIABILITIES			
Accounts and warrants payable	\$ 38,147	\$ -	\$ 38,147
Debt service	129,919	-	129,919
Total liabilities	<u>168,066</u>	<u>-</u>	<u>168,066</u>
NET POSITION			
Held in trust for pension benefits	-	10,194,986	10,194,986
Total net position	<u>-</u>	<u>10,194,986</u>	<u>10,194,986</u>
Total liabilities and net position	<u>\$ 168,066</u>	<u>\$ 10,194,986</u>	<u>\$ 10,363,052</u>

CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 518,054
Employee	<u>370,299</u>
Total contributions	888,353
Transfers in	-
Investment earnings:	
Net investment earnings and appreciation in fair value of investments	<u>(39,048)</u>
Total additions	<u>849,305</u>
Deductions:	
Benefit payments	892,768
Use of forfeitures to fund employer contributions	-
Forfeitures	-
Administrative costs	<u>5,399</u>
Total deductions	<u>898,167</u>
Change in fiduciary net position	(48,862)
Net position held in trust for pension benefits, October 1	<u>10,243,848</u>
Net position held in trust for pension benefits, September 30	<u>\$ 10,194,986</u>

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity - The City of Scottsbluff (City) is a municipal government responsible for providing services to the local citizenry, which are deemed best to be provided for by the public sector. The services provided include general administration, public safety, highways and streets, cemetery, recreation, public improvements, health and social services, parks, library, keno, environmental service, electric, water and wastewater; all of which are funded by tax collections and user fees.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America (GAAP). The basic, but not the only criterion, for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the City and/or its citizens, or whether the activity is conducted within the geographical boundaries of the City and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibility.

As required by GAAP, these financial statements present the City of Scottsbluff (the primary government) and its component units. These component units are included in the City's reporting entity because of the significance of each unit's operational and financial relationship with the City.

City of Scottsbluff Leasing Corporation

The City of Scottsbluff Leasing Corporation was formed in 1981 to provide tax-exempt financing for various construction projects of the City. The governing body is appointed by the City's governing body. The services provided by the Leasing Corporation are so intertwined with the City that the Leasing Corporation is in substance the same as the City and it is reported as part of the City and blended in the City's financial statements.

Community Development Agency

The Community Development Agency was created by the Mayor and City Council to provide for redevelopment of various areas within the City. Although it is legally separate from the City, the sole purpose of this Agency is to provide for City redevelopment and it is presented in the City's Agency Fund.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Fiduciary activities, whose resources are not available to finance the City's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, highway user fees, interdepartmental charges, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Special assessments are recorded as revenues in the year the assessments are paid. Installments not yet paid are reflected as special assessments receivable and deferred revenues. Other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund - The 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 other funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following special revenue funds:

Transportation Fund - This fund accounts for the resources accumulated and payments made for the maintenance, construction, and improvement of the streets in the City.

Economic Development Fund - This fund accounts for the resources and payments made for the Local Option Municipal Economic Development Act for the City. This Act sunsets in October, 2015.

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

Leasing Corporation Fund - Leasing Corporation Fund is used to account for leasing of acquisition or construction of major capital facilities (other than those financed by proprietary fund types).

Special Projects Fund - Special projects fund is used to account for miscellaneous grants such as highway safety or revenue sources for specific items such as K-9 donations.

The government reports the following major enterprise funds:

Environmental Services Fund - This fund accounts for the activities of the government's sanitation utility.

Wastewater Fund - This fund accounts for the activities of the government's wastewater utility.

Water Fund - This fund accounts for the activities of the government's water distribution operations.

Electric Fund - This fund accounts for the activities of the government's electric system utility.

Stormwater Fund - This fund accounts for the activities of the stormwater utility.

Additionally, the government reports the following fund types:

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units on a cost-reimbursement basis.

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature and do not involve the measurement of results of operations.

Assets, Liabilities, and Net Position or Equity -

Deposits and Investments - The City maintains a cash and investments pool for all funds. This pool is managed by the Finance Director and interest income is allocated to each fund based on its proportionate share in the pool. Each fund type's portion of this pool is displayed as "Equity in pooled cash". This pool consists of cash on hand, certificates of deposits, and investments. The City's cash and cash equivalents are considered to be cash on hand, cash held by County Treasurer, and short-term investments with original maturities of three months or less from date of acquisition. All investments are recorded at fair value based on quoted market prices.

Inventories - Inventories are valued at the lower of cost or market, using the first-in, first-out method.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Equity (Continued) -

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

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, drainage systems, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 or \$50,000 for infrastructure and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Property, plant and equipment of the government is depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 - 50 years
Vehicles	5 - 20 years
Equipment	3 - 25 years
Infrastructure	20 - 60 years

Compensated Absences - City employees generally earn vacation days at a variable rate based on years of service. In the event of termination, an employee is reimbursed for accumulated vacation time up to a maximum allowed accumulation of 366 hours. Employees earn sick leave at the rate of one day per month with total accumulation limits established by the employees' bargaining unit. With 15 years of service, the maximum allowed is four workweeks.

Vacation and sick leave are accrued when incurred in the government-wide, proprietary, and internal service fund financial statements. Such accruals are based on current salary rates.

Long-Term Obligations - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities in the statement of net assets

In the fund financial statements, governmental fund types recognize bond proceeds as other financing sources and bond payments are expensed. Issuance costs are reported as current expenditures.

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Eliminations - Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources – In addition to liabilities, the statement of net 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 that qualifies for reporting in this category and is reported in the governmental fund balance sheet. The deferred revenues are from property taxes that are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund balance-Governmental Funds – The fund balances for the City's governmental funds are displayed in five components:

Nonspendable fund balance – amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

Restricted fund balance – amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher level of government), or imposed by constitutional provisions or enabling legislation.

Committed fund balance – amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through ordinances approved by the City Council.

Assigned fund balance – amount the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Manager may assign amounts

Unassigned fund balance – amounts that are available for any purpose; these amounts can be reported only in the City's General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Equity – Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS

State Statute 14-563 R.R.S., 1943 authorizes funds of the City to be invested in "securities of the United States, the State of Nebraska, metropolitan city, county in which such metropolitan city is located or school district of such city, in the securities of municipally owned and operated public utility property and plants of such city, or in the same manner as funds of the State of Nebraska are invested, except that the city treasurer may purchase certificates of deposit from and make time deposits in banks selected as depositories of City funds". Additionally, State Statute 15-847 R.R.S., 1943 requires banks either to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the city treasurer in the amount of the City's deposits. The Statutes allow pledged securities to be reduced by the amount of the deposit, which is insured by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As noted above, State Statutes 15-847 R.R.S., 1943 covers this risk. As of September 30, 2015 equity in pooled cash was fully insured by FDIC insurance or collateralized by pledged securities.

The City has entered into an investment pooling agreement with the Nebraska Public Agency Investment Trust (the Trust). The Trust was organized to allow various local governmental entities to pool their funds and invest in all instruments as allowed under state law. The trust investment consists primarily of U.S. Government securities, U.S. Government Agency securities, collateralized repurchase agreements and certificates of deposit, which are short-term in nature and not subject to significant market adjustments. The City had \$16,664,300 invested in the Trust at September 30, 2015.

Cash and Equity in Pooled Cash Management Account - At September 30, 2015, the City's cash and pooled investments, recorded at fair market value and includes \$168,000 in the Agency (TIF) fund, consisted of the following:

Cash	\$	4,036,288
Cash w/bond trustee		4,480
Investments:		
U.S. Agencies and Instrumentality's Bonds and Notes		1,003,075
Nebraska Public Agency Investment Trust		16,664,300
Certificates of deposit		<u>3,184,316</u>
	\$	<u>24,892,459</u>
Shown on balance sheet as:		
Equity in pooled cash and investments	\$	<u>24,892,459</u>
	\$	<u>24,892,459</u>

Restricted Investments - The following details the restricted investment at September 30, 2015:

	Enterprise Funds
Pursuant to agreement with City of Gering: Investment	\$ <u>640,170</u>
Total	\$ <u>640,170</u>

Restricted investments consists of equity in checking account for the landfill in the name of City of Gering. During the year, The City of Gering did purchase property along with the option for land for a potential site of a future landfill.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Managed by Trustee - The City's Pension Trust Funds are administered by trustees. At September 30, 2015 Pension Trust Funds managed by a trustee consisted of the following:

	<u>Fire</u>	<u>Police</u>	<u>City</u>	<u>Total</u>
Mutual Funds	\$ <u>2,245,317</u>	\$ <u>2,734,696</u>	\$ <u>5,214,974</u>	\$ <u>10,194,987</u>

NOTE 3 - RECEIVABLES

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

<u>Fund</u>	<u>Taxes</u>	<u>Accounts and Other</u>	<u>Accrued Interest</u>	<u>Special Assessments</u>
General	\$ 860,235	\$ 70,394	\$ 1,504	\$ -
Special Revenue	585,456	592,634	3,781	-
Debt Service	333,106	-	3,325	58,407
Capital Projects	11,849	125,000	64	-
Enterprise	-	1,592,633	2,429	-
Internal Service	-	-	477	-
Fiduciary	-	-	66	-
Gross Receivables	\$ 1,790,646	\$ 2,380,661	\$ 11,646	\$ 58,407
Allowance for Uncollectibles	<u>(39,254)</u>	<u>(31,414)</u>	<u>-</u>	<u>(2,900)</u>
Net Receivables	\$ <u>1,751,392</u>	\$ <u>2,349,247</u>	\$ <u>11,646</u>	\$ <u>55,507</u>

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

NOTE 4 - CAPITAL ASSETS

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 471,878	\$ -	\$ -	\$ 471,878
Inventory	2,562,113	-	-	2,562,113
Construction in progress	476,523	443,367	188,508	731,382
Total capital assets, not being depreciated	<u>3,510,514</u>	<u>443,367</u>	<u>188,508</u>	<u>3,765,373</u>
Capital assets, being depreciated:				
Buildings and improvements	11,460,828	435,383	7,000	11,889,211
Equipment and vehicles	6,228,599	456,560	251,130	6,434,029
Infrastructure	29,179,177	3,405,912	-	32,585,089
Total capital assets, being depreciated	<u>46,868,604</u>	<u>4,297,855</u>	<u>258,130</u>	<u>50,908,329</u>
Less accumulated depreciation for:				
Buildings and improvements	3,185,968	316,664	4,900	3,497,732
Equipment and vehicles	3,030,448	496,261	189,882	3,336,827
Infrastructure	14,104,936	1,065,224	-	15,170,160
Total accumulated depreciation	<u>20,321,352</u>	<u>1,878,149</u>	<u>194,782</u>	<u>22,004,719</u>
Net capital assets being depreciated	<u>26,547,252</u>	<u>2,419,706</u>	<u>63,348</u>	<u>28,903,610</u>
Net governmental activities capital assets	<u>\$ 30,057,766</u>	<u>\$ 2,863,073</u>	<u>\$ 251,856</u>	<u>\$ 32,668,983</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,403,607	\$ -	\$ -	\$ 1,403,607
Construction in progress	176,395	15,448	176,395	15,448
Total capital assets, not being depreciated	<u>1,580,002</u>	<u>15,448</u>	<u>176,395</u>	<u>1,419,055</u>
Capital assets, being depreciated:				
Buildings and improvements	6,799,830	-	1,021	6,798,809
Equipment and vehicles	5,002,204	309,809	8,320	5,303,693
Plant in service	21,609,630	-	-	21,609,630
Infrastructure	11,623,016	1,170,379	7	12,793,388
Total capital assets, being depreciated	<u>45,034,680</u>	<u>1,480,188</u>	<u>9,348</u>	<u>46,505,520</u>
Less accumulated depreciation for:				
Buildings and improvements	3,915,599	103,168	1,021	4,017,746
Equipment and vehicles	2,061,341	411,353	8,320	2,464,374
Plant in service	14,991,739	418,367	-	15,410,106
Infrastructure	2,503,489	364,454	95	2,867,848
Total accumulated depreciation	<u>23,472,168</u>	<u>1,297,342</u>	<u>9,436</u>	<u>24,760,074</u>
Net capital assets being depreciated	<u>21,562,512</u>	<u>182,846</u>	<u>(88)</u>	<u>21,745,446</u>
Net business-type activities capital assets	<u>\$ 23,142,514</u>	<u>\$ 198,294</u>	<u>\$ 176,307</u>	<u>\$ 23,164,501</u>

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 74,727
Public safety	262,426
Transportation	1,144,742
Public health and social services	21,968
Culture and recreation	361,949
Public works	12,337
Total depreciation expense - governmental	<u>\$ 1,878,149</u>
Business-type activities:	
Environmental services	\$ 188,516
Wastewater	714,722
Water	270,655
Electric	59,361
Stormwater	64,087
Total depreciation expense - business-type	<u>\$ 1,297,341</u>

NOTE 5 - LONG-TERM DEBT

Long-term debt is comprised of the following:

	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Annual Installment</u>	<u>Principal Amount Outstanding</u>
Governmental activities:				
2015 Lease Rental and Refunding Bonds, dated June 23, 2015, due annually through 2021; secured by library building	\$ 1,205,000	.4% to 2.15%	105,000 to 225,000	\$ 1,205,000
2015 Lease Rental and Refunding Bonds, dated June 23, 2015, due annually through 2023; secured by public safety building and pool	2,080,000	.4% to 2.15%	140,000 to 370,000	2,080,000
2015 Lease Rental Revenue Bonds, dated June 23, 2015, due annually through 2021; secured by downtown buildings	440,000	.4% to 1.8%	70,000 to 75,000	440,000
2002 Public Safety Bonds, dated November 5, 2002, due annually through 2022; secured by building	880,000	1.75% to 4.85%	30,000 to 65,000	430,000
2012 General Obligation Hwy Allocation Bonds, dated January 10, 2012, due annually through 2016; secured by infrastructure	1,180,000	.45% to 1.2%	235,000 to 240,000	475,000

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

NOTE 5 - LONG-TERM DEBT (CONTINUED)

	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Annual Installment</u>	<u>Principal Amount Outstanding</u>
Governmental activities (continued):				
2015 General Obligation Hwy Allocation Bonds, dated June 18, 2015, due annually through 2021; secured by infrastructure	2,330,000	.65% to 1.7%	455,000 to 480,000	2,330,000
Lease-payable mowers and vehicle; secured by mowers, vehicle and copiers	152,882	1.57%	51,768	51,768
Total governmental activities				<u>\$ 7,011,768</u>
	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Annual Installment</u>	<u>Principal Amount Outstanding</u>
Business-type activities:				
Wastewater treatment project loan - State of Nebraska, issued 1998, due annually through 2019	4,600,000	3.00%	80,000 to 151,690	1,152,578
Wastewater treatment project loan - State of Nebraska, issued 2003, due annually through 2023	1,004,334	3.00%	19,000 to 33,000	467,105
Wastewater treatment project loan - State of Nebraska, issued 2011, due annually through 2020	1,685,000	2.00%	186,564	926,083
Wastewater treatment project loan – ARRA - State of Nebraska, issued 2011, due annually through 2020	842,500	0%	84,250	505,500
Total business-type activities				<u>\$ 3,051,266</u>
Total long-term debt				<u>\$ 10,063,034</u>

All of the wastewater treatment project loans are secured by the wastewater treatment plant.

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

<u>Fiscal Year Ended September 30</u>	<u>Governmental Activities</u>					
	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>		<u>Capital Lease</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 235,000	\$ 31,624	\$ 400,000	\$ 61,512	\$ 51,768	\$ 815
2017	695,000	28,774	695,000	59,392	-	-
2018	460,000	23,555	705,000	51,546	-	-
2019	465,000	18,232	715,000	41,418	-	-
2020	470,000	11,685	725,000	29,206	-	-
2021-2025	480,000	4,080	915,000	29,702	-	-
	<u>\$ 2,805,000</u>	<u>\$ 117,950</u>	<u>\$ 4,155,000</u>	<u>\$ 272,776</u>	<u>\$ 51,768</u>	<u>\$ 815</u>

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Fiscal Year Ended September 30	Business-Type Activities					
	Revenue Bonds		NDEQ Loans		Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ -	\$ -	\$ 581,500	\$ 64,391	\$ -	\$ -
2017	-	-	594,821	51,070	-	-
2018	-	-	608,487	37,403	-	-
2019	-	-	622,509	23,381	-	-
2020	-	-	326,655	11,304	-	-
2021-2025	-	-	317,294	10,270	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,051,266</u>	<u>\$ 197,819</u>	<u>\$ -</u>	<u>\$ -</u>

Long-term liability activity for the year ended September 30, 2015 was as follows:

	10/1/14 Beginning Balance	Additions	Reductions	9/30/15 Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Revenue bonds	\$ 4,475,000	\$ 3,725,000	\$ 4,045,000	\$ 4,155,000	\$ 400,000
GO bonds	710,000	2,330,000	235,000	2,805,000	235,000
Capital lease payable	120,225	-	68,457	51,768	51,768
Compensated absences	519,719	-	15,736	503,983	93,333
Governmental activities	<u>\$ 5,824,944</u>	<u>\$ 6,055,000</u>	<u>\$ 4,364,193</u>	<u>\$ 7,515,751</u>	<u>\$ 780,101</u>
Business-type activities:					
Loans payable	\$ 3,619,783	\$ -	\$ 568,517	\$ 3,051,266	\$ 581,500
Compensated absences	160,530	-	11,662	148,868	19,616
Business-type activities	<u>\$ 3,780,313</u>	<u>\$ -</u>	<u>\$ 580,179</u>	<u>\$ 3,200,134</u>	<u>\$ 601,116</u>

There are various bonds issued for tax increment financing projects within the City. These bonds are limited obligations of the agency payable exclusively from taxes levied against certain property in specified areas. These bonds are not general obligations of the CDA or the City, and are not included in the City's financial statements. The accumulation of resources to pay these bonds is accounted for in the agency funds for CDA.

NOTE 6 - LEASE AGREEMENT - ELECTRICAL DISTRIBUTION SYSTEM

The City leases the operation of their electrical distribution system to the Nebraska Public Power District, pursuant to an agreement which became effective January 1, 1990. This agreement continues until January 1, 2015, and thereafter from year to year, unless terminated on an anniversary of January 1, 2015, with at least five years prior written notice given by either party to the other, on or after February 1, 2009.

The Nebraska Public Power District shall maintain the distribution system and shall construct any additions necessary for service to the extent such additions are within the established extension policies of the Nebraska Public Power District.

Under the lease with the Nebraska Public Power District, for the first 15 years, the City will receive 12% of the gross retail electric revenues, adjusted for bad debt charge-offs, revenues from tax-supported agencies receiving a discount, and revenues associated with application of production cost adjustment billings and billings of other cost adjustments not included in the base rates.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

NOTE 7 - RETIREMENT PLANS

City employees are covered by one of three retirement plans in effect, covering general city employees, fire fighters and police officers, respectively.

General

The City sponsors a defined contribution plan which covers substantially all general city employees. Under the terms of the plan, an employee must be age 21 or older and have completed one year of continuous service and have not attained the age of 64. Participating employees are required to contribute 3% of their earnings. The City then makes a matching contribution to the plan on their behalf. An additional voluntary contribution can be made by employees to the plan to the extent allowed under the Internal Revenue Code, currently an additional 10%. The City will contribute an amount equal to an employees voluntary contribution, not to exceed 3% of the employees compensation. Employees are 100% vested in the plan after completing 7 years of service, reaching normal retirement age (65), meeting the requirements for early retirement date, becoming totally disabled, or deceased, whichever occurs first. Contributions to the general city employee retirement plan were \$177,525 and \$187,064 by the City and plan participants, respectively.

Fire Fighters

Fire fighters are covered by a defined contribution plan sponsored by the City. Eligible employees are required to contribute 6.5% of their salary to the plan, which the City then matches at the rate of 13% of the participant's salary. Employees are fully vested after 7 whole years of service. A participant's normal retirement age is the date he attains age 55 and completes 21 years of service. Nebraska State statutes govern the coverage afforded to participants under this plan. Contributions to the fire fighters employee retirement plan were \$113,028 and \$66,994 by the City and plan participants, respectively. There were 16 participants in the plan.

Police

Police officers are covered by a defined contribution plan sponsored by the City. Participants in the plan are required to contribute 6.5% of their salary to the plan, which is matched by a 6.5% contribution from the City. Employees are fully vested after 7 whole years of service. Contributions to the police retirement plan were \$114,099 and \$116,241 by the City and plan participants, respectively. Per state statute, effective 10-1-15 the required contribution and City match will increase to 7%. There were 34 participants in the plan.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Environmental Protection Agency (EPA) requires any entity with a landfill site to bring its site into compliance with 40 CFR Part 257 and 258 (Subtitle D) or close the site by October, 1993. In prior years, the City closed its landfill. In the 2008 fiscal year, the City entered into an agreement with the City of Gering for use of their landfill site and a portion of the fee paid is going towards a future landfill site.

The City is committed to \$350,000 annually to Riverside Discovery Center (RDC) for its operation of a zoo. The City entered into a contract with RDC on September 13, 2010 and payments to RDC were effective with transfer that occurred on October 1, 2010. Payments are due for ten years from effective date.

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

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

NOTE 9 - RISK MANAGEMENT

The City provides employee health insurance through a self-funded program and has contracted for administrative services and claims processing.

Due to the Affordable Care Act, the coverage lifetime maximum is unlimited. Re-insurance is covered by a policy which provided insurance above the City's participation of \$40,000 per person and \$1,364,466 in the aggregate.

The City continues to carry commercial insurance for all other risks of loss including worker's compensation, general liability and law enforcement liability. Settled claims have not exceeded coverage in any of the past three fiscal years.

NOTE 10 - INDIVIDUAL INTERFUND RECEIVABLE, PAYABLE BALANCES, AND TRANSFERS

A receivable/liability was incurred due to the GIS fund needing funds to buy the equipment and software necessary to perform its functions. This interfund activity occurred during fiscal year September 2000 for a total balance of \$490,000. Payments are made on a semi-annual basis and are currently \$30,000 a year plus interest. The current interest rate being charged is 4.5%.

	<u>Due From</u>	<u>Due To</u>
Internal service - GIS	\$ -	\$ 50,000
Enterprise - Electric	<u>50,000</u>	<u>-</u>
Total	<u>\$ 50,000</u>	<u>\$ 50,000</u>

Transfers are used to move revenues between funds. The transfers below are routine in nature.

	<u>Transfers In</u>					
	<u>General Fund</u>	<u>Non-major Gov't Funds</u>	<u>Stormwater Fund</u>	<u>GIS Fund</u>	<u>Wastewater Fund</u>	<u>Total Transfers out</u>
Transfers Out						
General Fund	\$ -	\$ -	\$ -	\$ 11,000	\$ -	\$ 11,000
Transp. Fund	27,000	-	-	21,713	-	48,713
Special Projects	-	23,944	-	-	-	23,944
Non-major Funds	-	100,000	-	-	-	100,000
Env. Services Fund	54,000	-	-	713	-	54,713
Wastewater Fund	54,000	-	50,000	36,713	-	140,713
Water Fund	42,000	-	-	36,713	18,214	96,927
Electric Fund	<u>2,510,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,510,049</u>
	<u>\$ 2,687,049</u>	<u>\$ 123,944</u>	<u>\$ 50,000</u>	<u>\$ 106,852</u>	<u>18,214</u>	<u>\$ 2,986,059</u>

NOTE 11 - DEFICIT FUND NET ASSETS

The following funds had a net asset deficit as of September 30, 2015.

Geographic information system fund (Internal service-business type) of \$(32,610). This will be eliminated as payments are made on the interfund payable to the electric fund.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

NOTE 12 - PROPERTY TAXES

The tax levies are certified by the County Board on or before October 15th. Real estate taxes are due on December 31st and attach as an enforceable lien on property on January 1st following the levy date and become delinquent in two equal installments on May 1st and September 1st. Personal property taxes are due December 31st and become delinquent on May 1st and September 1st following the levy date.

Property taxes levied for 2014-2015 are recorded as revenue when expected to be collected within 60 days after September 30, 2015. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

The 2014 tax levy, for the 2014-2015 fiscal year, was \$1,699,272 with a tax rate per \$100 valuation of 0.216 for general and \$54,100 with a tax rate per \$100 valuation of .2114 for the business improvement district. The assessed value upon which the 2014 levy was based was \$786,700,280 for general and \$25,596,035 for the business improvement district.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SCOTTSBLUFF, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$ 5,194,873	\$ 5,194,873	\$ 5,239,013	\$ 44,140
Intergovernmental	-	-	34,905	34,905
Local	3,141,163	3,141,163	3,287,055	145,892
Total revenues	<u>8,336,036</u>	<u>8,336,036</u>	<u>8,560,973</u>	<u>224,937</u>
Expenditures:				
General government	815,777	815,777	499,735	316,042
Public safety - Police and Fire	4,925,193	4,925,193	4,893,214	31,979
Public works - Other	519,979	519,979	475,658	44,321
Culture and recreation	2,603,750	2,603,750	2,531,091	72,659
Total expenditures	<u>8,864,699</u>	<u>8,864,699</u>	<u>8,399,698</u>	<u>465,001</u>
Excess revenues over (under) expenditures	\$ <u>(528,663)</u>	\$ <u>(528,663)</u>	161,275	\$ <u>689,938</u>
Fund balances, October 1			<u>3,815,839</u>	
Fund balances, September 30			\$ <u>3,977,114</u>	

CITY OF SCOTTSBLUFF, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
TRANSPORTATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,080,493	\$ 1,080,493	\$ 1,163,488	\$ 82,995
Intergovernmental	1,470,445	1,470,445	1,491,237	20,792
Local	8,500	8,500	2,399,467	2,390,967
Total revenues	<u>2,559,438</u>	<u>2,559,438</u>	<u>5,054,192</u>	<u>2,494,754</u>
Expenditures:				
Public works - Streets	3,170,767	3,170,767	4,741,531	(1,570,764)
Total expenditures	<u>3,170,767</u>	<u>3,170,767</u>	<u>4,741,531</u>	<u>(1,570,764)</u>
Excess revenues over (under) expenditures	\$ <u>(611,329)</u>	\$ <u>(611,329)</u>	312,661	\$ <u>923,990</u>
Fund balances, October 1			<u>1,932,278</u>	
Fund balances, September 30			<u>\$ 2,244,939</u>	

CITY OF SCOTTSBLUFF, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$ 900,000	\$ 900,000	\$ 1,001,891	\$ 101,891
Local	16,000	16,000	48,244	32,244
Total revenues	<u>916,000</u>	<u>916,000</u>	<u>1,050,135</u>	<u>134,135</u>
Expenditures:				
Community development	4,935,750	4,935,750	996,879	3,938,871
Total expenditures	<u>4,935,750</u>	<u>4,935,750</u>	<u>996,879</u>	<u>3,938,871</u>
Excess revenues over (under) expenditures	\$ <u>(4,019,750)</u>	\$ <u>(4,019,750)</u>	53,256	\$ <u>4,073,006</u>
Fund balances, October 1			<u>5,738,363</u>	
Fund balances, September 30			\$ <u>5,791,619</u>	

CITY OF SCOTTSBLUFF, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$ 665,330	\$ 665,330	\$ 653,900	\$ (11,430)
Local	2,024,500	2,024,500	321,408	(1,703,092)
Total revenues	<u>2,689,830</u>	<u>2,689,830</u>	<u>975,308</u>	<u>(1,714,522)</u>
Expenditures:				
General government	5,410,839	5,410,839	1,311,959	4,098,880
Total expenditures	<u>5,410,839</u>	<u>5,410,839</u>	<u>1,311,959</u>	<u>4,098,880</u>
Excess revenues over (under) expenditures	\$ <u>(2,721,009)</u>	\$ <u>(2,721,009)</u>	(336,651)	\$ <u>2,384,358</u>
Fund balances, October 1			<u>4,748,696</u>	
Fund balances, September 30			\$ <u>4,412,045</u>	

CITY OF SCOTTSBLUFF, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
SPECIAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$ -	\$ -	\$ 17,781	\$ 17,781
Intergovernmental	-	-	40,957	40,957
Local	501,500	501,500	80,950	(420,550)
Total revenues	<u>501,500</u>	<u>501,500</u>	<u>139,688</u>	<u>(361,812)</u>
Expenditures:				
General government	500,000	500,000	105,321	394,679
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>105,321</u>	<u>394,679</u>
Excess revenues over (under) expenditures	\$ <u>1,500</u>	\$ <u>1,500</u>	34,367	\$ <u>32,867</u>
Fund balances, October 1			<u>441,856</u>	
Fund balances, September 30			\$ <u>476,223</u>	

CITY OF SCOTTSBLUFF, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
LEASING CORPORATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Local	633,559	633,559	4,623,576	3,990,017
Total revenues	<u>633,559</u>	<u>633,559</u>	<u>4,623,576</u>	<u>3,990,017</u>
Expenditures:				
General government	633,539	633,539	4,619,284	(3,985,745)
Total expenditures	<u>633,539</u>	<u>633,539</u>	<u>4,619,284</u>	<u>(3,985,745)</u>
Excess revenues over (under) expenditures	\$ <u>20</u>	\$ <u>20</u>	4,292	\$ <u>4,272</u>
Fund balances, October 1			<u>27,624</u>	
Fund balances, September 30			\$ <u>31,916</u>	

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE BUDGETARY COMPARISON SCHEDULES

September 30, 2015

NOTE 1 – BUDGET AND BUDGETARY ACCOUNTING

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

1. Prior to September 1, the City Clerk submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 20, the budget is legally enacted through passage of an ordinance.
4. Formal budgetary integration is employed as a management control device for the General, Special Revenue, Capital Projects, Debt Service and Proprietary Funds.
5. Budgets are prepared using the cash basis of accounting which is a basis not consistent with accounting principles generally accepted in the United States of America.
6. The City manager is authorized to transfer budgeted amounts between departments within any fund; however, any revision that alters total expenditures of any fund requires approval of council and a public hearing.
7. All appropriations lapse at year end.

NOTE 2 - RECONCILIATION OF BUDGET BASIS REVENUE AND EXPENDITURES TO GAAP

Revenues and expenditures presented on a non-GAAP budget basis of accounting differ from the revenues and expenditures presented in accordance with GAAP because of the different treatment of accruals. 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	Tranps. Fund	Econ. Dev. Fund	Debt Service Fund	Special Projects Fund	Leasing Corp. Fund
Net change in fund balances:						
Balance on a GAAP basis	\$ 178,381	\$ 310,615	\$ 63,921	\$ (614,007)	\$ 47,582	\$ 4,302
Basis differences (accruals occur because the cash basis of accounting use for budgeting differs from the modified accrual basis of accounting prescribed for governmental fund	(17,106)	2,046	(10,665)	277,356	(13,215)	(10)
Balance on a budget basis	\$ <u>161,275</u>	\$ <u>312,661</u>	\$ <u>53,256</u>	\$ <u>(336,651)</u>	\$ <u>34,367</u>	\$ <u>4,292</u>

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

OTHER SUPPLEMENTARY INFORMATION

CITY OF SCOTTSBLUFF, NEBRASKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

	Regional Library	Cemetery & Cemetery Perpetual Care	Business Improvement District	Public Safety Equipment	Industrial Site
ASSETS					
Equity in pooled cash	\$ 34,030	\$ 552,820	\$ 214,781	\$ 380,283	\$ 56,953
Funds held by county treasurer	-	7,019	2,215	9,151	-
Net receivables:					
Taxes	-	40,834	8,397	82,241	-
Accrued interest	13	216	84	149	25
Governmental unit	-	2,569	-	908	-
Total assets	<u>\$ 34,043</u>	<u>\$ 603,458</u>	<u>\$ 225,477</u>	<u>\$ 472,732</u>	<u>\$ 56,978</u>
LIABILITIES					
Accounts payable	\$ 1,875	\$ 7,089	\$ 608	\$ 35,537	\$ -
Accrued salaries	-	2,862	-	-	-
Other accrued expenses	-	264	-	-	-
Total liabilities	<u>1,875</u>	<u>10,215</u>	<u>608</u>	<u>35,537</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES					
Deferred revenue	-	41,465	8,839	84,516	-
FUND BALANCES					
Restricted	18,299	-	203,890	-	-
Committed	-	542,240	-	337,552	56,022
Assigned	13,869	9,538	12,140	15,127	956
Total fund balances	<u>32,168</u>	<u>551,778</u>	<u>216,030</u>	<u>352,679</u>	<u>56,978</u>
Total liabilities and fund balances	<u>\$ 34,043</u>	<u>\$ 603,458</u>	<u>\$ 225,477</u>	<u>\$ 472,732</u>	<u>\$ 56,978</u>

<u>Keno</u>	<u>Mutual Fire</u>	<u>CDBG Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 178,038	\$ 72,546	\$ 42,874	\$ 110,789	\$ 1,643,114
-	-	-	2,600	20,985
-	-	-	11,257	142,729
72	28	17	43	647
-	-	-	-	3,477
<u>\$ 178,110</u>	<u>\$ 72,574</u>	<u>\$ 42,891</u>	<u>\$ 124,689</u>	<u>\$ 1,810,952</u>
\$ -	\$ 13,895	\$ -	\$ -	\$ 59,004
-	-	-	-	2,862
-	-	-	-	264
-	13,895	-	-	62,130
-	-	-	11,298	146,118
175,401	53,061	42,891	-	493,542
-	-	-	-	935,814
2,709	5,618	-	113,391	173,348
<u>178,110</u>	<u>58,679</u>	<u>42,891</u>	<u>113,391</u>	<u>1,602,704</u>
<u>\$ 178,110</u>	<u>\$ 72,574</u>	<u>\$ 42,891</u>	<u>\$ 124,689</u>	<u>\$ 1,810,952</u>

CITY OF SCOTTSBLUFF, NEBRASKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Regional Library	Cemetery & Cemetery Perpetual Care	Business Improvement District	Public Safety Equipment	Industrial Site
Revenues:					
Taxes and special assessments	\$ -	\$ 159,860	\$ 53,879	\$ 208,477	\$ -
Licenses and permits	-	2,950	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	44,565	-	-	-
Interest	113	1,665	679	998	194
Other revenue	4,169	54,276	257	394	14,268
Total revenues	<u>4,282</u>	<u>263,316</u>	<u>54,815</u>	<u>209,869</u>	<u>14,462</u>
Expenditures:					
Current operations:					
General government	-	-	-	-	3,298
Public safety	-	-	-	37,139	-
Public health and social services	-	185,055	-	-	-
Culture and recreation:					
Library	11,597	-	-	-	-
Public works	-	-	24,293	-	-
Capital expenditures	-	-	-	78,660	-
Debt service:					
Principal	-	-	-	45,000	-
Interest	-	-	-	20,355	-
Total expenditures	<u>11,597</u>	<u>185,055</u>	<u>24,293</u>	<u>181,154</u>	<u>3,298</u>
Excess revenues over (under) expenditures	<u>(7,315)</u>	<u>78,261</u>	<u>30,522</u>	<u>28,715</u>	<u>11,164</u>
Other financing sources (uses):					
Proceeds from debt issuance	-	-	-	-	-
Warrant and bond expense	-	-	-	-	-
Operating transfers in	-	-	-	23,944	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,944</u>	<u>-</u>
Excess revenues and other financing sources over (under) expenditures and other uses	<u>(7,315)</u>	<u>78,261</u>	<u>30,522</u>	<u>52,659</u>	<u>11,164</u>
Fund balances, October 1	<u>39,483</u>	<u>473,517</u>	<u>185,508</u>	<u>300,020</u>	<u>45,814</u>
Fund balances, September 30	<u>\$ 32,168</u>	<u>\$ 551,778</u>	<u>\$ 216,030</u>	<u>\$ 352,679</u>	<u>\$ 56,978</u>

Keno	Mutual Fire	CDBG	Capital Projects	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 59,063	\$ 481,279
-	-	-	-	2,950
5,000	-	-	-	5,000
-	-	-	-	44,565
537	515	140	290	5,131
70,153	88,841	57	76	232,491
<u>75,690</u>	<u>89,356</u>	<u>197</u>	<u>59,429</u>	<u>771,416</u>
23,697	-	-	-	26,995
-	9,964	-	-	47,103
-	-	-	-	185,055
-	-	-	-	11,597
-	-	-	-	24,293
-	495,032	-	-	573,692
-	-	-	-	45,000
-	-	-	-	20,355
<u>23,697</u>	<u>504,996</u>	<u>-</u>	<u>-</u>	<u>934,090</u>
<u>51,993</u>	<u>(415,640)</u>	<u>197</u>	<u>59,429</u>	<u>(162,674)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	23,944
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,944</u>
51,993	(415,640)	197	59,429	(138,730)
<u>126,117</u>	<u>474,319</u>	<u>42,694</u>	<u>53,962</u>	<u>1,741,434</u>
<u>\$ 178,110</u>	<u>\$ 58,679</u>	<u>\$ 42,891</u>	<u>\$ 113,391</u>	<u>\$ 1,602,704</u>

CITY OF SCOTTSBLUFF, NEBRASKA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2015

	<u>Health Insurance</u>	<u>Unemployment Compensation</u>	<u>Geographic Information System</u>	<u>Totals</u>
ASSETS				
Current assets				
Equity in pooled cash	\$ 1,155,709	\$ 68,622	\$ 21,935	\$ 1,246,266
Net receivables:				
Accrued interest	453	24	9	486
Total current assets	<u>1,156,162</u>	<u>68,646</u>	<u>21,944</u>	<u>1,246,752</u>
Noncurrent assets				
Deferred charges	-	-	-	-
Net capital assets	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,156,162</u>	<u>\$ 68,646</u>	<u>\$ 21,944</u>	<u>\$ 1,246,752</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ 34	\$ 34
Accrued salaries	-	-	3,940	3,940
Accrued compensated absences	-	-	-	-
Other accrued expenses	-	-	78	78
Current portion long-term debt	-	-	30,000	30,000
Total current liabilities	<u>-</u>	<u>-</u>	<u>34,052</u>	<u>34,052</u>
Noncurrent liabilities				
Long-term debt	-	-	20,000	20,000
Compensated absences	-	-	502	502
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>20,502</u>	<u>20,502</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>54,554</u>	<u>54,554</u>
NET POSITION				
Unreserved	<u>1,156,162</u>	<u>68,646</u>	<u>(32,610)</u>	<u>1,192,198</u>
Total net position	<u>1,156,162</u>	<u>68,646</u>	<u>(32,610)</u>	<u>1,192,198</u>
Total liabilities and net position	<u>\$ 1,156,162</u>	<u>\$ 68,646</u>	<u>\$ 21,944</u>	<u>\$ 1,246,752</u>

CITY OF SCOTTSDLUFF, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Health Insurance	Unemployment Compensation	Geographic Information System	Total
Operating revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Other revenues	1,872,558	91	48	1,872,697
Total operating revenues	1,872,558	91	48	1,872,697
Operating expenses:				
Personnel services	-	-	76,111	76,111
Operating supplies	-	-	3,181	3,181
Contractual	-	-	71	71
Maintenance	-	-	6,400	6,400
Utilities	-	-	425	425
Insurance	-	-	-	-
Other operating expenses	1,419,940	-	2,835	1,422,775
Total operating expenses	1,419,940	-	89,023	1,508,963
Operating income (loss)	452,618	91	(88,975)	363,734
Non-operating revenues (expenses):				
Interest income	3,209	225	107	3,541
Interest expense	-	-	(2,851)	(2,851)
Net non-operating revenues (expenses)	3,209	225	(2,744)	690
Income before transfers	455,827	316	(91,719)	364,424
Transfers from (to) other funds:				
Operating transfers in	-	-	106,851	106,851
Operating transfers (out)	-	-	-	-
Net transfers from (to) other funds	-	-	106,851	106,851
Change in net position	455,827	316	15,132	471,275
Net position, October 1	700,335	68,330	(47,742)	720,923
Net position, September 30	\$ 1,156,162	\$ 68,646	\$ (32,610)	\$ 1,192,198



CONTRYMAN ASSOCIATES, P.C.

Certified Public Accountants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report

To the Honorable Mayor, City Council
And City Administrator
City of Scottsbluff, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scottsbluff, Nebraska, as of and for the year ended September 30, 2015, which collectively comprise the City of Scottsbluff's basic financial statements and have issued our report thereon dated February 12, 2016.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
Scottsbluff, Nebraska

February 12, 2016