

City of Scottsbluff, Nebraska

Monday, March 17, 2014

Regular Meeting

Item Finance1

**Council to receive the annual audit report for year ended
September 30, 2013.**

Staff Contact: Renae Griffiths, Finance Director

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

FINANCIAL STATEMENTS
And
INDEPENDENT AUDITOR'S REPORT

September 30, 2013

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

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CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Council
and City Administrator
City of 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, 2013, 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

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.

Auditors' Responsibility

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

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

We believe 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, 2013, and the respective changes in financial position and, where applicable, cash flows 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 3 - 11 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Scottsbluff, Nebraska's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Dana J Cole + Company, LLP

Scottsbluff, Nebraska
February 23, 2014

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

September 30, 2013

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, 2013. 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, 2013, by \$66,930,732 (net position). Of this amount, \$24,205,655 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of September 30, 2013, the City's governmental funds reported combined ending fund balances of \$17,263,273. This is an increase of \$1,581,974 in comparison with the prior year.
- As of September 30, 2013, unassigned fund balance for the general fund was \$3,220,549, or 39% 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, 2013. 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, 2013

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, 2013

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.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

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

September 30, 2013

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 \$66,930,732 at September 30, 2013.

By far the largest portion of the City's net position (61 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, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 20,938,500	\$ 19,233,411	\$ 7,847,992	\$ 8,034,958	\$ 28,786,492	\$ 27,268,369
Capital assets	28,885,825	29,286,649	22,786,744	22,820,732	51,672,569	52,107,381
Other noncurrent assets	101,677	1,115,760	481,768	406,008	583,445	1,521,768
Total assets	49,926,002	49,635,820	31,116,504	31,261,698	81,042,506	80,897,518
Current liabilities	3,377,634	4,258,734	1,254,846	1,254,846	4,632,480	5,513,580
Long-term liabilities outstanding	5,671,450	6,433,247	4,300,616	4,300,616	9,972,066	10,733,863
Total liabilities	9,049,084	10,691,981	5,555,462	5,555,462	14,604,546	16,247,443
Net position:						
Invested in capital assets, net of related debt	23,632,206	22,651,444	18,611,103	18,101,572	42,243,309	40,753,016
Restricted	-	-	481,768	406,008	481,768	406,008
Unrestricted	17,244,712	16,292,395	6,960,943	7,198,656	24,205,655	23,491,051
Total net position	\$ 40,876,918	\$ 38,943,839	\$ 26,053,814	\$ 25,706,236	\$ 66,930,732	\$ 64,650,075

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

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

September 30, 2013

At September 30, 2013, 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 Position
September 30, 2013 and 2012

	Governmental		Business-type		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 380,425	\$ 400,290	\$ 9,359,693	\$ 9,295,676	\$ 9,740,118	\$ 9,695,966
Operating grants and contributions	220,057	-	22,930	-	242,987	-
Capital grants and contributions	1,153,421	1,014,250	-	395,217	1,153,421	1,409,467
General revenues:						
Property taxes	1,524,835	1,510,679	-	-	1,524,835	1,510,679
Sales and use tax	5,416,949	5,517,510	-	-	5,416,949	5,517,510
Other taxes	1,192,586	1,299,370	-	-	1,192,586	1,299,370
Intergovernmental	1,599,623	1,421,542	-	-	1,599,623	1,421,542
Investment income	84,009	77,944	25,603	30,787	109,612	108,731
Miscellaneous	2,196,435	3,654,357	63,556	174,252	2,259,991	3,828,609
Total revenues	<u>13,768,340</u>	<u>14,895,942</u>	<u>9,471,782</u>	<u>9,895,932</u>	<u>23,240,122</u>	<u>24,791,874</u>
Expenses:						
General government	3,268,348	3,276,504	-	-	3,268,348	3,276,504
Public safety	5,243,090	5,136,865	-	-	5,243,090	5,136,865
Transportation	2,544,155	2,980,211	-	-	2,544,155	2,980,211
Public health	189,852	469,295	-	-	189,852	469,295
Culture and recreation	2,855,794	2,730,310	-	-	2,855,794	2,730,310
Public works	664,284	509,339	-	-	664,284	509,339
Interest on long-term debt	181,835	195,131	-	-	181,835	195,131
Environmental services	-	-	1,954,862	1,828,606	1,954,862	1,828,606
Wastewater	-	-	2,077,074	2,112,359	2,077,074	2,112,359
Water	-	-	1,609,628	1,481,137	1,609,628	1,481,137
Electric	-	-	81,337	76,566	81,337	76,566
Stormwater	-	-	202,175	93,714	202,175	93,714
Geographic information system:	-	-	87,031	78,984	87,031	78,984
Total expenses	<u>14,947,358</u>	<u>15,297,655</u>	<u>6,012,107</u>	<u>5,671,366</u>	<u>20,959,465</u>	<u>20,969,021</u>
Increase (decrease) in net position before transfers	(1,179,018)	(401,713)	3,459,675	4,224,566	2,280,657	3,822,853
Transfers in (out)	<u>3,112,097</u>	<u>2,514,268</u>	<u>(3,112,097)</u>	<u>(2,514,268)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	1,933,079	2,112,555	347,578	1,710,298	2,280,657	3,822,853
Net position, October 1	38,943,839	36,831,284	25,706,236	23,995,938	64,650,075	60,827,222
Net position, September 30	<u>\$ 40,876,918</u>	<u>\$ 38,943,839</u>	<u>\$ 26,053,814</u>	<u>\$ 25,706,236</u>	<u>\$ 66,930,732</u>	<u>\$ 64,650,075</u>

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

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

September 30, 2013

GOVERNMENTAL ACTIVITIES

Governmental activities increased the City's net position by a total of \$1,933,079. Key elements in this increase follows:

- The economic development fund received sales tax revenue that was more than grants. This contributed over \$660,000 to the increase in net assets.
- The general fund experienced a \$198,000 increase in transfers from the electric fund due to an increased lease payment from Nebraska Public Power District.
- The debt service fund had \$102,000 more in receipts (mainly property tax) than debt payments that were due.

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the city's net position by \$347,578. The overall increase was approximately the same as prior year which keeps the funds in line with rate increases keeping up to offset costs.

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, 2013, the City's governmental funds reported combined ending fund balances of \$17,263,273, an increase of \$1,581,974 in comparison with the prior year. Of this total amount, \$660,000 of the increase is due to the economic development fund. Also \$634,658 of the increase is from the general fund.

The general fund is the chief operating fund of the City. At September 30, 2013, the unassigned fund balance of the general fund was \$3,220,549. 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 39 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$634,658 during 2013. This increase was due to a larger than expected increase in transfers of lease payments. The transfer to the general fund was \$198,000 higher than prior year.

CITY OF SCOTTSBUFF
Scottsbluff, Nebraska

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

September 30, 2013

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 \$199,205, \$2,178,096, \$1,988,573, \$2,236,887, and \$425,323 respectively, at September 30, 2013. 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:

- \$437,517 positive variance in local revenues. \$197,994 is due to the NPPD lease receipts being higher than projected.
- \$500,555 positive variance in general government. This includes \$168,000 for software. This purchase was not completed and carried over to the new fiscal year. \$250,000 was budgeted in contingency to cover any unforeseen costs that may arise during the year. Approximately \$10,000 of that was spent on pool repairs leaving approximately \$240,000 unspent.

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, 2013, was \$51,672,569 (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, 2013 and 2012

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Land	\$ 471,878	\$ 471,878	\$ 1,388,525	\$ 1,316,025	\$ 1,860,403	\$ 1,787,903
Inventory	2,562,113	2,562,113	-	-	2,562,113	2,562,113
Construction in progress	1,636,404	1,278,993	50,634	27,867	1,687,038	1,306,860
Buildings and improvements	8,553,674	8,864,037	2,956,879	3,192,447	11,510,553	12,056,484
Equipment and vehicles	2,791,102	2,778,473	2,317,507	2,123,907	5,108,609	4,902,380
Infrastructure	12,870,654	13,331,154	9,027,783	7,855,952	21,898,438	21,187,106
Landfill improvements	-	-	8,676	8,676	8,676	8,676
Plant in service	-	-	7,036,741	8,070,724	7,036,741	8,070,724
Total	\$ 28,885,825	\$ 29,286,648	\$ 22,786,744	\$ 22,595,598	\$ 51,672,570	\$ 51,882,246

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

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

September 30, 2013

Major capital asset events during 2013 included the following:

- Broadway 20th to 27th mill and overlay. Transportation \$209,253
- 2014 freightliner dump truck. Transportation \$122,402
- 2014 freightliner collection vehicle. Sanitation \$189,999
- Sewer line replacement. Wastewater \$538,449

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, 2013, the City of Scottsbluff had total bonded debt outstanding of \$5,975,000. This entire amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Scottsbluff
Outstanding Bonded Debt
September 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 945,000	\$ 1,180,000	\$ -	\$ -	\$ 945,000	\$ 1,180,000
Revenue bonds	5,030,000	5,645,000	-	-	5,030,000	5,645,000
Total	<u>\$ 5,975,000</u>	<u>\$ 6,825,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,975,000</u>	<u>\$ 6,825,000</u>

The City's total bonded debt decreased by \$850,000 (12.45 percent) during 2013. The key factor to this decrease was the payment of the \$850,000 on current debt.

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.

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 .62%., with an actual increase in valuation from the prior year of approximately \$8.4 million.
- For 2014 budget, the projection for sales tax was estimated at 1% growth.
- The cost of living adjustment given to employees was 2.2%.
- \$1.1 million was allocated in the general fund to purchase software and parks & recreation improvements. There was also \$250,000 allocated in the general fund for the final payout on a Pre-84 officer’s defined benefit plan.

All of these factors were considered in preparing the City’s budget for the 2014 fiscal year.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

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

September 30, 2013

The utility rates were increased for the 2013 budget year. The sanitation, wastewater, and water rates were increased by 4%, 3%, and 7% respectively. The rate increases affected both residential and industrial consumers by approximately the same percentage. These increases are necessary to fund debt service on the new debt issued by the utilities and to cover the cost of inflation.

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.

**CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Equity in pooled cash	\$ 18,053,161	\$ 6,030,157	\$ 24,083,318
Funds held by county treasurer	78,151	-	78,151
Net receivables:			
Taxes	1,686,342	-	1,686,342
Accounts and unbilled	-	1,541,634	1,541,634
Special assessments	76,211	-	76,211
Accrued interest	10,498	2,511	13,009
Governmental unit	301,747	-	301,747
Other receivables	732,390	-	732,390
Inventory	-	273,690	273,690
Total current assets	<u>20,938,500</u>	<u>7,847,992</u>	<u>28,786,492</u>
Noncurrent assets:			
Restricted investments	-	481,768	481,768
Bond issuance costs	101,677	-	101,677
Capital assets - non-depreciable	4,312,985	1,342,818	5,655,803
Net capital assets - depreciable	<u>24,572,840</u>	<u>21,443,926</u>	<u>46,016,766</u>
Total noncurrent assets	<u>28,987,502</u>	<u>23,268,512</u>	<u>52,256,014</u>
Total assets	<u>\$ 49,926,002</u>	<u>\$ 31,116,504</u>	<u>\$ 81,042,506</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 718,335	\$ 378,303	\$ 1,096,638
Accrued interest payable	53,825	29,066	82,891
Accrued compensated absences	111,352	27,556	138,908
Other accrued expenses	119,236	166,574	285,810
Notes and warrants payable	1,165,495	555,858	1,721,353
Deferred revenue	<u>1,209,391</u>	<u>154,796</u>	<u>1,364,187</u>
Total current liabilities	<u>3,377,634</u>	<u>1,312,153</u>	<u>4,689,787</u>
Noncurrent liabilities:			
Bonds and notes payable	5,253,619	3,619,783	8,873,402
Accrued compensated absences	417,831	130,754	548,585
Total noncurrent liabilities	<u>5,671,450</u>	<u>3,750,537</u>	<u>9,421,987</u>
Total liabilities	<u>9,049,084</u>	<u>5,062,690</u>	<u>14,111,774</u>
NET POSITION			
Invested in capital assets, net of related debt	23,632,206	18,611,103	42,243,309
Restricted for:			
New landfill	-	481,768	481,768
Unrestricted	<u>17,244,712</u>	<u>6,960,943</u>	<u>24,205,655</u>
Total net position	<u>40,876,918</u>	<u>26,053,814</u>	<u>66,930,732</u>
Total liabilities and net position	<u>\$ 49,926,002</u>	<u>\$ 31,116,504</u>	<u>\$ 81,042,506</u>

See accompanying notes to the basic financial statements.

**CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF ACTIVITIES
FOR YEAR ENDED SEPTEMBER 30, 2013**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 3,268,348	\$ 18,007	\$ -	\$ -
Public safety	5,243,090	121,611	189,310	80,666
Transportation	2,544,155	5,029	-	-
Public health and social services	189,852	43,645	-	-
Culture and recreation:				
Library	679,784	-	-	-
Parks and recreation	1,826,010	174,801	-	-
Zoo	350,000	17,332	-	-
Public works	664,284	-	211,793	-
Interest on long term debt	181,835	-	-	-
Total governmental activities	<u>14,947,358</u>	<u>380,425</u>	<u>401,103</u>	<u>80,666</u>
Business type activities:				
Environmental services	1,954,862	2,183,088	-	-
Wastewater	2,077,074	2,597,992	-	-
Water	1,609,628	1,898,316	-	-
Electric	81,337	2,663,177	-	-
Stormwater	202,175	17,120	22,930	-
Geographic information systems	87,031	-	-	-
Total business type activities	<u>6,012,107</u>	<u>9,359,693</u>	<u>22,930</u>	<u>-</u>
Total primary government	<u>\$ 20,959,465</u>	<u>\$ 9,740,118</u>	<u>\$ 424,033</u>	<u>\$ 80,666</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
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
\$ (3,250,341)	\$ -	\$ (3,250,341)
(4,851,503)	-	(4,851,503)
(2,539,126)	-	(2,539,126)
(146,207)	-	(146,207)
(679,784)	-	(679,784)
(1,651,209)	-	(1,651,209)
(332,668)	-	(332,668)
(452,491)	-	(452,491)
(181,835)	-	(181,835)
<u>(14,085,164)</u>	<u>-</u>	<u>(14,085,164)</u>
-	228,226	228,226
-	520,918	520,918
-	288,688	288,688
-	2,581,840	2,581,840
-	(162,125)	(162,125)
-	(87,031)	(87,031)
<u>-</u>	<u>3,370,516</u>	<u>3,370,516</u>
<u>(14,085,164)</u>	<u>3,370,516</u>	<u>(10,714,648)</u>
158,943	-	158,943
591,483	-	591,483
493,529	-	493,529
121,031	-	121,031
159,849	-	159,849
5,416,949	-	5,416,949
1,192,586	-	1,192,586
1,599,623	-	1,599,623
84,009	25,603	109,612
3,088,144	63,556	3,151,700
3,112,097	(3,112,097)	-
<u>16,018,243</u>	<u>(3,022,938)</u>	<u>12,995,305</u>
<u>1,933,079</u>	<u>347,578</u>	<u>2,280,657</u>
<u>38,943,839</u>	<u>25,706,236</u>	<u>64,650,075</u>
<u>\$ 40,876,918</u>	<u>\$ 26,053,814</u>	<u>\$ 66,930,732</u>

**CITY OF SCOTTSBLUFF, NEBRASKA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Economic Development Fund</u>	<u>Debt Service Fund</u>
ASSETS				
Equity in pooled cash	\$ 3,985,534	\$ 1,967,482	\$ 5,202,843	\$ 4,167,021
Funds held by county treasurer	9,215	27,390	-	19,830
Net receivables:				
Taxes	816,921	231,246	158,425	364,160
Special assessments	-	-	-	76,211
Accrued interest	1,659	819	2,166	4,730
Governmental unit	72,931	164,069	-	-
Other receivables	41,287	-	-	1
	<u>4,927,547</u>	<u>2,391,006</u>	<u>5,363,434</u>	<u>4,631,953</u>
Total assets	<u>\$ 4,927,547</u>	<u>\$ 2,391,006</u>	<u>\$ 5,363,434</u>	<u>\$ 4,631,953</u>
LIABILITIES				
Accounts payable	\$ 164,347	\$ 327,210	\$ 7,475	\$ 170,497
Accrued salaries	88,960	13,723	-	-
Other accrued expenses	12,811	1,598	-	-
Warrants payable	-	-	-	256,510
Deferred revenue	80,880	179,524	-	381,840
Total liabilities	<u>346,998</u>	<u>522,055</u>	<u>7,475</u>	<u>808,847</u>
FUND BALANCES				
Restricted	-	-	4,240,101	3,823,106
Committed	-	-	23,946	-
Assigned	1,360,000	1,868,951	1,091,912	-
Unassigned	3,220,549	-	-	-
Total fund balances	<u>4,580,549</u>	<u>1,868,951</u>	<u>5,355,959</u>	<u>3,823,106</u>
Total liabilities and fund balances	<u>\$ 4,927,547</u>	<u>\$ 2,391,006</u>	<u>\$ 5,363,434</u>	<u>\$ 4,631,953</u>

See accompanying notes to the basic financial statements.

<u>Special Projects Fund</u>	<u>Leasing Corporation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 604,213	\$ 7,596	\$ 1,506,516	\$ 17,441,205
-	-	21,716	78,151
-	-	115,590	1,686,342
-	-	-	76,211
245	4	628	10,251
57,639	-	7,108	301,747
-	-	-	41,288
\$ 662,097	\$ 7,600	\$ 1,651,558	\$ 19,635,195
\$ 9,396	\$ -	\$ 38,778	\$ 717,703
-	-	1,918	104,601
-	-	226	14,635
-	-	-	256,510
518,290	-	117,939	1,278,473
527,686	-	158,861	2,371,922
-	7,600	520,290	8,591,097
134,411	-	924,680	1,083,037
-	-	47,727	4,368,590
-	-	-	3,220,549
-	7,600	1,492,697	17,263,273
\$ 527,686	\$ 7,600	\$ 1,651,558	\$ 19,635,195

**CITY OF SCOTTSBLUFF, NEBRASKA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

Total Governmental Fund Balances	\$ 17,263,273
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	28,885,825
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.	611,564
Deferred revenue in governmental fund financials for property taxes and special assessments is shown as revenue for government wide financials.	760,191
Bond issuance costs are expensed in governmental fund financials and shown as an asset that is amortized for government wide financials.	101,677
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	\$ 53,825
Bonds payable	857,379
Compensated absences	123,070
Due in more than one year:	
Bonds payable	5,305,225
Compensated absences	406,113
	<u>(6,745,612)</u>
Net position of governmental activities	<u>\$ 40,876,918</u>

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, 2013**

	General Fund	Transportation Fund	Economic Development Fund	Debt Service Fund
Revenues:				
Taxes and special assessments	\$ 4,938,410	\$ 1,114,445	\$ 962,192	\$ 837,573
Licenses and permits	106,539	-	-	-
Intergovernmental	181,409	1,355,599	-	-
Charges for services	316,111	5,029	-	-
Interest	25,951	6,456	16,345	26,317
Other revenue	193,929	24,452	543,221	(13,024)
Total revenues	<u>5,762,349</u>	<u>2,505,981</u>	<u>1,521,758</u>	<u>850,866</u>
Expenditures:				
Current operations:				
General government	484,588	-	298,600	682,988
Public safety	4,733,169	-	-	-
Transportation	-	1,696,150	-	-
Public health and social services	-	-	-	-
Culture and recreation:				
Library	656,761	-	-	-
Parks and recreation	1,441,784	-	-	-
Zoo	350,000	-	-	-
Public works	408,274	-	-	-
Capital expenditures	214,609	665,103	-	150,506
Debt service:				
Principal	-	235,000	-	59,154
Interest	-	9,166	-	8,198
Total expenditures	<u>8,289,185</u>	<u>2,605,419</u>	<u>298,600</u>	<u>900,846</u>
Excess revenues over (under) expenditures	<u>(2,526,836)</u>	<u>(99,438)</u>	<u>1,223,158</u>	<u>(49,980)</u>
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	152,882
Warrant and bond expense	-	-	-	(350)
Loss on sale of investment	-	-	(524,954)	-
Operating transfers in	3,172,494	-	-	-
Operating transfers out	(11,000)	(49,397)	-	-
Total other financing sources (uses)	<u>3,161,494</u>	<u>(49,397)</u>	<u>(524,954)</u>	<u>152,532</u>
Excess revenues and other financing sources over (under) expenditures and other financing uses	634,658	(148,835)	698,204	102,552
Fund balances, October 1	<u>3,945,891</u>	<u>2,017,786</u>	<u>4,657,755</u>	<u>3,720,554</u>
Fund balances, September 30	<u>\$ 4,580,549</u>	<u>\$ 1,868,951</u>	<u>\$ 5,355,959</u>	<u>\$ 3,823,106</u>

See accompanying notes to the basic financial statements.

Special Projects Fund	Leasing Corporation Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 421,550	\$ 8,274,170
-	-	2,850	109,389
-	-	62,615	1,599,623
15,640	-	43,645	380,425
1,778	27	4,871	81,745
411,701	719,107	259,995	2,139,381
<u>429,119</u>	<u>719,134</u>	<u>795,526</u>	<u>12,584,733</u>
-	-	49,911	1,516,087
165,671	-	128,471	5,027,311
-	-	-	1,696,150
-	-	171,569	171,569
-	20	17,544	674,325
-	-	-	1,441,784
-	-	-	350,000
225,755	-	19,659	653,688
-	-	86,925	1,117,143
-	575,000	40,000	909,154
-	144,131	23,728	185,223
<u>391,426</u>	<u>719,151</u>	<u>537,807</u>	<u>13,742,434</u>
<u>37,693</u>	<u>(17)</u>	<u>257,719</u>	<u>(1,157,701)</u>
-	-	-	152,882
-	-	-	(350)
-	-	-	(524,954)
-	-	-	3,172,494
-	-	-	(60,397)
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,739,675</u>
37,693	(17)	257,719	1,581,974
<u>96,718</u>	<u>7,617</u>	<u>1,234,978</u>	<u>15,681,299</u>
<u>\$ 134,411</u>	<u>\$ 7,600</u>	<u>\$ 1,492,697</u>	<u>\$ 17,263,273</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, 2013**

Net Change in Fund Balances - Total Governmental Funds	\$ 1,581,974
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
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.	(400,827)
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.	(152,882)
Payments on debt are expenditures in the funds, but a debt payment decreases long-term liabilities in the Statement of Net Position.	909,154
Deferred revenue in governmental fund financials for property taxes and special assessments is shown as revenue for government wide financials.	(139,795)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	5,524
Accrued interest	3,388
Bond amortization costs	(11,597)
Internal service funds are used by management to charge the costs of certain services to individual funds.	138,140
Change in net position of governmental activities	<u>\$ 1,933,079</u>

See accompanying notes to the basic financial statements.

CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Business-type Activities			
	Environmental Services	Wastewater	Water	Electric
ASSETS				
Current assets				
Equity in pooled cash	\$ 593,072	\$ 1,994,218	\$ 1,625,134	\$ 1,336,007
Net receivables:				
Accounts and unbilled	81,550	335,442	333,590	790,323
Accrued interest	247	830	676	557
Inventory	-	-	273,690	-
Total current assets	<u>674,869</u>	<u>2,330,490</u>	<u>2,233,090</u>	<u>2,126,887</u>
Noncurrent assets				
Restricted investments	481,768	-	-	-
Due from other funds	-	-	-	110,000
Capital assets - non-depreciable	34,008	222,378	595,561	300,000
Net capital assets - depreciable	<u>784,701</u>	<u>12,008,904</u>	<u>6,869,471</u>	<u>608,930</u>
Total noncurrent assets	<u>1,300,477</u>	<u>12,231,282</u>	<u>7,465,032</u>	<u>1,018,930</u>
Total assets	<u>\$ 1,975,346</u>	<u>\$ 14,561,772</u>	<u>\$ 9,698,122</u>	<u>\$ 3,145,817</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 256,058	\$ 32,995	\$ 79,252	\$ -
Accrued interest payable	-	29,066	-	-
Accrued salaries	16,688	13,321	12,111	-
Accrued compensated absences	9,573	8,170	9,393	-
Other accrued expenses	1,397	15,051	106,547	-
Current portion long-term debt	-	555,858	-	-
Deferred revenue	<u>154,796</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>438,512</u>	<u>654,461</u>	<u>207,303</u>	<u>-</u>
Noncurrent liabilities				
Long-term debt	-	3,619,783	-	-
Compensated absences	<u>37,152</u>	<u>53,791</u>	<u>37,214</u>	<u>-</u>
Total noncurrent liabilities	<u>37,152</u>	<u>3,673,574</u>	<u>37,214</u>	<u>-</u>
Total liabilities	<u>475,664</u>	<u>4,328,035</u>	<u>244,517</u>	<u>-</u>
NET POSITION				
Invested in capital assets, net of related debt	818,709	8,055,641	7,465,032	908,930
Restricted for new landfill	481,768	-	-	-
Unreserved	<u>199,205</u>	<u>2,178,096</u>	<u>1,988,573</u>	<u>2,236,887</u>
Total net position	<u>1,499,682</u>	<u>10,233,737</u>	<u>9,453,605</u>	<u>3,145,817</u>
Total liabilities and net position	<u>\$ 1,975,346</u>	<u>\$ 14,561,772</u>	<u>\$ 9,698,122</u>	<u>\$ 3,145,817</u>

See accompanying notes to the basic financial statements.

Business-type Activities			Governmental Activities
Stormwater	Internal Service	Totals	Internal Service
\$ 434,476	\$ 47,250	\$ 6,030,157	\$ 611,957
729	-	1,541,634	-
181	20	2,511	247
-	-	273,690	-
<u>435,386</u>	<u>47,270</u>	<u>7,847,992</u>	<u>612,204</u>
-	-	481,768	-
-	-	110,000	-
190,871	-	1,342,818	-
<u>1,171,920</u>	<u>-</u>	<u>21,443,926</u>	<u>-</u>
<u>1,362,791</u>	<u>-</u>	<u>23,378,512</u>	<u>-</u>
<u>\$ 1,798,177</u>	<u>\$ 47,270</u>	<u>\$ 31,226,504</u>	<u>\$ 612,204</u>
\$ 9,963	\$ 35	\$ 378,303	\$ 640
-	-	29,066	-
-	1,233	43,353	-
-	420	27,556	-
100	126	123,221	-
-	30,000	585,858	-
-	-	154,796	-
<u>10,063</u>	<u>31,814</u>	<u>1,342,153</u>	<u>640</u>
-	80,000	3,699,783	-
-	2,597	130,754	-
<u>-</u>	<u>82,597</u>	<u>3,830,537</u>	<u>-</u>
<u>10,063</u>	<u>114,411</u>	<u>5,172,690</u>	<u>640</u>
1,362,791	-	18,611,103	-
-	-	481,768	-
<u>425,323</u>	<u>(67,141)</u>	<u>6,960,943</u>	<u>611,564</u>
<u>1,788,114</u>	<u>(67,141)</u>	<u>26,053,814</u>	<u>611,564</u>
<u>\$ 1,798,177</u>	<u>\$ 47,270</u>	<u>\$ 31,226,504</u>	<u>\$ 612,204</u>

**CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Business-type Activities			
	Environmental Services	Wastewater	Water	Electric
Operating revenues:				
Charges for services	\$ 2,183,088	\$ 2,597,992	\$ 1,898,316	\$ 2,663,177
Other revenues	19,563	4,153	16,330	(4,349)
Total operating revenues	<u>2,202,651</u>	<u>2,602,145</u>	<u>1,914,646</u>	<u>2,658,828</u>
Operating expenses:				
Personnel services	1,032,565	772,552	719,348	-
Operating supplies	195,857	114,564	288,530	1
Contractual	441,870	174,259	142,705	-
Maintenance	96,996	62,002	25,907	-
Utilities	16,591	191,982	140,058	-
Insurance	16,329	37,219	30,389	-
Other operating expenses	348	4,647	3,232	-
Depreciation and amortization	154,306	621,720	259,459	81,336
Total operating expenses	<u>1,954,862</u>	<u>1,978,945</u>	<u>1,609,628</u>	<u>81,337</u>
Operating income (loss)	<u>247,789</u>	<u>623,200</u>	<u>305,018</u>	<u>2,577,491</u>
Non-operating revenues (expenses):				
Interest income	1,545	6,966	4,693	10,592
Gain (loss) on sale of assets	-	4,461	-	-
Interest expense	-	(98,129)	-	-
Net non-operating revenues (expenses)	<u>1,545</u>	<u>(86,702)</u>	<u>4,693</u>	<u>10,592</u>
Income (loss) before contributions & transfers	<u>249,334</u>	<u>536,498</u>	<u>309,711</u>	<u>2,588,083</u>
Transfers from (to) other funds:				
Operating transfers in	-	-	-	-
Operating transfers (out)	(55,397)	(165,564)	(103,564)	(2,995,494)
Net transfers from (to) other funds	<u>(55,397)</u>	<u>(165,564)</u>	<u>(103,564)</u>	<u>(2,995,494)</u>
Change in net position	193,937	370,934	206,147	(407,411)
Net position, October 1	<u>1,305,745</u>	<u>9,862,803</u>	<u>9,247,458</u>	<u>3,553,228</u>
Net position, September 30	<u>\$ 1,499,682</u>	<u>\$ 10,233,737</u>	<u>\$ 9,453,605</u>	<u>\$ 3,145,817</u>

See accompanying notes to the basic financial statements.

Business-type Activities			Governmental Activities
Stormwater	Internal Service	Totals	Internal Service
\$ 17,120	\$ -	\$ 9,359,693	\$ -
<u>42,015</u>	<u>(148)</u>	<u>77,564</u>	<u>1,857,201</u>
<u>59,135</u>	<u>(148)</u>	<u>9,437,257</u>	<u>1,857,201</u>
-	71,427	2,595,892	-
18,556	1,465	618,973	-
114,297	210	873,341	-
3,488	6,400	194,793	-
449	425	349,505	-
350	-	84,287	-
1,751	1,515	11,493	1,721,325
<u>63,284</u>	<u>-</u>	<u>1,180,105</u>	<u>-</u>
<u>202,175</u>	<u>81,442</u>	<u>5,908,389</u>	<u>1,721,325</u>
<u>(143,040)</u>	<u>(81,590)</u>	<u>3,528,868</u>	<u>135,876</u>
1,616	191	25,603	2,264
4,461	-	8,922	-
-	(5,589)	(103,718)	-
<u>6,077</u>	<u>(5,398)</u>	<u>(69,193)</u>	<u>2,264</u>
<u>(136,963)</u>	<u>(86,988)</u>	<u>3,459,675</u>	<u>138,140</u>
98,333	109,589	207,922	-
-	-	(3,320,019)	-
<u>98,333</u>	<u>109,589</u>	<u>(3,112,097)</u>	<u>-</u>
(38,630)	22,601	347,578	138,140
<u>1,826,744</u>	<u>(89,742)</u>	<u>25,706,236</u>	<u>473,424</u>
<u>\$ 1,788,114</u>	<u>\$ (67,141)</u>	<u>\$ 26,053,814</u>	<u>\$ 611,564</u>

**CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Business-type Activities			
	Environmental Services	Wastewater	Water	Electric
Cash flows from operating activities:				
Cash received from customers	\$ 2,214,742	\$ 2,620,139	\$ 1,976,778	\$ 2,747,082
Cash paid to suppliers	(838,552)	(663,587)	(635,209)	(1)
Cash paid to employees	(717,913)	(542,945)	(507,245)	-
Other expenses	(226,584)	(169,132)	(164,305)	-
Net cash provided by operating activities	<u>431,693</u>	<u>1,244,475</u>	<u>670,019</u>	<u>2,747,081</u>
Cash flows from non-capital financing activities:				
Transfers from (to) other funds	(55,397)	(165,564)	(103,564)	(2,995,494)
Net cash provided (used) by non-capital financing activities	<u>(55,397)</u>	<u>(165,564)</u>	<u>(103,564)</u>	<u>(2,995,494)</u>
Cash flows from capital and related financing activities:				
Proceeds from sale of assets	-	4,461	-	-
Purchases of capital assets	(219,108)	(728,647)	(76,542)	-
Principal paid on capital debt	-	(543,519)	-	-
Interest paid on capital debt	-	(102,371)	-	-
Net cash (used) by capital and related financing activities	<u>(219,108)</u>	<u>(1,370,076)</u>	<u>(76,542)</u>	<u>-</u>
Cash flows from investing activities:				
Investment in landfill	(75,760)	-	-	-
Interest and dividends	1,580	7,394	4,642	10,905
Net cash provided by investing activities	<u>(74,180)</u>	<u>7,394</u>	<u>4,642</u>	<u>10,905</u>
Net increase in cash and cash equivalents	83,008	(283,771)	494,555	(237,508)
Cash and cash equivalents, October 1	510,064	2,277,989	1,130,579	1,573,515
Cash and cash equivalents, September 30	<u>\$ 593,072</u>	<u>\$ 1,994,218</u>	<u>\$ 1,625,134</u>	<u>\$ 1,336,007</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 247,789	\$ 623,200	\$ 305,018	\$ 2,577,491
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization expense	154,306	621,720	259,459	111,336
Changes in assets and liabilities:				
Receivables - net of allowances	5,546	17,994	62,132	58,254
Inventory	-	-	3,283	-
Accounts and other payables	32,037	(27,586)	27,141	-
Accrued expenses	(7,985)	9,147	12,986	-
Net cash provided by operating activities	<u>\$ 431,693</u>	<u>\$ 1,244,475</u>	<u>\$ 670,019</u>	<u>\$ 2,747,081</u>

See accompanying notes to the basic financial statements.

Business-type Activities			Governmental Activities
Stormwater	Internal Service	Totals	Internal Service
\$ 17,340	\$ 88	\$ 9,576,169	\$ 1,857,201
(87,897)	(23,248)	(2,248,494)	(1,725,654)
-	(52,284)	(1,820,387)	-
-	(5,978)	(565,999)	-
<u>(70,557)</u>	<u>(81,422)</u>	<u>4,941,289</u>	<u>131,547</u>
<u>98,333</u>	<u>109,589</u>	<u>(3,112,097)</u>	<u>-</u>
<u>98,333</u>	<u>109,589</u>	<u>(3,112,097)</u>	<u>-</u>
4,461	-	8,922	-
(121,818)	-	(1,146,115)	-
-	(30,000)	(573,519)	-
-	(5,589)	(107,960)	-
<u>(117,357)</u>	<u>(35,589)</u>	<u>(1,818,672)</u>	<u>-</u>
-	-	(75,760)	-
<u>1,724</u>	<u>201</u>	<u>26,446</u>	<u>2,277</u>
<u>1,724</u>	<u>201</u>	<u>(49,314)</u>	<u>2,277</u>
(87,857)	(7,221)	(38,794)	133,824
<u>522,333</u>	<u>54,471</u>	<u>6,068,951</u>	<u>478,133</u>
<u>\$ 434,476</u>	<u>\$ 47,250</u>	<u>\$ 6,030,157</u>	<u>\$ 611,957</u>
\$ (143,040)	\$ (81,590)	\$ 3,528,868	\$ 135,876
63,284	-	1,210,105	-
120	-	144,046	-
-	-	3,283	-
8,979	(21)	40,550	(4,329)
100	189	14,437	-
<u>(70,557)</u>	<u>(81,422)</u>	<u>4,941,289</u>	<u>131,547</u>

**CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2013**

	<u>Agency Fund</u>	<u>Pension Trust Fund</u>	<u>Total Fiduciary Funds</u>
ASSETS			
Equity in pooled cash	\$ 374,311	\$ -	\$ 374,311
Funds held by county treasurer	-	-	-
Investments managed by trustee	-	9,619,521	9,619,521
Net receivables:			
Accrued interest	161	-	161
Deferred charges	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 374,472</u>	<u>\$ 9,619,521</u>	<u>\$ 9,993,993</u>
LIABILITIES			
Accounts and warrants payable	\$ 52,852	\$ -	\$ 52,852
Accrued interest payable	-	-	-
Debt service	321,620	-	321,620
Total liabilities	<u>374,472</u>	<u>-</u>	<u>374,472</u>
NET POSITION			
Held in trust for pension benefits	-	9,619,521	9,619,521
Total net position	<u>-</u>	<u>9,619,521</u>	<u>9,619,521</u>
Total liabilities and net position	<u>\$ 374,472</u>	<u>\$ 9,619,521</u>	<u>\$ 9,993,993</u>

See accompanying notes to the basic financial statements.

**CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 630,297
Employee	<u>325,029</u>
Total contributions	955,326
Transfers in	-
Investment earnings:	
Net investment earnings and appreciation in fair value of investments	<u>1,101,153</u>
Total additions	<u>2,056,479</u>
Deductions:	
Benefit payments	1,162,430
Use of forfeitures to fund employer contributions	-
Forfeitures	-
Administrative costs	<u>5,310</u>
Total deductions	<u>1,167,740</u>
Change in fiduciary net position	888,739
Net position held in trust for pension benefits, October 1	<u>8,730,782</u>
Net position held in trust for pension benefits, September 30	<u><u>\$ 9,619,521</u></u>

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2013

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2013

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 judgements, 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

In reporting the financial activity of the government-wide and proprietary fund financial statements, the City applies all FASB statements and interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2013

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. Bond issuance costs are reported as deferred charges and are amortized over the term of the related debt.

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.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- a. Invested in capital assets, net of related debt – 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, constructions, 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”.

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, 2013 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 \$16,310,482 invested in the Trust at September 30, 2013.

Cash and Equity in Pooled Cash Management Account - At September 30, 2013, the City’s cash and pooled investments, recorded at fair market value and includes \$374,311 in the Agency (TIF) fund, consisted of the following:

Cash	\$ 3,646,601
Investments:	
U.S. Agencies and Instrumentality’s Bonds and Notes	1,937,571
Nebraska Public Agency Investment Trust	16,310,482
Certificates of deposit	<u>2,562,975</u>
	<u>\$ 24,457,629</u>
Shown on balance sheet as:	
Equity in pooled cash and investments	\$ <u>24,457,629</u>
	<u>\$ 24,457,629</u>

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Restricted Investments - The following details the restricted investment at September 30, 2013:

	<u>Enterprise Funds</u>
Pursuant to agreement with City of Gering: Investment	\$ <u>481,768</u>
Total	\$ <u>481,768</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.

Investments Managed by Trustee - The City's Pension Trust Funds are administered by trustees. At September 30, 2013 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>1,895,114</u>	\$ <u>3,102,139</u>	\$ <u>4,622,268</u>	\$ <u>9,619,521</u>

NOTE 3 - RECEIVABLES

Receivables at September 30, 2013, consist of the following:

<u>Fund</u>	<u>Taxes</u>	<u>Accounts and Other</u>	<u>Accrued Interest</u>	<u>Special Assessments</u>
General	\$ 821,072	\$ 114,216	\$ 1,654	\$ -
Special Revenue	520,650	794,918	3,839	-
Debt Service	375,590	-	4,730	87,961
Capital Projects	-	125,000	21	-
Enterprise	-	1,574,696	2,510	-
Internal Service	-	-	255	-
Fiduciary	-	-	161	-
Gross Receivables	\$ 1,717,312	\$ 2,608,830	\$ 13,174	\$ 87,961
Allowance for Uncollectibles	<u>(30,970)</u>	<u>(33,059)</u>	-	<u>(11,750)</u>
Net Receivables	\$ <u>1,686,342</u>	\$ <u>2,575,771</u>	\$ <u>13,174</u>	\$ <u>76,211</u>

CITY OF SCOTTSBUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2013

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013, was as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 471,878	\$ -	\$ -	\$ 471,878
Inventory	2,562,113	-	-	2,562,113
Construction in progress	<u>1,278,994</u>	<u>474,541</u>	<u>117,130</u>	<u>1,636,405</u>
Total capital assets, not being depreciated	<u>4,312,985</u>	<u>474,541</u>	<u>117,130</u>	<u>4,670,396</u>
Capital assets, being depreciated:				
Buildings and improvements	11,459,506	-	20,674	11,438,832
Equipment and vehicles	5,554,438	440,706	219,449	5,775,695
Infrastructure	<u>25,758,886</u>	<u>313,664</u>	<u>2,015</u>	<u>26,070,535</u>
Total capital assets, being depreciated	<u>42,772,830</u>	<u>754,370</u>	<u>242,138</u>	<u>43,285,062</u>
Less accumulated depreciation for:				
Buildings and improvements	2,595,469	302,982	13,293	2,885,158
Equipment and vehicles	2,775,965	424,560	215,933	2,984,592
Infrastructure	<u>12,427,732</u>	<u>774,168</u>	<u>2,015</u>	<u>13,199,885</u>
Total accumulated depreciation	<u>17,799,166</u>	<u>1,501,710</u>	<u>231,241</u>	<u>19,069,635</u>
Net capital assets being depreciated	<u>24,973,664</u>	<u>(747,340)</u>	<u>10,897</u>	<u>24,215,427</u>
Net governmental activities capital assets	\$ <u>29,286,649</u>	\$ <u>(272,799)</u>	\$ <u>128,027</u>	\$ <u>28,885,823</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,316,025	\$ 72,500	\$ -	\$ 1,388,525
Construction in progress	<u>26,793</u>	<u>50,634</u>	<u>26,797</u>	<u>50,630</u>
Total capital assets, not being depreciated	<u>1,342,818</u>	<u>123,134</u>	<u>26,797</u>	<u>1,439,155</u>
Capital assets, being depreciated:				
Buildings and improvements	6,737,319	-	-	6,737,319
Landfill improvements	47,777	-	-	47,777
Equipment and vehicles	3,841,462	457,764	18,997	4,280,229
Plant in service	21,656,084	-	46,454	21,609,630
Infrastructure	<u>10,594,924</u>	<u>592,016</u>	<u>-</u>	<u>11,186,940</u>
Total capital assets, being depreciated	<u>42,877,566</u>	<u>1,049,780</u>	<u>65,451</u>	<u>43,861,895</u>
Less accumulated depreciation for:				
Buildings and improvements	3,677,645	102,796	-	3,780,441
Landfill improvements	39,101	-	-	39,101
Equipment and vehicles	1,678,503	303,213	18,997	1,962,719
Plant in service	14,178,524	440,822	46,454	14,572,892
Infrastructure	<u>1,825,879</u>	<u>333,275</u>	<u>-</u>	<u>2,159,154</u>
Total accumulated depreciation	<u>21,399,652</u>	<u>1,180,106</u>	<u>65,451</u>	<u>22,514,307</u>
Net capital assets being depreciated	<u>21,477,914</u>	<u>(130,326)</u>	<u>-</u>	<u>21,347,588</u>
Net business-type activities capital assets	\$ <u>22,820,732</u>	\$ <u>(7,192)</u>	\$ <u>26,797</u>	\$ <u>22,786,743</u>

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2013

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 93,719
Public safety	215,008
Transportation	843,755
Public health and social services	18,545
Culture and recreation	327,109
Public works	<u>3,575</u>
Total depreciation expense - governmental	<u>\$ 1,501,711</u>
Business-type activities:	
Environmental services	\$ 154,306
Wastewater	621,720
Water	259,459
Electric	81,336
Stormwater	<u>63,284</u>
Total depreciation expense - business-type	<u>\$ 1,180,105</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:				
2010 Lease Rental Revenue Bonds, dated July 8, 2010, due annually through 2020; secured by library building	\$ 2,035,000	.9% to 3.6%	170,000 to 230,000	\$ 1,675,000
2009 Lease Rental and Refunding Bonds, dated September 2, 2009, due annually through 2022; secured by pool	1,975,000	.75% to 4.25%	40,000 to 160,000	1,365,000
2009 Lease Rental Revenue Bonds, dated September 2, 2009, due annually through 2019; secured by public safety building	2,030,000	1.2% to 3.8%	185,000 to 230,000	1,470,000
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	520,000
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	945,000
Lease-payable mowers and vehicle; secured by mowers	52,000	1.35%	17,811	34,722
secured by mowers, vehicle and copiers	152,882	1.57%	52,570	<u>152,882</u>
Total governmental activities				<u>\$ 6,162,604</u>

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2013

NOTE 5 - LONG-TERM DEBT (CONTINUED)

	<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	1,679,385
Wastewater treatment project loan - State of Nebraska, issued 2003, due annually through 2023	1,004,334	3.00%	19,000 to 33,000	569,499
Wastewater treatment project loan - State of Nebraska, issued 2011, due annually through 2020	1,685,000	2.00%	186,564	1,252,757
Wastewater treatment project loan – ARRA - State of Nebraska, issued 2011, due annually through 2020	842,500	0%	84,250	<u>674,000</u>
Total business-type activities				<u>\$ 4,175,641</u>
Total long-term debt				<u>\$ 10,338,245</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:

Fiscal Year Ended September 30	<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>
2014	\$ 235,000	\$ 7,991	\$ 555,000	\$ 156,701	\$ 67,379	\$ 2,874
2015	235,000	6,405	555,000	143,895	68,470	1,872
2016	235,000	4,173	575,000	128,964	51,755	815
2017	240,000	1,440	590,000	111,820	-	-
2018	-	-	610,000	92,475	-	-
2019-2023	-	-	<u>2,145,000</u>	<u>165,954</u>	-	-
	<u>\$ 945,000</u>	<u>\$ 20,009</u>	<u>\$ 5,030,000</u>	<u>\$ 799,809</u>	<u>\$ 187,604</u>	<u>\$ 5,561</u>

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2013

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
2014	\$ -	\$ -	\$ 555,858	\$ 90,032	\$ -	\$ -
2015	-	-	568,516	77,375	-	-
2016	-	-	581,500	64,391	-	-
2017	-	-	594,821	51,070	-	-
2018	-	-	608,487	37,403	-	-
2019-2023	-	-	1,266,459	44,955	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,175,641</u>	<u>\$ 365,226</u>	<u>\$ -</u>	<u>\$ -</u>

Long-term liability activity for the year ended September 30, 2013 was as follows:

	10/1/12 Beginning Balance	Additions	Reductions	9/30/13 Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Revenue bonds	\$ 5,645,000	\$ -	\$ 615,000	\$ 5,030,000	\$ 555,000
GO bonds	1,180,000	-	235,000	945,000	235,000
Capital lease payable	93,876	152,882	59,154	187,604	67,379
Compensated absences	534,708	-	5,525	529,183	123,070
Governmental activities	<u>\$ 7,453,584</u>	<u>\$ 152,882</u>	<u>\$ 914,679</u>	<u>\$ 6,691,787</u>	<u>\$ 980,449</u>
Business-type activities:					
Loans payable	\$ 4,719,160	\$ -	\$ 543,519	\$ 4,175,641	\$ 555,858
Compensated absences	159,847	-	1,536	158,311	27,556
Business-type activities	<u>\$ 4,879,007</u>	<u>\$ -</u>	<u>\$ 545,055</u>	<u>\$ 4,333,952</u>	<u>\$ 583,414</u>

During fiscal years 1997 and 1999, the Community Development Agency (CDA) issued \$375,000 and \$1,274,000, respectively, of tax increment financing bonds for various projects within the City. At September 30, 2013, all of these bonds remained outstanding. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2013

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 \$156,165 and \$167,038 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 6-1/2% 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 \$101,046 and \$55,125 by the City and plan participants, respectively.

Police

Police officers are covered by a defined contribution plan sponsored by the City. Participants in the plan are required to contribute 6% of their salary to the plan, which is matched by a 6% contribution from the City. Employees are fully vested after 7 whole years of service. Contributions to the police retirement plan were \$99,023 and \$102,865 by the City and plan participants, respectively. An actuarial certification dated April 8, 2010 shows an estimated present value shortfall of \$97,533 for covering future benefits relating to the defined benefit plan that was converted to a defined contribution plan effective January 1, 1984. Per state statute, effective 10-1-13 the required contribution and City match will increase to 6.5% and effective 10-1-15, it will be at 7%.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The City is committed to a \$100,000 annual payment to the Twin City Development program for its operation of encouraging industrial development within the area. This commitment is reviewed annually.

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.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2013

NOTE 9 - RISK MANAGEMENT

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

From October 1, 2012, through September 30, 2013, the coverage provided was \$2,000,000 per person. Additional liability was covered by a policy, which provided insurance above the City's participation of \$40,000 per person and \$1,239,974 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	\$ -	\$ 110,000
Enterprise - Electric	<u>110,000</u>	<u>-</u>
Total	<u>\$ 110,000</u>	<u>\$ 110,000</u>

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

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total Transfers out</u>
	<u>General Fund</u>	<u>Non-major Gov't Funds</u>	<u>Stormwater Fund</u>	<u>GIS Fund</u>	
General Fund	\$ -	\$ -	\$ -	\$ 11,000	\$ 11,000
Transp. Fund	27,000	-	-	22,397	49,397
Non-major Funds	-	100,000	-	-	100,000
Env. Services Fund	54,000	-	-	1,397	55,397
Wastewater Fund	54,000	-	74,167	37,397	165,564
Water Fund	42,000	-	24,167	37,397	103,564
Electric Fund	<u>2,995,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,995,494</u>
	<u>\$ 3,172,494</u>	<u>\$ 100,000</u>	<u>\$ 98,334</u>	<u>\$ 109,588</u>	<u>\$ 3,480,416</u>

NOTE 11 - DEFICIT FUND NET ASSETS

The following funds had a net asset deficit as of September 30, 2013.

Geographic information system fund (Internal service-business type) of \$(67,141). 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, 2013

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 2012-2013 are recorded as revenue when expected to be collected within 60 days after September 30, 2013. 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 2012 tax levy, for the 2012-2013 fiscal year, was \$1,669,485 with a tax rate per \$100 valuation of 0.216 for general and \$54,100 with a tax rate per \$100 valuation of .2281 for the business improvement district. The assessed value upon which the 2012 levy was based was \$772,909,483 for general and \$23,715,417 for the business improvement district.

NOTE 13 – GOVERNMENTAL RESERVED FUND BALANCE

The Economic Development Fund had owned a building that was part of an agreement with Aurora Loan Services. That building was a capital asset held for resale and was shown on the governmental fund balance sheet at \$1 million. This building was sold and the resulting loss on sale in the amount of \$524,954 is shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

NOTE 14 – GASBS No. 54

The City implemented GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, in fiscal year 2011. In the governmental fund statements, fund balances (General fund and special revenue funds) are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *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. As of September 30, 2013, there is no nonspendable fund balance.
- *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. As of September 30, 2013, the restricted fund balance of \$8,591,097 is restricted for the following purposes:

<u>Fund</u>	<u>Purpose</u>	<u>Balance</u>
Economic dev.	Incentives for businesses	4,240,101
Debt service	Payment of principal and interest	3,823,106
Leasing Corp.	Own and lease property to City	7,600
Regional library	Library expenditures	13,014
Keno	Community betterment	73,941
Mutual fire	Fire expenditures	390,823
CDBG	Community development grants	<u>42,512</u>
Total restricted fund balance		8,591,097

CITY OF SCOTTSBUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2013

NOTE 14 – GASBS No. 54 (CONTINUED)

- *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. As of September 30, 2013, the committed fund balance of \$1,083,037 is committed for the following specific purposes:

<u>Fund</u>	<u>Purpose</u>	<u>Balance</u>
Economic dev.	Incentives for businesses	23,946
Special projects	Track revenues & expenditures of various projects	134,411
Cemetery	Cemetery expenditures	434,066
Business imp.	Business improvement district expenditures	142,125
Public safety	Public safety expenditures	299,477
Industrial sites	Industrial sites expenditures	<u>49,012</u>
Total committed fund balance		1,083,037

- *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. As of September 30, 2013, the assigned fund balance of \$4,368,590 is assigned for the following specific purposes:

<u>Fund</u>	<u>Purpose</u>	<u>Balance</u>
General	Software purchase and budget stabilization	1,360,000
Transportation	Road projects & street maintenance	1,868,951
Economic dev.	Incentives for businesses	1,091,912
Regional library	Library expenditures	17,240
Cemetery	Cemetery expenditures	3,255
Business imp.	Business improvement district expenditures	10,539
Public safety	Public safety expenditures	12,692
Industrial sites	Industrial sites expenditures	488
Keno	Community betterment	797
Mutual fire	Fire expenditures	<u>2,716</u>
Total assigned fund balance		4,368,590

- *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 deter the use of these other classified funds.

NOTE 15 – SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through February 23, 2014, the date the financial statements were available to be issued. There were no events noted that required disclosure.

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, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 4,926,500	\$ 4,926,500	\$ 4,952,734	\$ 26,234
Intergovernmental	50,000	50,000	76,634	26,634
Local	3,494,800	3,494,800	3,932,317	437,517
Total revenues	<u>8,471,300</u>	<u>8,471,300</u>	<u>8,961,685</u>	<u>490,385</u>
Expenditures:				
General government	1,077,475	1,077,475	576,920	500,555
Public safety - Police and Fire	4,780,360	4,780,360	4,757,468	22,892
Public works - Other	475,910	475,910	415,273	60,637
Culture and recreation	2,719,132	2,719,132	2,525,711	193,421
Community development	11,657	11,657	11,657	-
Total expenditures	<u>9,064,534</u>	<u>9,064,534</u>	<u>8,287,029</u>	<u>777,505</u>
Excess revenues over (under) expenditures	\$ <u>(593,234)</u>	\$ <u>(593,234)</u>	674,656	\$ <u>1,267,890</u>
Fund balances, October 1			<u>3,417,624</u>	
Fund balances, September 30			<u>\$ 4,092,280</u>	

See accompanying notes.

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 850,493	\$ 850,493	\$ 852,295	\$ 1,802
Intergovernmental	1,247,637	1,247,637	1,355,099	107,462
Local	240,000	240,000	305,178	65,178
Total revenues	<u>2,338,130</u>	<u>2,338,130</u>	<u>2,512,572</u>	<u>174,442</u>
Expenditures:				
Public works - Streets	<u>3,497,053</u>	<u>3,497,053</u>	<u>2,654,817</u>	<u>842,236</u>
Total expenditures	<u>3,497,053</u>	<u>3,497,053</u>	<u>2,654,817</u>	<u>842,236</u>
Excess revenues over (under) expenditures	\$ <u>(1,158,923)</u>	\$ <u>(1,158,923)</u>	(142,245)	\$ <u>1,016,678</u>
Fund balances, October 1			<u>2,023,640</u>	
Fund balances, September 30			\$ <u>1,881,395</u>	

See accompanying notes.

**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 930,000	\$ 930,000	\$ 962,192	\$ 32,192
Local	<u>13,000</u>	<u>13,000</u>	<u>574,986</u>	<u>561,986</u>
Total revenues	<u>943,000</u>	<u>943,000</u>	<u>1,537,178</u>	<u>594,178</u>
Expenditures:				
Community development	<u>4,018,450</u>	<u>4,018,450</u>	<u>298,601</u>	<u>3,719,849</u>
Total expenditures	<u>4,018,450</u>	<u>4,018,450</u>	<u>298,601</u>	<u>3,719,849</u>
Excess revenues over (under) expenditures	\$ <u>(3,075,450)</u>	\$ <u>(3,075,450)</u>	1,238,577	\$ <u>4,314,027</u>
Fund balances, October 1			<u>4,213,903</u>	
Fund balances, September 30			\$ <u>5,452,480</u>	

See accompanying notes.

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 632,992	\$ 632,992	\$ 611,884	\$ (21,108)
Intergovernmental	57,000	57,000	41,600	(15,400)
Local	1,303,300	1,303,300	363,288	(940,012)
Total revenues	<u>1,993,292</u>	<u>1,993,292</u>	<u>1,016,772</u>	<u>(976,520)</u>
Expenditures:				
General government	4,428,729	4,428,729	224,965	4,203,764
Total expenditures	<u>4,428,729</u>	<u>4,428,729</u>	<u>224,965</u>	<u>4,203,764</u>
Excess revenues over (under) expenditures	\$ <u>(2,435,437)</u>	\$ <u>(2,435,437)</u>	791,807	\$ <u>3,227,244</u>
Fund balances, October 1			<u>4,036,918</u>	
Fund balances, September 30			\$ <u><u>4,828,725</u></u>	

See accompanying notes.

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Local	<u>501,500</u>	<u>501,500</u>	<u>430,956</u>	<u>(70,544)</u>
Total revenues	<u>501,500</u>	<u>501,500</u>	<u>430,956</u>	<u>(70,544)</u>
Expenditures:				
General government	500,000	500,000	330,020	169,980
Public safety	-	-	48,079	(48,079)
Culture and recreation	-	-	13,327	(13,327)
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>391,426</u>	<u>108,574</u>
Excess revenues over (under) expenditures	<u>\$ 1,500</u>	<u>\$ 1,500</u>	39,530	<u>\$ 38,030</u>
Fund balances, October 1			<u>542,301</u>	
Fund balances, September 30			<u>\$ 581,831</u>	

See accompanying notes.

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Local	<u>719,161</u>	<u>719,161</u>	<u>719,159</u>	<u>(2)</u>
Total revenues	<u>719,161</u>	<u>719,161</u>	<u>719,159</u>	<u>(2)</u>
Expenditures:				
General government	<u>719,131</u>	<u>719,131</u>	<u>719,151</u>	<u>(20)</u>
Total expenditures	<u>719,131</u>	<u>719,131</u>	<u>719,151</u>	<u>(20)</u>
Excess revenues over (under) expenditures	\$ <u>30</u>	\$ <u>30</u>	8	\$ <u>(22)</u>
Fund balances, October 1			<u>27,594</u>	
Fund balances, September 30			\$ <u>27,602</u>	

See accompanying notes.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE BUDGETARY COMPARISON SCHEDULES

September 30, 2013

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, 2012, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

	<u>General</u> <u>Fund</u>	<u>Tranps.</u> <u>Fund</u>	<u>Econ.</u> <u>Dev.</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Special</u> <u>Projects</u> <u>Fund</u>	<u>Leasing</u> <u>Corp.</u> <u>Fund</u>
Net change in fund balances:						
Balance on a GAAP basis	\$ 634,658	\$ (148,835)	\$ 698,204	\$ 102,552	\$ 37,693	\$ (17)
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	<u>39,998</u>	<u>6,590</u>	<u>540,373</u>	<u>689,255</u>	<u>1,837</u>	<u>25</u>
Balance on a budget basis	<u>\$ 674,656</u>	<u>\$ (142,245)</u>	<u>\$ 1,238,577</u>	<u>\$ 791,807</u>	<u>\$ 39,530</u>	<u>\$ 8</u>

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

OTHER SUPPLEMENTARY INFORMATION

**CITY OF SCOTTSBLUFF, NEBRASKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2013**

	<u>Regional Library</u>	<u>Cemetery & Cemetery Perpetual Care</u>	<u>Business Improvement District</u>	<u>Public Safety Equipment</u>	<u>Industrial Site</u>
ASSETS					
Equity in pooled cash	\$ 31,608	\$ 440,615	\$ 146,812	\$ 322,270	\$ 49,478
Funds held by county treasurer	-	6,717	6,242	8,757	-
Net receivables:					
Taxes	-	30,490	5,760	79,340	-
Accrued interest	13	183	61	134	22
Governmental unit	-	-	-	7,108	-
Total assets	<u>\$ 31,621</u>	<u>\$ 478,005</u>	<u>\$ 158,875</u>	<u>\$ 417,609</u>	<u>\$ 49,500</u>
LIABILITIES					
Accounts payable	\$ 1,367	\$ 8,027	\$ 148	\$ 24,077	\$ -
Accrued salaries	-	1,918	-	-	-
Other accrued expenses	-	226	-	-	-
Deferred revenue	-	30,513	6,063	81,363	-
Total liabilities	<u>1,367</u>	<u>40,684</u>	<u>6,211</u>	<u>105,440</u>	<u>-</u>
FUND BALANCES					
Restricted	13,014	-	-	-	-
Committed	-	434,066	142,125	299,477	49,012
Assigned	17,240	3,255	10,539	12,692	488
Total fund balances	<u>30,254</u>	<u>437,321</u>	<u>152,664</u>	<u>312,169</u>	<u>49,500</u>
Total liabilities and fund balances	<u>\$ 31,621</u>	<u>\$ 478,005</u>	<u>\$ 158,875</u>	<u>\$ 417,609</u>	<u>\$ 49,500</u>

<u>Keno</u>	<u>Mutual Fire</u>	<u>CDBG Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 76,633	\$ 396,606	\$ 42,494	\$ 1,506,516
-	-	-	21,716
-	-	-	115,590
32	165	18	628
-	-	-	7,108
<u>\$ 76,665</u>	<u>\$ 396,771</u>	<u>\$ 42,512</u>	<u>\$ 1,651,558</u>
\$ 1,927	\$ 3,232	\$ -	\$ 38,778
-	-	-	1,918
-	-	-	226
-	-	-	117,939
<u>1,927</u>	<u>3,232</u>	<u>-</u>	<u>158,861</u>
73,941	390,823	42,512	520,290
-	-	-	924,680
797	2,716	-	47,727
<u>74,738</u>	<u>393,539</u>	<u>42,512</u>	<u>1,492,697</u>
<u>\$ 76,665</u>	<u>\$ 396,771</u>	<u>\$ 42,512</u>	<u>\$ 1,651,558</u>

**CITY OF SCOTTSBLUFF, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Regional Library	Cemetery & Cemetery Perpetual Care	Business Improvement District	Public Safety Equipment	Industrial Site
Revenues:					
Taxes and special assessments	\$ -	\$ 154,915	\$ 52,661	\$ 213,974	\$ -
Licenses and permits	-	2,850	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	43,645	-	-	-
Interest	138	1,327	449	1,035	185
Other revenue	33,855	64,762	8,497	4,214	(159)
Total revenues	<u>33,993</u>	<u>267,499</u>	<u>61,607</u>	<u>219,223</u>	<u>26</u>
Expenditures:					
Current operations:					
General government	-	-	-	-	5,250
Public safety	-	-	-	73,457	-
Public health and social services	-	171,569	-	-	-
Culture and recreation:					
Library	17,544	-	-	-	-
Public works	-	-	19,659	-	-
Capital expenditures	-	-	5,471	81,454	-
Debt service:					
Principal	-	-	-	40,000	-
Interest	-	-	-	23,728	-
Total expenditures	<u>17,544</u>	<u>171,569</u>	<u>25,130</u>	<u>218,639</u>	<u>5,250</u>
Excess revenues over (under) expenditures	<u>16,449</u>	<u>95,930</u>	<u>36,477</u>	<u>584</u>	<u>(5,224)</u>
Other financing sources (uses):					
Proceeds from debt issuance	-	-	-	-	-
Warrant and bond expense	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues and other financing sources over (under) expenditures and other uses	16,449	95,930	36,477	584	(5,224)
Fund balances, October 1	<u>13,805</u>	<u>341,391</u>	<u>116,187</u>	<u>311,585</u>	<u>54,724</u>
Fund balances, September 30	<u>\$ 30,254</u>	<u>\$ 437,321</u>	<u>\$ 152,664</u>	<u>\$ 312,169</u>	<u>\$ 49,500</u>

<u>Keno</u>	<u>Mutual Fire</u>	<u>CDBG</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 421,550
-	-	-	2,850
10,365	52,250	-	62,615
-	-	-	43,645
263	1,324	150	4,871
<u>59,955</u>	<u>89,006</u>	<u>(135)</u>	<u>259,995</u>
<u>70,583</u>	<u>142,580</u>	<u>15</u>	<u>795,526</u>
43,262	-	1,399	49,911
-	55,014	-	128,471
-	-	-	171,569
-	-	-	17,544
-	-	-	19,659
-	-	-	86,925
-	-	-	40,000
-	-	-	23,728
<u>43,262</u>	<u>55,014</u>	<u>1,399</u>	<u>537,807</u>
<u>27,321</u>	<u>87,566</u>	<u>(1,384)</u>	<u>257,719</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
27,321	87,566	(1,384)	257,719
<u>47,417</u>	<u>305,973</u>	<u>43,896</u>	<u>1,234,978</u>
<u>\$ 74,738</u>	<u>\$ 393,539</u>	<u>\$ 42,512</u>	<u>\$ 1,492,697</u>

**CITY OF SCOTTSBLUFF, NEBRASKA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2013**

	<u>Health Insurance</u>	<u>Unemployment Compensation</u>	<u>Geographic Information System</u>	<u>Totals</u>
ASSETS				
Current assets				
Equity in pooled cash	\$ 558,914	\$ 53,043	\$ 47,250	\$ 659,207
Net receivables:				
Accrued interest	229	18	20	267
Total current assets	<u>559,143</u>	<u>53,061</u>	<u>47,270</u>	<u>659,474</u>
Noncurrent assets				
Deferred charges	-	-	-	-
Net capital assets	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 559,143</u>	<u>\$ 53,061</u>	<u>\$ 47,270</u>	<u>\$ 659,474</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 640	\$ -	\$ 35	\$ 675
Accrued salaries	-	-	1,233	1,233
Accrued compensated absences	-	-	420	420
Other accrued expenses	-	-	126	126
Current portion long-term debt	-	-	30,000	30,000
Total current liabilities	<u>640</u>	<u>-</u>	<u>31,814</u>	<u>32,454</u>
Noncurrent liabilities				
Long-term debt	-	-	80,000	80,000
Compensated absences	-	-	2,597	2,597
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>82,597</u>	<u>82,597</u>
Total liabilities	<u>640</u>	<u>-</u>	<u>114,411</u>	<u>115,051</u>
NET POSITION				
Unreserved	558,503	53,061	(67,141)	544,423
Total net position	<u>558,503</u>	<u>53,061</u>	<u>(67,141)</u>	<u>544,423</u>
Total liabilities and net position	<u>\$ 559,143</u>	<u>\$ 53,061</u>	<u>\$ 47,270</u>	<u>\$ 659,474</u>

**CITY OF SCOTTSBLUFF, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Health Insurance</u>	<u>Unemployment Compensation</u>	<u>Geographic Information System</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Other revenues	<u>1,827,428</u>	<u>29,773</u>	<u>(148)</u>	<u>1,857,053</u>
Total operating revenues	<u>1,827,428</u>	<u>29,773</u>	<u>(148)</u>	<u>1,857,053</u>
Operating expenses:				
Personnel services	-	-	71,427	71,427
Operating supplies	-	-	1,465	1,465
Contractual	-	-	210	210
Maintenance	-	-	6,400	6,400
Utilities	-	-	425	425
Insurance	-	-	-	-
Other operating expenses	<u>1,719,790</u>	<u>1,535</u>	<u>1,515</u>	<u>1,722,840</u>
Total operating expenses	<u>1,719,790</u>	<u>1,535</u>	<u>81,442</u>	<u>1,802,767</u>
Operating income (loss)	<u>107,638</u>	<u>28,238</u>	<u>(81,590)</u>	<u>54,286</u>
Non-operating revenues (expenses):				
Interest income	2,171	93	191	2,455
Interest expense	-	-	(5,589)	(5,589)
Net non-operating revenues (expenses)	<u>2,171</u>	<u>93</u>	<u>(5,398)</u>	<u>(3,134)</u>
Income before transfers	<u>109,809</u>	<u>28,331</u>	<u>(86,988)</u>	<u>51,152</u>
Transfers from (to) other funds:				
Operating transfers in	-	-	109,589	109,589
Operating transfers (out)	-	-	-	-
Net transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>109,589</u>	<u>109,589</u>
Change in net position	109,809	28,331	22,601	160,741
Net position, October 1	<u>448,694</u>	<u>24,730</u>	<u>(89,742)</u>	<u>383,682</u>
Net position, September 30	<u>\$ 558,503</u>	<u>\$ 53,061</u>	<u>\$ (67,141)</u>	<u>\$ 544,423</u>

INDEPENDENT AUDITORS' 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*

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, 2013, and the related notes to the financial statements, which collectively comprise the City of Scottsbluff, Nebraska's basic financial statements and have issued our report thereon dated February 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Scottsbluff, Nebraska's internal control over financial reporting (internal control) to determine the 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, Nebraska's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Scottsbluff, Nebraska'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Dana J Cole + Company, LLP

Scottsbluff, Nebraska
February 23, 2014