

City of Scottsbluff, Nebraska

Monday, March 6, 2017

Regular Meeting

Item Finance1

Council to receive the FY16 Audit Report from Contryman and Associates.

Staff Contact: Liz Hilyard, Finance Director

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

FINANCIAL STATEMENTS
And
INDEPENDENT AUDITORS' REPORT

September 30, 2016

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 Manager
City of Scottsbluff
Scottsbluff, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Scottsbluff, Nebraska, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

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appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Scottsbluff, Nebraska as of September 30, 2016, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, on pages 4-11 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 Supplementary Information

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

The Other Supplementary Information as listed in the table of contents as pages 52-57 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information as listed in the table

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2017 on our consideration of City of Scottsbluff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Scottsbluff's internal control over financial reporting and compliance.

Contryman Associates PC
Certified Public Accountants
Scottsbluff, Nebraska

February 23, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

September 30, 2016

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, 2016. 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, 2016, by \$73,553,324 (net position). Of this amount, \$19,542,446 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of September 30, 2016, the City's governmental funds reported combined ending fund balances of \$18,826,734. This is an increase of \$1,536,306 in comparison with the prior year.
- As of September 30, 2016, unassigned fund balance for governmental funds was \$4,794,888, or 57% 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, 2016. 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, 2016

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 sixteen 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.

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

September 30, 2016

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$73,553,324 at September 30, 2016.

By far the largest portion of the City's net position (63 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, 2016 and 2015**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 23,609,985	\$ 21,211,811	\$ 8,866,148	\$ 8,136,962	\$ 32,476,133	\$ 29,348,773
Capital assets	30,954,758	32,668,983	22,646,970	23,164,501	53,601,728	55,833,484
Other noncurrent assets	-	-	297,894	640,170	297,894	640,170
Total assets	54,564,743	53,880,794	31,811,012	31,941,633	86,375,755	85,822,427
Current liabilities	4,060,933	2,748,223	1,396,519	1,333,711	5,457,452	4,081,934
Long-term liabilities outstanding	5,368,155	6,735,650	1,996,824	2,599,019	7,364,979	9,334,669
Total liabilities	9,429,088	9,483,873	3,393,343	3,932,730	12,822,431	13,416,603
Net assets:						
Net investment in capital assets	26,019,758	26,343,983	20,177,203	20,113,226	46,196,961	46,457,209
Restricted	7,516,023	7,631,419	297,894	640,170	7,813,917	8,271,589
Unrestricted	11,599,874	10,421,519	7,942,572	7,255,507	19,542,446	17,677,026
Total net position	\$ 45,135,655	\$ 44,396,921	\$ 28,417,669	\$ 28,008,903	\$ 73,553,324	\$ 72,405,824

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

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

September 30, 2016

At September 30, 2016, the City is able to report positive balances in all three categories of net position, for the government as a whole.

City of Scottsbluff
Statement of Activities and Changes in Net Assets
September 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 376,969	\$ 372,744	\$ 9,644,636	\$ 9,449,875	\$ 10,021,605	\$ 9,822,619
Operating grants and contributions	110,862	123,459	28,759	49,666	139,621	173,125
Capital grants and contributions	268,654	864,157	138,299	148,388	406,953	1,012,545
General revenues:						
Property taxes	1,658,760	1,504,090	-	-	1,658,760	1,504,090
Sales and use tax	6,076,194	6,036,637	-	-	6,076,194	6,036,637
Other taxes	951,858	923,212	-	-	951,858	923,212
Intergovernmental	1,585,352	1,692,503	-	-	1,585,352	1,692,503
Investment income	87,186	60,614	30,525	21,528	117,711	82,142
Miscellaneous	1,942,492	3,318,345	77,750	74,800	2,020,242	3,393,145
Total revenues	<u>13,058,327</u>	<u>14,895,761</u>	<u>9,919,969</u>	<u>9,744,257</u>	<u>22,978,296</u>	<u>24,640,018</u>
Expenses:						
General government	2,783,396	3,947,558	-	-	2,783,396	3,947,558
Public safety	4,496,497	5,292,925	-	-	4,496,497	5,292,925
Transportation	3,046,485	3,001,623	-	-	3,046,485	3,001,623
Public health	183,237	205,918	-	-	183,237	205,918
Culture and recreation	2,714,272	2,855,290	-	-	2,714,272	2,855,290
Public works	1,639,773	807,662	-	-	1,639,773	807,662
Interest on long-term debt	115,926	232,342	-	-	115,926	232,342
Environmental services	-	-	2,786,243	2,134,986	2,786,243	2,134,986
Wastewater	-	-	2,196,176	2,122,375	2,196,176	2,122,375
Water	-	-	1,598,334	1,866,233	1,598,334	1,866,233
Electric	-	-	58,337	122,764	58,337	122,764
Stormwater	-	-	133,446	122,105	133,446	122,105
Geographic information systems	-	-	78,674	91,874	78,674	91,874
Total expenses	<u>14,979,586</u>	<u>16,343,318</u>	<u>6,851,210</u>	<u>6,460,337</u>	<u>21,830,796</u>	<u>22,803,655</u>
Increase (decrease) in net assets before transfers	(1,921,259)	(1,447,557)	3,068,759	3,283,920	1,147,500	1,836,363
Transfers in (out)	2,659,993	2,627,337	(2,659,993)	(2,627,337)	-	-
Increase (decrease) in net assets	738,734	1,179,780	408,766	656,583	1,147,500	1,836,363
Net assets, October 1	44,396,921	43,217,141	28,008,903	27,352,320	72,405,824	70,569,461
Net assets, September 30	<u>\$ 45,135,655</u>	<u>\$ 44,396,921</u>	<u>\$ 28,417,669</u>	<u>\$ 28,008,903</u>	<u>\$ 73,553,324</u>	<u>\$ 72,405,824</u>

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

September 30, 2016

GOVERNMENTAL ACTIVITIES

Governmental activities increased the City's net position by a total of \$738,734. Key elements in this increase follows:

- The economic development fund received sales tax revenue that was more than grants. This contributed almost \$720,000 to the increase in net assets.
- The transportation fund received \$268,654 of STP grant funds paid by the State of Nebraska for road improvement projects.

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the city's net position by \$408,766. Key elements in this increase follows:

- Water revenues were \$38,000 higher than budgeted. Water department operating expenses were approximately \$110,000 under budget due to carrying more parts inventory on hand at year end.
- Personnel expense was under budget in all business-type funds due to elimination of overtime and reduced hours worked.

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, 2016, the City's governmental funds reported combined ending fund balances of \$18,826,734, a increase of \$1,536,306 in comparison with the prior year.

The general fund is the chief operating fund of the City. At September 30, 2016, the unassigned fund balance of the general fund was \$4,794,888. 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 72 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$691,594 during 2016. This increase was due to higher than budgeted revenues and lower than budgeted expenditures. Sales tax received was \$45,650 higher than budgeted and building permit income was \$108,000 higher than budgeted. Expenditures for salaries and benefits were \$287,000 less than budgeted and supplies expenditures were \$81,000 less than budgeted.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

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

September 30, 2016

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 \$145,800, \$2,456,565, \$2,596,221, \$2,204,764, and \$539,013 respectively, at September 30, 2016. 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:

- \$27,658 positive variance in taxes. Sales tax receipts were \$45,650 higher than budget.
- \$176,831 positive variance in general government. \$250,000 was budgeted in contingency to cover any unforeseen costs that may arise during the year. Only \$68,000 of that amount was used for Splash Foundation (\$40,000) and to pay for a portion of a Regional Housing study (\$28,000).

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, 2016, was \$53,601,728 (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, 2016 and 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 533,862	\$ 471,878	\$ 1,461,474	\$ 1,403,607	\$ 1,995,336	\$ 1,875,485
Inventory	2,562,113	2,562,113	-	-	2,562,113	2,562,113
Construction in progress	153,714	731,379	42,711	15,448	196,425	746,827
Buildings and improvements	7,662,548	8,391,478	2,977,893	2,781,063	10,640,441	11,172,541
Equipment and vehicles	3,465,490	3,097,202	2,842,455	2,839,315	6,307,945	5,936,517
Infrastructure	16,577,032	17,414,934	9,535,649	9,925,538	26,112,681	27,340,472
Plant in service	-	-	5,786,788	6,199,530	5,786,788	6,199,530
Total	\$ 30,954,758	\$ 32,668,984	\$ 22,646,970	\$ 23,164,501	\$ 53,601,729	\$ 55,833,485

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

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

September 30, 2016

Major capital asset events during 2016 included the following:

- Office and equipment building constructed at the Compost facility. ES and Wastewater \$299,866
- Caterpillar loader for Compost facility. ES \$142,500
- New refuse truck. ES \$180,950
- New dump truck. Transportation \$107,877
- New pumper firetruck. Mutual Fire Fund \$495,671

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, 2016, the City of Scottsbluff had total bonded debt outstanding of \$6,325,000. This entire amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds). No new debt was issued during 2016.

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

City of Scottsbluff
Outstanding Bonded Debt
September 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 2,570,000	\$ 2,805,000	\$ -	\$ -	\$ 2,570,000	\$ 2,805,000
Revenue bonds	3,755,000	4,155,000	-	-	3,755,000	4,155,000
Total	\$ 6,325,000	\$ 6,960,000	\$ -	\$ -	\$ 6,325,000	\$ 6,960,000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The increase in the City's property tax base provided by real growth is estimated at 1.0%, with an actual increase in valuation from the prior year of approximately \$14.8 million.
- For 2017 budget, the projection for sales tax was estimated at 0% growth due to recent economic events.
- No cost of living adjustment was given to employees.
- \$100,000 was set aside in the general fund to pay the City's portion of Monument Valley Pathway and \$202,000 was set aside in the general fund to pay for the City's portion of the Scottsbluff High School locker room remodel and repairs for the Splash Swimming Arena.

All of these factors were considered in preparing the City's budget for the 2017 fiscal year.

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

September 30, 2016

The utility rates were increased for the 2017 budget year. The water and wastewater rates were increased by 3%, each and the stormwater flat surcharge amount was increased 33% (from \$1.50 to \$2.00). There were no rate changes for sanitation services. The rate increases affected both residential and industrial consumers by approximately the same percentage. These increases are necessary to fund debt service, cover the cost of inflation, and cover the cost of federal mandates.

REQUESTS FOR INFORMATION

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

CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Equity in pooled cash	\$ 20,426,483	\$ 6,950,737	\$ 27,377,220
Funds held by county treasurer	86,263	-	86,263
Net receivables:			
Taxes	1,836,167	-	1,836,167
Accounts and unbilled	-	1,458,968	1,458,968
Special assessments	277,517	-	277,517
Accrued interest	16,171	2,271	18,442
Governmental unit	178,707	-	178,707
Other receivables	788,681	-	788,681
Inventory	-	454,172	454,172
Total current assets	<u>23,609,989</u>	<u>8,866,148</u>	<u>32,476,137</u>
Noncurrent assets:			
Restricted investments	-	297,894	297,894
Capital assets - non-depreciable	3,275,474	1,504,185	4,779,659
Net capital assets - depreciable	<u>27,679,284</u>	<u>21,142,785</u>	<u>48,822,069</u>
Total noncurrent assets	<u>30,954,758</u>	<u>22,944,864</u>	<u>53,899,622</u>
Total assets	<u>\$ 54,564,747</u>	<u>\$ 31,811,012</u>	<u>\$ 86,375,759</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 252,996	\$ 310,104	\$ 563,100
Accrued interest payable	44,372	14,445	58,817
Accrued compensated absences	99,203	28,384	127,587
Other accrued expenses	201,365	193,671	395,036
Notes and warrants payable	2,706,416	594,821	3,301,237
Deferred revenue	<u>756,581</u>	<u>255,094</u>	<u>1,011,675</u>
Total current liabilities	<u>4,060,933</u>	<u>1,396,519</u>	<u>5,457,452</u>
Noncurrent liabilities:			
Bonds and notes payable	4,935,000	1,874,946	6,809,946
Accrued compensated absences	<u>433,155</u>	<u>121,878</u>	<u>555,034</u>
Total noncurrent liabilities	<u>5,368,155</u>	<u>1,996,824</u>	<u>7,364,980</u>
Total liabilities	<u>9,429,088</u>	<u>3,393,343</u>	<u>12,822,431</u>
NET POSITION			
Net investment in capital assets	26,019,758	20,177,203	46,196,961
Restricted for:			
Debt service	2,397,496	-	2,397,496
Economic development	5,118,527	-	5,118,527
New landfill	-	297,894	297,894
Unrestricted	<u>11,599,878</u>	<u>7,942,572</u>	<u>19,542,450</u>
Total net position	<u>45,135,659</u>	<u>28,417,669</u>	<u>73,553,328</u>
Total liabilities and net position	<u>\$ 54,564,747</u>	<u>\$ 31,811,012</u>	<u>\$ 86,375,759</u>

See accompanying notes to the basic financial statements.

STATEMENT OF ACTIVITIES
CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF ACTIVITIES
FOR YEAR ENDED SEPTEMBER 30, 2016

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,783,395	\$ 24,849	\$ -	\$ -
Public safety	4,496,497	125,485	110,862	-
Transportation	3,046,485	3,074	-	268,654
Public health and social services	183,237	40,585	-	-
Culture and recreation:				
Library	746,903	-	-	-
Parks and recreation	1,617,369	182,976	-	-
Zoo	350,000	-	-	-
Public works	1,639,773	-	-	-
Interest on long term debt	115,926	-	-	-
Total governmental activities	14,979,585	376,969	110,862	268,654
Business type activities:				
Environmental services	2,786,244	2,530,497	-	100,000
Wastewater	2,196,176	2,517,918	-	38,299
Water	1,598,334	1,982,768	-	-
Electric	58,337	2,566,714	-	-
Stormwater	133,446	46,739	28,759	-
Geographic information systems	78,674	-	-	-
Total business type activities	6,851,211	9,644,636	28,759	138,299
Total primary government	\$ 21,830,796	\$ 10,021,605	\$ 139,621	\$ 406,953

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
Property taxes, levied for business improvement district
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
\$ (2,758,546)	\$ -	\$ (2,758,546)
(4,260,150)	-	(4,260,150)
(2,774,757)	-	(2,774,757)
(142,652)	-	(142,652)
(746,903)	-	(746,903)
(1,434,393)	-	(1,434,393)
(350,000)	-	(350,000)
(1,639,773)	-	(1,639,773)
(115,926)	-	(115,926)
<u>(14,223,101)</u>	<u>-</u>	<u>(14,223,101)</u>
-	(155,747)	(155,747)
-	360,041	360,041
-	384,434	384,434
-	2,508,377	2,508,377
-	(57,948)	(57,948)
-	(78,674)	(78,674)
<u>-</u>	<u>2,960,483</u>	<u>2,960,483</u>
<u>(14,223,101)</u>	<u>2,960,483</u>	<u>(11,262,617)</u>
217,832	-	217,832
574,660	-	574,660
518,662	-	518,662
131,192	-	131,192
163,599	-	163,599
52,815	-	52,815
6,076,194	-	6,076,194
951,858	-	951,858
1,585,352	-	1,585,352
87,186	30,526	117,712
1,942,491	77,750	2,020,241
2,659,993	(2,659,993)	-
<u>14,961,834</u>	<u>(2,551,717)</u>	<u>12,410,117</u>
738,734	408,766	1,147,500
44,396,921	28,008,903	72,405,824
<u>\$ 45,135,655</u>	<u>\$ 28,417,669</u>	<u>\$ 73,553,324</u>

CITY OF SCOTTSBLUFF, NEBRASKA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General Fund	Transportation Fund	Economic Development Fund	Debt Service Fund
ASSETS				
Equity in pooled cash	\$ 4,507,707	\$ 2,686,092	\$ 6,281,369	\$ 3,655,729
Funds held by county treasurer	10,050	30,467	-	23,158
Net receivables:				
Taxes	890,564	297,088	174,876	305,834
Special assessments	-	-	-	277,517
Accrued interest	1,363	878	2,054	10,696
Governmental unit	12,085	163,792	-	-
Other receivables	30,282	110	-	-
Total assets	<u>\$ 5,452,051</u>	<u>\$ 3,178,427</u>	<u>\$ 6,458,299</u>	<u>\$ 4,272,934</u>
LIABILITIES				
Accounts payable	\$ 97,018	\$ 69,589	\$ 19,896	\$ -
Accrued salaries	154,970	25,621	-	-
Accrued interest payable	-	-	-	-
Other accrued expenses	14,389	1,915	-	-
Due to other funds	-	-	-	-
Warrants payable	-	-	-	1,316,416
Total liabilities	<u>266,377</u>	<u>97,125</u>	<u>19,896</u>	<u>1,316,416</u>
DEFERRED INFLOW OF RESOURCES				
Deferred revenue	88,786	232,211	-	559,022
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	5,118,527	2,397,496
Committed	-	-	90,574	-
Assigned	302,000	2,849,091	1,229,302	-
Unassigned	4,794,888	-	-	-
Total fund balances	<u>5,096,888</u>	<u>2,849,091</u>	<u>6,438,403</u>	<u>2,397,496</u>
Total liabilities and fund balances	<u>\$ 5,452,051</u>	<u>\$ 3,178,427</u>	<u>\$ 6,458,299</u>	<u>\$ 4,272,934</u>

Special Projects Fund	Leasing Corporation Fund	Other Governmental Funds	Total Governmental Funds
\$ 223,055	\$ 11,125	\$ 1,858,411	\$ 19,223,488
-	-	22,588	86,263
-	-	167,805	1,836,167
-	-	-	277,517
172	3	615	15,781
2,464	-	366	178,707
-	-	1,707	32,099
<u>\$ 225,691</u>	<u>\$ 11,128</u>	<u>\$ 2,051,492</u>	<u>\$ 21,650,022</u>
\$ 6,191	\$ -	\$ 60,302	\$ 252,996
-	-	4,212	184,803
-	-	-	-
-	-	258	16,562
-	-	-	-
-	-	-	1,316,416
<u>6,191</u>	<u>-</u>	<u>64,772</u>	<u>1,770,777</u>
-	-	172,492	1,052,511
-	-	-	-
42,299	11,128	390,141	7,959,591
177,201	-	1,269,307	1,537,082
-	-	154,780	4,535,173
-	-	-	4,794,888
<u>219,500</u>	<u>11,128</u>	<u>1,814,228</u>	<u>18,826,734</u>
<u>\$ 225,691</u>	<u>\$ 11,128</u>	<u>\$ 2,051,492</u>	<u>\$ 21,650,022</u>

CITY OF SCOTTSBLUFF, NEBRASKA
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2016

Total Governmental Fund Balances	\$	18,826,734
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.		30,954,758
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Internal service funds are used by management to charge the costs of certain services to individual funds. These assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		1,203,381
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Deferred inflow of resources in governmental fund financials for property taxes and special assessments is shown as revenue for government wide financials.		1,052,511
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

Due within one year:

Interest payable	\$	44,371
Bonds payable		1,390,000
Compensated absences		99,203

Due in more than one year:

Bonds payable		4,935,000
Compensated absences		433,155

(6,901,729)

Net position of governmental activities	\$	<u>45,135,655</u>
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See accompanying notes to the basic financial statements.

CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General Fund	Transportation Fund	Economic Development Fund	Debt Service Fund
Revenues:				
Taxes and special assessments	\$ 5,156,011	\$ 1,167,846	\$ 1,012,293	\$ 683,032
Licenses and permits	206,535	-	-	-
Intergovernmental	192,995	1,771,873	-	-
Charges for services	316,535	3,074	-	-
Interest	17,143	10,711	27,553	16,237
Other revenue	493,091	38,916	60,014	13,339
Total revenues	<u>6,382,310</u>	<u>2,992,420</u>	<u>1,099,860</u>	<u>712,608</u>
Expenditures:				
Current operations:				
General government	630,937	-	379,666	402,988
Public safety	4,878,441	-	-	-
Transportation	-	1,881,929	-	-
Public health and social services	-	-	-	-
Culture and recreation:				
Library	663,491	-	-	-
Parks and recreation	1,323,157	-	-	-
Zoo	350,000	-	-	-
Public works	511,284	-	-	-
Capital expenditures	45,771	181,133	-	-
Debt service:				
Principal	-	235,000	-	51,768
Interest	-	31,624	-	10,993
Total expenditures	<u>8,403,081</u>	<u>2,329,686</u>	<u>379,666</u>	<u>465,749</u>
Excess revenues over (under) expenditures	<u>(2,020,771)</u>	<u>662,734</u>	<u>720,194</u>	<u>246,859</u>
Other financing sources (uses):				
Warrant and bond expense	-	-	-	(994,882)
Operating transfers in	2,723,365	-	-	-
Operating transfers out	(11,000)	(52,372)	-	-
Total other financing sources (uses)	<u>2,712,365</u>	<u>(52,372)</u>	<u>-</u>	<u>(994,882)</u>
Excess revenues and other financing sources over (under) expenditures and other financing uses	691,594	610,362	720,194	(748,023)
Fund balances, October 1	<u>4,405,294</u>	<u>2,238,729</u>	<u>5,718,209</u>	<u>3,145,519</u>
Fund balances, September 30	<u>\$ 5,096,888</u>	<u>\$ 2,849,091</u>	<u>\$ 6,438,403</u>	<u>\$ 2,397,496</u>

See accompanying notes to the basic financial statements.

Special Projects Fund	Leasing Corporation Fund	Other Governmental Funds	Total Governmental Funds
\$ 143,034	\$ -	\$ 481,840	\$ 8,644,056
-	-	2,525	209,060
-	-	-	1,964,868
16,775	-	40,585	376,969
2,354	33	7,816	81,847
49,218	398,014	293,781	1,346,373
<u>211,381</u>	<u>398,047</u>	<u>826,547</u>	<u>12,623,173</u>
120,949	-	42,201	1,576,741
38,970	-	23,507	4,940,918
-	-	-	1,881,929
-	-	190,865	190,865
-	874	17,271	681,636
-	-	-	1,323,157
-	-	-	350,000
-	-	13,307	524,591
-	-	264,351	491,255
-	355,000	45,000	686,768
-	42,980	18,521	104,118
<u>159,919</u>	<u>398,854</u>	<u>615,023</u>	<u>12,751,978</u>
<u>51,462</u>	<u>(807)</u>	<u>211,524</u>	<u>(128,805)</u>
-	-	-	(994,882)
-	-	-	2,723,365
-	-	-	(63,372)
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,665,111</u>
51,462	(807)	211,524	1,536,306
<u>168,038</u>	<u>11,935</u>	<u>1,602,704</u>	<u>17,290,428</u>
<u>\$ 219,500</u>	<u>\$ 11,128</u>	<u>\$ 1,814,228</u>	<u>\$ 18,826,734</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, 2016**

Net Change in Fund Balances - Total Governmental Funds	\$ 1,536,306
<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.	(1,714,228)
Payments on debt are expenditures in the funds, but a debt payment decreases long-term liabilities in the Statement of Net Position.	686,768
Deferred inflow of resources in governmental fund financials for property taxes and special assessments is shown as revenue for government wide financials.	291,498
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	(28,375)
Accrued interest	(11,808)
Internal service funds are used by management to charge the costs of certain services to individual funds.	(21,427)
Change in net position of governmental activities	\$ <u><u>738,734</u></u>

See accompanying notes to the basic financial statements.

CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	Business-type Activities			
	Environmental Services	Wastewater	Water	Electric
ASSETS				
Current assets				
Equity in pooled cash	\$ 581,840	\$ 2,320,160	\$ 2,080,711	\$ 1,394,531
Net receivables:				
Accounts and unbilled	68,492	316,722	282,207	789,777
Accrued interest	190	760	680	456
Inventory	-	-	454,172	-
Total current assets	<u>650,522</u>	<u>2,637,642</u>	<u>2,817,770</u>	<u>2,184,764</u>
Noncurrent assets				
Restricted investments	297,894	-	-	-
Due from other funds	-	-	-	20,000
Capital assets - non-depreciable	34,008	210,741	627,362	300,000
Net capital assets - depreciable	<u>1,373,302</u>	<u>11,216,129</u>	<u>7,209,994</u>	<u>431,869</u>
Total noncurrent assets	<u>1,705,204</u>	<u>11,426,870</u>	<u>7,837,356</u>	<u>751,869</u>
Total assets	<u>\$ 2,355,726</u>	<u>\$ 14,064,512</u>	<u>\$ 10,655,126</u>	<u>\$ 2,936,633</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 169,447	\$ 74,717	\$ 53,057	\$ -
Accrued interest payable	-	14,445	-	-
Accrued salaries	28,632	22,828	20,632	-
Accrued compensated absences	15,373	6,439	6,094	-
Other accrued expenses	1,346	11,182	107,163	-
Current portion long-term debt	-	594,821	-	-
Unearned billings	<u>255,094</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>469,892</u>	<u>724,432</u>	<u>186,946</u>	<u>-</u>
Noncurrent liabilities				
Long-term debt	-	1,874,946	-	-
Compensated absences	<u>34,830</u>	<u>51,466</u>	<u>34,603</u>	<u>-</u>
Total noncurrent liabilities	<u>34,830</u>	<u>1,926,412</u>	<u>34,603</u>	<u>-</u>
Total liabilities	<u>504,722</u>	<u>2,650,844</u>	<u>221,549</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	1,407,310	8,957,103	7,837,356	731,869
Restricted for new landfill	297,894	-	-	-
Unreserved	<u>145,800</u>	<u>2,456,565</u>	<u>2,596,221</u>	<u>2,204,764</u>
Total net position	<u>1,851,004</u>	<u>11,413,668</u>	<u>10,433,577</u>	<u>2,936,633</u>
Total liabilities and net position	<u>\$ 2,355,726</u>	<u>\$ 14,064,512</u>	<u>\$ 10,655,126</u>	<u>\$ 2,936,633</u>

See accompanying notes to the basic financial statements.

Business-type Activities			Governmental Activities
Stormwater	Internal Service	Totals	Internal Service
\$ 550,131	\$ 23,364	\$ 6,950,737	\$ 1,202,991
1,773	-	1,458,971	-
179	3	2,268	390
-	-	454,172	-
<u>552,083</u>	<u>23,367</u>	<u>8,866,148</u>	<u>1,203,381</u>
-	-	297,894	-
-	-	20,000	-
332,074	-	1,504,185	-
911,491	-	21,142,785	-
<u>1,243,565</u>	<u>-</u>	<u>22,964,864</u>	<u>-</u>
<u>\$ 1,795,648</u>	<u>\$ 23,367</u>	<u>\$ 31,831,012</u>	<u>\$ 1,203,381</u>
\$ 12,851	\$ 32	\$ 310,104	\$ -
-	-	14,445	-
-	1,617	73,709	-
-	477	28,384	-
219	52	119,962	-
-	20,000	614,821	-
-	-	255,094	-
<u>13,070</u>	<u>22,178</u>	<u>1,416,519</u>	<u>-</u>
-	-	1,874,946	-
-	980	121,878	-
-	980	1,996,824	-
<u>13,070</u>	<u>23,158</u>	<u>3,413,343</u>	<u>-</u>
1,243,565	-	20,177,203	-
-	-	297,894	-
539,013	209	7,942,572	1,203,381
<u>1,782,578</u>	<u>209</u>	<u>28,417,669</u>	<u>1,203,381</u>
<u>\$ 1,795,648</u>	<u>\$ 23,367</u>	<u>\$ 31,831,012</u>	<u>\$ 1,203,381</u>

CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities			
	Environmental Services	Wastewater	Water	Electric
Operating revenues:				
Charges for services	\$ 2,530,497	\$ 2,517,918	\$ 1,982,768	\$ 2,566,714
Other revenues	<u>102,179</u>	<u>77,020</u>	<u>28,267</u>	<u>5,063</u>
Total operating revenues	<u>2,632,676</u>	<u>2,594,938</u>	<u>2,011,035</u>	<u>2,571,777</u>
Operating expenses:				
Personnel services	1,111,816	843,211	762,407	-
Operating supplies	248,443	91,984	241,090	-
Contractual	947,538	70,026	98,394	-
Maintenance	158,535	128,429	21,686	-
Utilities	13,250	189,987	132,087	-
Insurance	48,479	82,903	42,649	-
Other operating expenses	12,436	19,251	12,351	-
Depreciation and amortization	<u>245,745</u>	<u>711,398</u>	<u>287,670</u>	<u>58,337</u>
Total operating expenses	<u>2,786,242</u>	<u>2,137,189</u>	<u>1,598,334</u>	<u>58,337</u>
Operating income (loss)	<u>(153,566)</u>	<u>457,749</u>	<u>412,701</u>	<u>2,513,440</u>
Non-operating revenues (expenses):				
Interest income	2,334	9,788	8,149	7,693
Interest expense	<u>-</u>	<u>(58,987)</u>	<u>-</u>	<u>-</u>
Net non-operating revenues (expenses)	<u>2,334</u>	<u>(49,199)</u>	<u>8,149</u>	<u>7,693</u>
Income (loss) before contributions & transfers	<u>(151,232)</u>	<u>408,550</u>	<u>420,850</u>	<u>2,521,133</u>
Transfers from (to) other funds:				
Operating transfers in	-	-	-	-
Operating transfers (out)	<u>(55,672)</u>	<u>(141,872)</u>	<u>(77,372)</u>	<u>(2,546,365)</u>
Net transfers from (to) other funds	<u>(55,672)</u>	<u>(141,872)</u>	<u>(77,372)</u>	<u>(2,546,365)</u>
Change in net position	(206,904)	266,678	343,478	(25,232)
Net position, October 1	<u>2,057,908</u>	<u>11,146,990</u>	<u>10,090,099</u>	<u>2,961,865</u>
Net position, September 30	<u>\$ 1,851,004</u>	<u>\$ 11,413,668</u>	<u>\$ 10,433,577</u>	<u>\$ 2,936,633</u>

See accompanying notes to the basic financial statements.

Business-type Activities			Governmental Activities
Stormwater	Internal Service	Totals	Internal Service
\$ 46,739	\$ -	\$ 9,644,636	\$ -
32,144	135	244,808	2,068,552
78,883	135	9,889,444	2,068,552
-	59,056	2,776,490	-
4,902	3,571	589,990	-
47,153	3,783	1,166,894	-
15,171	6,400	330,221	-
441	422	336,187	-
-	-	174,031	-
1,692	3,955	49,685	2,095,318
64,087	-	1,367,237	-
133,446	77,187	6,790,735	2,095,318
(54,563)	(77,052)	3,098,709	(26,766)
2,490	71	30,525	5,339
-	(1,487)	(60,474)	-
2,490	(1,416)	(29,949)	5,339
(52,073)	(78,468)	3,068,760	(21,427)
50,000	111,287	161,287	-
-	-	(2,821,281)	-
50,000	111,287	(2,659,994)	-
(2,073)	32,819	408,766	(21,427)
1,784,651	(32,610)	28,008,903	1,224,808
\$ 1,782,578	\$ 209	\$ 28,417,669	\$ 1,203,381

CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities			
	Environmental Services	Wastewater	Water	Electric
Cash flows from operating activities:				
Cash received from customers	\$ 2,796,166	\$ 2,626,453	\$ 2,018,221	\$ 2,581,429
Cash paid to suppliers	(1,500,154)	(561,290)	(612,267)	-
Cash paid to employees	(768,639)	(610,937)	(555,933)	-
Other expenses	(343,177)	(232,274)	(206,474)	-
Net cash provided by operating activities	<u>184,196</u>	<u>1,221,952</u>	<u>643,547</u>	<u>2,581,429</u>
Cash flows from non-capital financing activities:				
Transfers from (to) other funds	(55,672)	(141,872)	(77,372)	(2,546,365)
Net cash provided (used) by non-capital financing activities	<u>(55,672)</u>	<u>(141,872)</u>	<u>(77,372)</u>	<u>(2,546,365)</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(498,876)	(201,045)	(91,924)	-
Principal paid on capital debt	-	(581,500)	-	-
Interest paid on capital debt	-	(64,390)	-	-
Net cash (used) by capital and related financing activities	<u>(498,876)</u>	<u>(846,935)</u>	<u>(91,924)</u>	<u>-</u>
Cash flows from investing activities:				
Investment in landfill	342,276	-	-	-
Interest and dividends	2,382	9,842	8,095	7,766
Net cash provided by investing activities	<u>344,658</u>	<u>9,842</u>	<u>8,095</u>	<u>7,766</u>
Net increase in cash and cash equivalents	(25,694)	242,987	482,346	42,830
Cash and cash equivalents, October 1	607,534	2,077,173	1,598,365	1,351,701
Cash and cash equivalents, September 30	<u>\$ 581,840</u>	<u>\$ 2,320,160</u>	<u>\$ 2,080,711</u>	<u>\$ 1,394,531</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (153,566)	\$ 457,749	\$ 412,701	\$ 2,513,440
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization expense	245,745	711,398	287,670	58,337
Changes in assets and liabilities:				
Receivables - net of allowances	83,567	31,515	7,186	9,652
Inventory	-	-	(78,105)	-
Accounts and other payables	1,320	24,349	13,189	-
Accrued expenses	7,130	(3,059)	906	-
Net cash provided by operating activities	<u>\$ 184,196</u>	<u>\$ 1,221,952</u>	<u>\$ 643,547</u>	<u>\$ 2,581,429</u>

See accompanying notes to the basic financial statements.

Business-type Activities			Governmental Activities
Stormwater	Internal Service	Totals	Internal Service
\$ 47,095	\$ 109	\$ 10,069,473	\$ 2,068,552
(32,158)	(19,498)	(2,725,367)	(2,095,318)
-	(43,603)	(1,979,112)	-
-	(15,453)	(797,378)	-
<u>14,937</u>	<u>(78,445)</u>	<u>4,567,616</u>	<u>(26,766)</u>
 50,000	 111,287	 (2,659,994)	 -
 50,000	 111,287	 (2,659,994)	 -
 (57,868)	 -	 (849,713)	 -
 -	 (30,000)	 (611,500)	 -
 -	 (1,487)	 (65,877)	 -
<u>(57,868)</u>	<u>(31,487)</u>	<u>(1,527,090)</u>	<u>-</u>
 -	 -	 342,276	 -
 2,523	 74	 30,682	 5,426
<u>2,523</u>	<u>74</u>	<u>372,958</u>	<u>5,426</u>
 9,592	 1,429	 753,490	 (21,340)
 540,539	 21,935	 6,197,247	 1,224,331
<u>\$ 550,131</u>	<u>\$ 23,364</u>	<u>\$ 6,950,737</u>	<u>\$ 1,202,991</u>
 \$ (54,563)	 \$ (77,052)	 \$ 3,098,709	 \$ (26,766)
 64,087	 -	 1,367,237	 -
 331	 -	 132,251	 -
 -	 -	 (78,105)	 -
 5,057	 1	 43,916	 -
 25	 (1,394)	 3,608	 -
<u>\$ 14,937</u>	<u>\$ (78,445)</u>	<u>\$ 4,567,616</u>	<u>\$ (26,766)</u>

CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016

	Agency Fund	Pension Trust Fund	Total Fiduciary Funds
ASSETS			
Equity in pooled cash	\$ 202,409	\$ -	\$ 202,409
Funds held by county treasurer	7,233	-	7,233
Investments managed by trustee	-	10,990,095	10,990,095
Net receivables:			
Accrued interest	60	-	60
Total assets	<u>\$ 209,702</u>	<u>\$ 10,990,095</u>	<u>\$ 11,199,797</u>
LIABILITIES			
Accounts and warrants payable	\$ 59,006	\$ -	\$ 59,006
Debt service	150,696	-	150,696
Total liabilities	<u>209,702</u>	<u>-</u>	<u>209,702</u>
NET POSITION			
Held in trust for pension benefits	-	10,990,095	10,990,095
Unreserved	-	-	-
Total net position	<u>-</u>	<u>10,990,095</u>	<u>10,990,095</u>
Total liabilities and net position	<u>\$ 209,702</u>	<u>\$ 10,990,095</u>	<u>\$ 11,199,797</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, 2016

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 411,386
Employee	<u>381,763</u>
Total contributions	793,149
Transfers in	-
Investment earnings:	
Net investment earnings and appreciation in fair value of investments	<u>885,476</u>
Total additions	<u>1,678,625</u>
Deductions:	
Benefit payments	790,650
Use of forfeitures to fund employer contributions	26,766
Forfeitures	60,726
Administrative costs	<u>5,375</u>
Total deductions	<u>883,517</u>
Change in fiduciary net position	795,109
Net position held in trust for pension benefits, October 1	<u>10,194,986</u>
Net position held in trust for pension benefits, September 30	<u>\$ 10,990,095</u>

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2016

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.

Community Redevelopment Authority

The Community Redevelopment Authority 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 Authority is to provide for City redevelopment. There currently is no funding source for the Authority and currently acts in an advisory capacity only.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following special revenue funds:

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

Economic Development Fund - This fund accounts for the resources and payments made for the Local Option Municipal Economic Development Act for the City. This Act sunsets in October, 2025.

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

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

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

The government reports the following major enterprise funds:

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

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

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

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

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

Additionally, the government reports the following fund types:

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

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

Assets, Liabilities, and Net Position or Equity -

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources – In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category and is reported in the governmental fund balance sheet. The deferred revenues are from property taxes that are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)September 30, 2016NOTE 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, 2016 equity in pooled cash was fully insured by FDIC insurance or collateralized by pledged securities.

The City has invested funds in the Wells Fargo Government Money Market Fund. This fund invests exclusively in high-quality, short-term, U.S. dollar-denominated money market instruments that consist of U.S. Government obligations and repurchase agreements collateralized by U.S. Government obligations. As of September 30, 2016 the City had \$14,387,357 invested in the Government Money Market Fund.

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 \$100,366 invested in the Trust at September 30, 2016.

Cash and Equity in Pooled Cash Management Account - At September 30, 2016, the City's cash and pooled investments, recorded at fair market value and includes \$202,409 in the Agency (TIF) fund, consisted of the following:

Cash	\$	2,403,592
Cash w/bond trustee		4,482
Investments:		
U.S. Agencies and Instrumentality's Bonds and Notes		15,490,642
Nebraska Public Agency Investment Trust		100,366
Certificates of deposit		<u>9,580,541</u>
	\$	<u>27,579,623</u>
Shown on balance sheet as:		
Equity in pooled cash and investments	\$	<u>27,579,623</u>
	\$	<u>27,579,623</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Restricted Investments - The following details the restricted investment at September 30, 2016:

	<u>Enterprise Funds</u>
Pursuant to agreement with City of Gering:	
Investment	\$ <u>297,894</u>
Total	\$ <u>297,894</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 equipment for use at the landfill that will extend the life of the current cell being used. The City contributed one half of the cost of the equipment paid from the equity in the checking account.

Investments Managed by Trustee - The City's Pension Trust Funds are administered by trustees. At September 30, 2016 Pension Trust Funds managed by a trustee consisted of the following:

	<u>Fire</u>	<u>Police</u>	<u>City</u>	<u>Total</u>
Mutual Funds	\$ <u>2,402,500</u>	\$ <u>3,140,506</u>	\$ <u>5,447,089</u>	\$ <u>10,990,095</u>

NOTE 3 - RECEIVABLES

Receivables at September 30, 2016, consist of the following:

<u>Fund</u>	<u>Taxes</u>	<u>Accounts and Other</u>	<u>Accrued Interest</u>	<u>Special Assessments</u>
General	\$ 895,105	\$ 42,367	\$ 1,366	\$ -
Special Revenue	638,073	168,439	3,679	-
Debt Service	321,931	-	10,696	292,117
Capital Projects	22,454	-	39	-
Enterprise	-	1,486,357	2,271	-
Internal Service	-	-	390	-
Fiduciary	-	-	60	-
Gross Receivables	\$ 1,877,563	\$ 1,697,163	\$ 18,501	\$ 292,117
Allowance for Uncollectibles	<u>(41,396)</u>	<u>(27,389)</u>	<u>-</u>	<u>(14,600)</u>
Net Receivables	\$ <u>1,836,167</u>	\$ <u>1,669,774</u>	\$ <u>18,501</u>	\$ <u>277,517</u>

Government wide receivables at September 30, 2016 also include LB840 loans receivable totaling \$756,582.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 471,878	\$ 61,984	\$ -	\$ 533,862
Inventory	2,562,113	-	-	2,562,113
Construction in progress	731,382	64,778	642,447	153,713
Total capital assets, not being depreciated	<u>3,765,373</u>	<u>126,762</u>	<u>642,447</u>	<u>3,249,688</u>
Capital assets, being depreciated:				
Buildings and improvements	11,889,211	-	442,134	11,447,077
Equipment and vehicles	6,434,029	942,333	245,234	7,131,128
Infrastructure	32,585,089	454,946	-	33,040,035
Total capital assets, being depreciated	<u>50,908,329</u>	<u>1,397,278</u>	<u>687,368</u>	<u>51,618,240</u>
Less accumulated depreciation for:				
Buildings and improvements	3,497,732	328,276	41,480	3,784,528
Equipment and vehicles	3,336,827	516,151	187,341	3,665,637
Infrastructure	15,170,160	1,292,845	-	16,463,005
Total accumulated depreciation	<u>22,004,719</u>	<u>2,137,272</u>	<u>228,821</u>	<u>23,913,170</u>
Net capital assets being depreciated	<u>28,903,610</u>	<u>(739,994)</u>	<u>458,547</u>	<u>27,705,070</u>
Net governmental activities capital assets	<u>\$ 32,668,983</u>	<u>\$ (613,228)</u>	<u>\$ 1,100,994</u>	<u>\$ 30,954,758</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,403,607	\$ 57,868	\$ -	\$ 1,461,475
Construction in progress	15,448	31,800	4,538	42,710
Total capital assets, not being depreciated	<u>1,419,055</u>	<u>89,668</u>	<u>4,538</u>	<u>1,504,185</u>
Capital assets, being depreciated:				
Buildings and improvements	6,798,809	299,866	-	7,098,675
Equipment and vehicles	5,303,693	464,717	20,535	5,747,875
Plant in service	21,609,630	1,905	-	21,611,535
Infrastructure	12,793,388	-	-	12,793,388
Total capital assets, being depreciated	<u>46,505,520</u>	<u>766,488</u>	<u>20,535</u>	<u>47,251,473</u>
Less accumulated depreciation for:				
Buildings and improvements	4,017,746	103,043	-	4,120,789
Equipment and vehicles	2,464,374	461,259	20,217	2,905,416
Plant in service	15,410,106	414,640	-	15,824,746
Infrastructure	2,867,848	389,889	-	3,257,737
Total accumulated depreciation	<u>24,760,074</u>	<u>1,368,831</u>	<u>20,217</u>	<u>26,108,688</u>
Net capital assets being depreciated	<u>21,745,446</u>	<u>(602,336)</u>	<u>318</u>	<u>21,142,785</u>
Net business-type activities capital assets	<u>\$ 23,164,501</u>	<u>\$ (512,667)</u>	<u>\$ 4,856</u>	<u>\$ 22,646,970</u>

CITY OF SCOTTSBLUFFScottsbluff, NebraskaNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)September 30, 2016NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 61,855
Public safety	256,558
Transportation	1,379,835
Public health and social services	21,853
Culture and recreation	378,228
Public works	38,943
Total depreciation expense - governmental	<u>\$ 2,137,272</u>
Business-type activities:	
Environmental services	\$ 245,746
Wastewater	711,398
Water	289,263
Electric	58,337
Stormwater	64,087
Total depreciation expense - business-type	<u>\$ 1,368,831</u>

NOTE 5 - LONG-TERM DEBT

Long-term debt is comprised of the following:

	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Annual Installment</u>	<u>Principal Amount Outstanding</u>
Governmental activities:				
2015 Lease Rental and Refunding Bonds, dated June 23, 2015, due annually through 2021; secured by library building	\$ 1,205,000	.4% to 2.15%	98,600 to 225,000	\$ 1,123,600
2015 Lease Rental and Refunding Bonds, dated June 23, 2015, due annually through 2023; secured by public safety building and pool	2,080,000	.4% to 2.15%	162,400 to 370,000	1,882,400
2015 Lease Rental Revenue Bonds, dated June 23, 2015, due annually through 2021; secured by downtown buildings	440,000	.4% to 1.8%	29,000 to 75,000	364,000
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	385,000
2012 General Obligation Hwy Allocation Bonds, dated January 10, 2012, due annually through 2016; secured by infrastructure	1,180,000	.45% to 1.2%	240,000	240,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Annual Installment</u>	<u>Principal Amount Outstanding</u>
Governmental activities (continued):				
2015 General Obligation Hwy Allocation Bonds, dated June 18, 2015, due annually through 2021; secured by infrastructure	2,330,000	.65% to 1.7%	455,000 to 480,000	<u>2,330,000</u>
Total governmental activities				<u>\$ 6,325,000</u>
	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Annual Installment</u>	<u>Principal Amount Outstanding</u>
Business-type activities:				
Wastewater treatment project loan - State of Nebraska, issued 1998, due annually through 2019	4,600,000	3.00%	165,000 to 301,140	877,173
Wastewater treatment project loan - State of Nebraska, issued 2003, due annually through 2023	1,004,334	3.00%	42,560 to 64,000	413,576
Wastewater treatment project loan - State of Nebraska, issued 2011, due annually through 2020	1,685,000	2.00%	118,557 to 182,105	757,768
Wastewater treatment project loan – ARRA - State of Nebraska, issued 2011, due annually through 2020	842,500	0%	84,250	<u>421,250</u>
Total business-type activities				<u>\$ 2,469,767</u>
Total long-term debt				<u>\$ 8,794,767</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	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 695,000	\$ 28,774	\$ 695,000	\$ 59,392	\$ -	\$ -
2018	460,000	23,555	705,000	51,546	-	-
2019	465,000	18,232	715,000	41,418	-	-
2020	470,000	11,685	725,000	29,206	-	-
2021	480,000	4,080	500,000	17,311	-	-
2022-2026	-	-	415,000	12,394	-	-
	<u>\$ 2,570,000</u>	<u>\$ 86,326</u>	<u>\$ 3,755,000</u>	<u>\$ 211,267</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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
2017	\$ -	\$ -	\$ 594,821	\$ 51,070	\$ -	\$ -
2018	-	-	608,487	37,403	-	-
2019	-	-	622,509	23,381	-	-
2020	-	-	326,655	11,304	-	-
2021	-	-	196,633	5,918	-	-
2022-2026	-	-	120,662	4,352	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,469,767</u>	<u>\$ 133,428</u>	<u>\$ -</u>	<u>\$ -</u>

Long-term liability activity for the year ended September 30, 2016 was as follows:

	10/1/15 Beginning Balance	Additions	Reductions	9/30/16 Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Revenue bonds	\$ 4,155,000	\$ -	\$ 400,000	\$ 3,755,000	\$ 695,000
GO bonds	2,805,000	-	235,000	2,570,000	695,000
Capital lease payable	51,768	-	51,768	-	-
Compensated absences	503,983	28,375	-	532,358	99,203
Governmental activities	<u>\$ 7,515,751</u>	<u>\$ 28,375</u>	<u>\$ 686,768</u>	<u>\$ 6,857,358</u>	<u>\$ 1,489,203</u>
Business-type activities:					
Loans payable	\$ 3,051,266	\$ -	\$ 581,499	\$ 2,469,767	\$ 594,821
Compensated absences	148,868	1,394	-	150,262	28,384
Business-type activities	<u>\$ 3,200,134</u>	<u>\$ 1,394</u>	<u>\$ 581,499</u>	<u>\$ 2,620,029</u>	<u>\$ 623,205</u>

There are various bonds issued for tax increment financing projects within the City. These bonds are limited obligations of the agency payable exclusively from taxes levied against certain property in specified areas. These bonds are not general obligations of the CDA, CRA 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 and CRA.

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. In 2003, the agreement was renegotiated for a period of 25 additional years and extended to January 1, 2028. The agreement can be terminated with at least five years prior written notice given by either party to the other.

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, 2016

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 employee's voluntary contribution, not to exceed 3% of the employee's 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 \$178,488 and \$188,960 by the City and plan participants, respectively. There were 91 participants in the plan.

Fire Fighters

Fire fighters are covered by a defined contribution plan sponsored by the City. Eligible employees are required to contribute 6.5% of their salary to the plan, which the City then matches at the rate of 13% of the participant's salary. Employees are fully vested after 7 whole years of service. A participant's normal retirement age is the date he attains age 55 and completes 21 years of service. Nebraska State statutes govern the coverage afforded to participants under this plan. Contributions to the fire fighters employee retirement plan were \$113,073 and \$66,858 by the City and plan participants, respectively. There were 19 participants in the plan.

Police

Police officers are covered by a defined contribution plan sponsored by the City. Participants in the plan are required to contribute 7.0% of their salary to the plan, which is matched by a 7.0% contribution from the City. Employees are fully vested after 7 whole years of service. Contributions to the police retirement plan were \$119,826 and \$125,945 by the City and plan participants, respectively. There were 36 participants in the plan.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

NOTE 9 - RISK MANAGEMENT

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

Due to the Affordable Care Act, the coverage lifetime maximum is unlimited. Re-insurance is covered by a policy which provided insurance above the City's participation of \$40,000 per person and \$1,268,855 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	\$ -	\$ 20,000
Enterprise - Electric	<u>20,000</u>	<u>-</u>
Total	<u>\$ 20,000</u>	<u>\$ 20,000</u>

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

			<u>Transfers In</u>		
<u>Transfers Out</u>	<u>General Fund</u>	<u>Non-major Gov't Funds</u>	<u>Stormwater Fund</u>	<u>GIS Fund</u>	<u>Total Transfers out</u>
General Fund	\$ -	\$ -	\$ -	\$ 11,000	\$ 11,000
Transp. Fund	27,000	-	-	25,372	52,372
Special Projects	-	-	-	-	-
Non-major Funds	-	100,000	-	-	100,000
Env. Services Fund	54,000	-	-	1,671	55,671
Wastewater Fund	54,000	-	50,000	37,872	141,872
Water Fund	42,000	-	-	35,372	77,372
Electric Fund	<u>2,546,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,546,365</u>
	<u>\$ 2,723,365</u>	<u>\$ 100,000</u>	<u>\$ 50,000</u>	<u>\$ 111,287</u>	<u>\$ 2,984,652</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

NOTE 11 - 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 2015-2016 are recorded as revenue when expected to be collected within 60 days after September 30, 2016. 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 2015 tax levy, for the 2015-2016 fiscal year, was \$1,735,284 with a tax rate per \$100 valuation of 0.216 for general and \$54,100 with a tax rate per \$100 valuation of .2054 for the business improvement district. The assessed value upon which the 2015 levy was based was \$803,372,269 for general and \$26,343,331 for the business improvement district.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SCOTTSBLUFF, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 5,224,267	\$ 5,224,267	\$ 5,251,925	\$ 27,658
Intergovernmental	-	-	24,758	24,758
Local	3,289,402	3,289,402	3,476,052	186,650
Total revenues	<u>8,513,669</u>	<u>8,513,669</u>	<u>8,752,735</u>	<u>239,066</u>
Expenditures:				
General government	822,515	822,515	645,684	176,831
Public safety - Police and Fire	5,049,782	5,049,782	4,859,932	189,850
Public works - Other	543,189	543,189	520,735	22,454
Culture and recreation	2,730,817	2,730,817	2,351,390	379,427
Total expenditures	<u>9,146,303</u>	<u>9,146,303</u>	<u>8,377,741</u>	<u>768,562</u>
Excess revenues over (under) expenditures	\$ <u>(632,634)</u>	\$ <u>(632,634)</u>	374,994	\$ <u>1,007,628</u>
Fund balances, October 1			<u>3,977,114</u>	
Fund balances, September 30			<u>\$ 4,352,108</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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,130,493	\$ 1,130,493	\$ 1,158,569	\$ 28,076
Intergovernmental	1,497,015	1,497,015	1,772,365	275,350
Local	5,000	5,000	41,789	36,789
Total revenues	<u>2,632,508</u>	<u>2,632,508</u>	<u>2,972,723</u>	<u>340,215</u>
Expenditures:				
Public works - Streets	<u>3,232,021</u>	<u>3,232,021</u>	<u>2,376,638</u>	<u>855,383</u>
Total expenditures	<u>3,232,021</u>	<u>3,232,021</u>	<u>2,376,638</u>	<u>855,383</u>
Excess revenues over (under) expenditures	\$ <u>(599,513)</u>	\$ <u>(599,513)</u>	596,085	\$ <u>1,195,598</u>
Fund balances, October 1			<u>2,244,939</u>	
Fund balances, September 30			<u>\$ 2,841,024</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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 950,000	\$ 950,000	\$ 1,004,938	\$ 54,938
Local	17,000	17,000	64,844	47,844
Total revenues	<u>967,000</u>	<u>967,000</u>	<u>1,069,782</u>	<u>102,782</u>
Expenditures:				
Community development	<u>4,700,750</u>	<u>4,700,750</u>	<u>379,664</u>	<u>4,321,086</u>
Total expenditures	<u>4,700,750</u>	<u>4,700,750</u>	<u>379,664</u>	<u>4,321,086</u>
Excess revenues over (under) expenditures	\$ <u>(3,733,750)</u>	\$ <u>(3,733,750)</u>	690,118	\$ <u>4,423,868</u>
Fund balances, October 1			<u>5,791,619</u>	
Fund balances, September 30			\$ <u>6,481,737</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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 692,974	\$ 692,974	\$ 680,569	\$ (12,405)
Local	1,020,400	1,020,400	1,030,081	9,681
Total revenues	<u>1,713,374</u>	<u>1,713,374</u>	<u>1,710,650</u>	<u>(2,724)</u>
Expenditures:				
General government	3,907,691	3,907,691	1,648,639	2,259,052
Total expenditures	<u>3,907,691</u>	<u>3,907,691</u>	<u>1,648,639</u>	<u>2,259,052</u>
Excess revenues over (under) expenditures	\$ <u>(2,194,317)</u>	\$ <u>(2,194,317)</u>	62,011	\$ <u>2,256,328</u>
Fund balances, October 1			<u>4,412,045</u>	
Fund balances, September 30			\$ <u>4,474,056</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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ -	\$ -	\$ 143,034	\$ 143,034
Intergovernmental	-	-	20,950	20,950
Local	501,400	501,400	50,575	(450,825)
Total revenues	<u>501,400</u>	<u>501,400</u>	<u>214,559</u>	<u>(286,841)</u>
Expenditures:				
General government	500,000	500,000	162,484	337,516
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>162,484</u>	<u>337,516</u>
Excess revenues over (under) expenditures	\$ <u>1,400</u>	\$ <u>1,400</u>	52,075	\$ <u>50,675</u>
Fund balances, October 1			<u>476,223</u>	
Fund balances, September 30			\$ <u>528,298</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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Local	398,016	398,016	398,023	7
Total revenues	<u>398,016</u>	<u>398,016</u>	<u>398,023</u>	<u>7</u>
Expenditures:				
General government	397,991	397,991	398,854	(863)
Total expenditures	<u>397,991</u>	<u>397,991</u>	<u>398,854</u>	<u>(863)</u>
Excess revenues over (under) expenditures	\$ <u>25</u>	\$ <u>25</u>	(831)	\$ <u>(856)</u>
Fund balances, October 1			<u>31,916</u>	
Fund balances, September 30			\$ <u>31,085</u>	

See accompanying notes.

NOTES TO THE BUDGETARY COMPARISON SCHEDULES

September 30, 2016

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, 2016, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

	General Fund	Transp. Fund	Econ. Dev. Fund	Debt Service Fund	Special Projects Fund	Leasing Corp. Fund
Net change in fund balances:						
Balance on a GAAP basis	\$ 691,594	\$ 610,362	\$ 720,194	\$ (748,023)	\$ 51,462	\$ (807)
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	(316,599)	(14,277)	(30,076)	810,034	613	(24)
Balance on a budget basis	\$ 374,995	\$ 596,085	\$ 690,118	\$ 62,011	\$ 52,075	\$ (831)

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

OTHER SUPPLEMENTARY INFORMATION

CITY OF SCOTTSBLUFF, NEBRASKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2016

	Regional Library	Cemetery & Cemetery Perpetual Care	Business Improvement District	Public Safety Equipment	Industrial Site
ASSETS					
Equity in pooled cash	\$ 44,174	\$ 622,466	\$ 252,732	\$ 413,286	\$ 74,892
Funds held by county treasurer	-	7,471	2,609	9,741	-
Net receivables:					
Taxes	-	50,172	9,529	86,773	-
Accrued interest	14	204	83	134	29
Governmental unit	-	-	-	366	-
Other receivables	-	1,707	-	-	-
Total assets	<u>\$ 44,188</u>	<u>\$ 682,020</u>	<u>\$ 264,953</u>	<u>\$ 510,300</u>	<u>\$ 74,921</u>
LIABILITIES					
Accounts payable	\$ 1,182	\$ 5,933	\$ 51,507	\$ -	\$ -
Accrued salaries	-	4,212	-	-	-
Other accrued expenses	-	258	-	-	-
Total liabilities	<u>1,182</u>	<u>10,403</u>	<u>51,507</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES					
Deferred revenue	-	51,284	10,031	89,296	-
FUND BALANCES					
Restricted	20,986	-	-	-	-
Committed	-	605,843	187,288	402,816	73,360
Assigned	22,020	14,490	16,127	18,188	1,561
Total fund balances	<u>43,006</u>	<u>620,333</u>	<u>203,415</u>	<u>421,004</u>	<u>74,921</u>
Total liabilities and fund balances	<u>\$ 44,188</u>	<u>\$ 682,020</u>	<u>\$ 264,953</u>	<u>\$ 510,300</u>	<u>\$ 74,921</u>

<u>Keno</u>	<u>Mutual Fire</u>	<u>CDBG Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 183,476	\$ 154,987	\$ 43,228	\$ 69,170	\$ 1,858,411
-	-	-	2,767	22,588
-	-	-	21,331	167,805
63	51	14	23	615
-	-	-	-	366
-	-	-	-	1,707
<u>\$ 183,539</u>	<u>\$ 155,038</u>	<u>\$ 43,242</u>	<u>\$ 93,291</u>	<u>\$ 2,051,492</u>
\$ 1,680	\$ -	\$ -	\$ -	\$ 60,302
-	-	-	-	4,212
-	-	-	-	258
<u>1,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,772</u>
-	-	-	21,881	172,492
177,703	148,210	43,242	-	390,141
-	-	-	-	1,269,307
4,156	6,828	-	71,410	154,780
<u>181,859</u>	<u>155,038</u>	<u>43,242</u>	<u>71,410</u>	<u>1,814,228</u>
<u>\$ 183,539</u>	<u>\$ 155,038</u>	<u>\$ 43,242</u>	<u>\$ 93,291</u>	<u>\$ 2,051,492</u>

CITY OF SCOTTSBLUFF, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Regional Library	Cemetery & Cemetery Perpetual Care	Business Improvement District	Public Safety Equipment	Industrial Site
Revenues:					
Taxes and special assessments	\$ -	\$ 160,188	\$ 53,289	\$ 209,421	\$ -
Licenses and permits	-	2,525	-	-	-
Charges for services	-	40,585	-	-	-
Interest	188	2,686	1,066	1,558	331
Other revenue	27,921	53,436	2,921	3,942	25,014
Total revenues	28,109	259,420	57,276	214,921	25,345
Expenditures:					
Current operations:	-	-	-	-	7,402
Public safety	-	-	-	13,599	-
Public health and social services	-	190,865	-	-	-
Culture and recreation:					
Library	17,271	-	-	-	-
Public works	-	-	13,307	-	-
Capital expenditures	-	-	56,584	69,477	-
Debt service:					
Principal	-	-	-	45,000	-
Interest	-	-	-	18,521	-
Total expenditures	17,271	190,865	69,891	146,597	7,402
Excess revenues over (under) expenditures	10,838	68,555	(12,615)	68,324	17,943
Other financing sources (uses):					
Total other financing sources (uses)	-	-	-	-	-
Excess revenues and other financing sources over (under) expenditures and other uses	10,838	68,555	(12,615)	68,324	17,943
Fund balances, October 1	32,168	551,778	216,030	352,679	56,978
Fund balances, September 30	\$ 43,006	\$ 620,333	\$ 203,415	\$ 421,003	\$ 74,921

<u>Keno</u>	<u>Mutual Fire</u>	<u>CDBG</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 58,942	\$ 481,840
-	-	-	-	2,525
-	-	-	-	40,585
780	638	195	374	7,816
<u>73,877</u>	<u>106,268</u>	<u>157</u>	<u>245</u>	<u>293,781</u>
<u>74,657</u>	<u>106,906</u>	<u>352</u>	<u>59,561</u>	<u>826,547</u>
34,799	-	-	-	42,201
-	9,908	-	-	23,507
-	-	-	-	190,865
-	-	-	-	17,271
-	-	-	-	13,307
36,109	639	-	101,542	264,351
-	-	-	-	45,000
-	-	-	-	18,521
<u>70,908</u>	<u>10,547</u>	<u>-</u>	<u>101,542</u>	<u>615,023</u>
<u>3,749</u>	<u>96,359</u>	<u>352</u>	<u>(41,981)</u>	<u>211,524</u>
-	-	-	-	-
3,749	96,359	352	(41,981)	211,524
<u>178,110</u>	<u>58,679</u>	<u>42,891</u>	<u>113,391</u>	<u>1,602,704</u>
<u>\$ 181,859</u>	<u>\$ 155,038</u>	<u>\$ 43,243</u>	<u>\$ 71,410</u>	<u>\$ 1,814,228</u>

CITY OF SCOTTSBLUFF, NEBRASKA
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2016

	Health Insurance	Unemployment Compensation	Geographic Information System	Totals
ASSETS				
Current assets				
Equity in pooled cash	\$ 1,134,237	\$ 68,754	\$ 23,364	\$ 1,226,355
Net receivables:				
Accrued interest	372	18	6	396
Total current assets	<u>1,134,609</u>	<u>68,772</u>	<u>23,370</u>	<u>1,226,751</u>
Noncurrent assets				
Deferred charges	-	-	-	-
Net capital assets	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,134,609</u>	<u>\$ 68,772</u>	<u>\$ 23,370</u>	<u>\$ 1,226,751</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ 35	\$ 35
Accrued salaries	-	-	1,617	1,617
Accrued compensated absences	-	-	477	477
Other accrued expenses	-	-	52	52
Current portion long-term debt	-	-	20,000	20,000
Total current liabilities	<u>-</u>	<u>-</u>	<u>22,181</u>	<u>22,181</u>
Noncurrent liabilities				
Long-term debt	-	-	-	-
Compensated absences	-	-	980	980
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>980</u>	<u>980</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>23,161</u>	<u>23,161</u>
NET POSITION				
Unreserved	<u>1,134,609</u>	<u>68,772</u>	<u>209</u>	<u>1,203,590</u>
Total net position	<u>1,134,609</u>	<u>68,772</u>	<u>209</u>	<u>1,203,590</u>
Total liabilities and net position	<u>\$ 1,134,609</u>	<u>\$ 68,772</u>	<u>\$ 23,370</u>	<u>\$ 1,226,751</u>

CITY OF SCOTTSBLUFF, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Health Insurance	Unemployment Compensation	Geographic Information System	Total
Operating revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Other revenues	<u>2,068,303</u>	<u>249</u>	<u>135</u>	<u>2,068,687</u>
Total operating revenues	<u>2,068,303</u>	<u>249</u>	<u>135</u>	<u>2,068,687</u>
Operating expenses:				
Personnel services	-	-	59,056	59,056
Operating supplies	-	-	3,571	3,571
Contractual	-	-	3,783	3,783
Maintenance	-	-	6,400	6,400
Utilities	-	-	422	422
Insurance	-	-	-	-
Other operating expenses	<u>2,094,886</u>	<u>432</u>	<u>3,955</u>	<u>2,099,273</u>
Total operating expenses	<u>2,094,886</u>	<u>432</u>	<u>77,187</u>	<u>2,172,505</u>
Operating income (loss)	<u>(26,583)</u>	<u>(183)</u>	<u>(77,052)</u>	<u>(103,818)</u>
Non-operating revenues (expenses):				
Interest income	5,030	309	71	5,410
Interest expense	<u>-</u>	<u>-</u>	<u>(1,487)</u>	<u>(1,487)</u>
Net non-operating revenues (expenses)	<u>5,030</u>	<u>309</u>	<u>(1,416)</u>	<u>3,923</u>
Income before transfers	<u>(21,553)</u>	<u>126</u>	<u>(78,468)</u>	<u>(99,895)</u>
Transfers from (to) other funds:				
Operating transfers in	-	-	111,287	111,287
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>111,287</u>	<u>111,287</u>
Change in net position	<u>(21,553)</u>	<u>126</u>	<u>32,819</u>	<u>11,392</u>
Net position, October 1	<u>1,156,162</u>	<u>68,646</u>	<u>(32,610)</u>	<u>1,192,198</u>
Net position, September 30	<u>\$ 1,134,609</u>	<u>\$ 68,772</u>	<u>\$ 209</u>	<u>\$ 1,203,590</u>



CONTRYMAN
ASSOCIATES, P.C.

Certified Public Accountants

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

Independent Auditors' Report

To the Honorable Mayor, City Council
And City Manager
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, 2016, which collectively comprise the City of Scottsbluff's basic financial statements and have issued our report thereon dated February 23, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Contryman Associates PC
Certified Public Accountants
Scottsbluff, Nebraska

February 23, 2017