

City of Scottsbluff, Nebraska

Monday, March 20, 2023

Regular Meeting

Item Fin Rep1

Council to receive the 2022 Annual Audit Report from Contryman Associates, P.C.

Staff Contact: Liz Loutzenhiser, Finance Director

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

FINANCIAL STATEMENTS
And
INDEPENDENT AUDITOR'S REPORT

September 30, 2022

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13-14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15-16
Reconciliation of Total Governmental Fund Balance to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18-19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	20
Statement of Net Position - Proprietary Funds	21-22
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	23-24
Statement of Cash Flows - Proprietary Funds	25-26
Notes to the Financial Statements	27-43
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - General Fund	45
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - Streets Fund	46
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - Economic Development Fund	47

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

TABLE OF CONTENTS (CONTINUED)

	<u>Page Number</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - Debt Service Fund	48
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - Special Projects Fund	49
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - Leasing Corporation Fund	50
Notes to the Budget and Budgetary Comparison Schedules	51-52
Other Supplementary Information:	
Combining Balance Sheet - Nonmajor Governmental Funds	54-55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	56-57
Combining Statement of Net Position - Internal Service Funds	58
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	59
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	60-61



**CONTRYMAN
ASSOCIATES, P.C.**

Certified Public Accountants

505 North Diers Ave
P.O. Box 700
Grand Island NE 68802
308-382-5720
Fax: 308-382-5945

5807 Osborne Drive West
P.O. Box 2026
Hastings NE 68902
402-463-6711
Fax: 402-463-6713

315 West 60th, Suite 500
P.O. Box 1746
Kearney NE 68848
308-237-5930
Fax: 308-234-4410

707 East Pacific
P.O. Drawer H
Lexington NE 68850
308-324-2368
Fax: 308-324-2360

1001 West 27th Street
P.O. Box 2246
Scottsbluff NE 69363
308-635-7705
Fax: 308-635-0599

1611 16th Street
P.O. Box 191
Central City NE 68826
308-946-3870
Fax: 308-946-3831

826 G Street
Geneva, NE 68361
402-759-3002
Fax: 402-759-4342

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position, and where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Scottsbluff and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the City adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified in respect to this matter.

www.capc.com

Members: American Institute of Certified Public Accountants - CPAmerica International

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during our audit.

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 45-52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 54-59 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of 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 GAAS. In our opinion, the Other Supplementary Information is 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 March 14, 2023 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 solely 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 the effectiveness of the City of Scottsbluff's 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
March 14, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

September 30, 2022

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, 2022. 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, 2022, by \$97,952,452 (net position). Of this amount, \$29,693,152 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of September 30, 2022, the City's governmental funds reported combined ending fund balances of \$23,239,256. This is an increase of \$716,423 in comparison with the prior year.
- As of September 30, 2022, unassigned fund balance for governmental funds was \$9,068,054, or 95% 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, 2022. 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, 2022

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 two categories: governmental funds and proprietary 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 and central garage 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 and central garage services are shown as a business-type function and have been included within the business-type activities in the government-wide financial statements.

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

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

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

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

September 30, 2022

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 27-43 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 \$97,952,452 at September 30, 2022.

By far the largest portion of the City's net position (58 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, 2022 and 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 21,058,940	\$ 22,759,580	\$ 7,392,946	\$ 7,202,294	\$ 28,451,886	\$ 29,961,874
Capital assets	38,379,114	34,011,179	21,967,746	22,013,349	60,346,860	56,024,528
Other noncurrent assets	15,058,767	12,974,286	7,671,729	6,694,375	22,730,496	19,668,661
Total assets	74,496,821	69,745,045	37,032,421	35,910,018	111,529,242	105,655,063
Current liabilities	2,017,743	1,618,395	974,533	821,930	2,992,276	2,440,325
Long-term liabilities outstanding	2,714,273	3,477,874	370,269	495,748	3,084,542	3,973,622
Total liabilities	4,732,016	5,096,269	1,344,802	1,317,678	6,076,818	6,413,947
Deferred inflow of resources	7,268,524	7,024,554	231,448	-	7,499,972	7,024,554
Net assets						
Net investment in capital assets	35,498,758	30,346,004	21,680,802	21,588,219	57,179,560	51,934,223
Restricted	10,413,449	10,971,763	666,291	642,665	11,079,740	11,614,428
Unrestricted	16,584,074	16,306,455	13,109,078	12,361,456	29,693,152	28,667,911
Total net position	\$ 62,496,281	\$ 57,624,222	\$ 35,456,171	\$ 34,592,340	\$ 97,952,452	\$ 92,216,562

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

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

September 30, 2022

At September 30, 2022, 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, 2022 and 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 545,297	\$ 605,272	\$ 11,850,396	\$ 11,527,567	\$ 12,395,693	\$ 12,132,839
Operating grants and contributions	129,178	99,373	-	4,000	129,178	103,373
Capital grants and contributions	6,796,359	2,715,350	17,827	-	6,814,186	2,715,350
General revenues:						
Property taxes	964,333	1,925,680	-	-	964,333	1,925,680
Sales and use tax	7,194,189	6,928,919	-	-	7,194,189	6,928,919
Other taxes	2,149,029	1,916,917	-	-	2,149,029	1,916,917
Intergovernmental	2,004,005	2,115,449	-	-	2,004,005	2,115,449
Investment income (loss)	(1,193,701)	53,612	(621,515)	(14,718)	(1,815,214)	38,894
Gain (loss) from sale of assets	90,321	57,489	15,000	(12,648)	105,321	44,841
Miscellaneous	1,827,176	2,405,691	146,259	78,689	1,973,435	2,484,382
Total revenues	20,506,186	18,823,752	11,407,967	11,582,890	31,914,155	30,406,644
Expenses:						
General government	5,926,486	5,383,453	-	-	5,926,486	5,383,453
Public safety	5,525,187	5,504,655	-	-	5,525,187	5,504,655
Transportation	3,784,094	3,678,763	-	-	3,784,094	3,678,763
Public health	270,787	244,542	-	-	270,787	244,542
Culture and recreation	2,664,577	2,364,363	-	-	2,664,577	2,364,363
Public works	344,553	290,852	-	-	344,553	290,852
Interest on long-term debt	42,363	57,432	-	-	42,363	57,432
Environmental services	-	-	2,683,626	2,418,774	2,683,626	2,418,774
Wastewater	-	-	2,655,353	2,396,565	2,655,353	2,396,565
Water	-	-	1,990,350	1,726,302	1,990,350	1,726,302
Electric	-	-	30,888	33,858	30,888	33,858
Stormwater	-	-	192,189	159,090	192,189	159,090
Geographic information systems	-	-	78,214	80,199	78,214	80,199
Central garage	-	-	(10,402)	211,846	(10,402)	211,846
Total expenses	18,558,045	17,524,058	7,620,218	7,026,634	26,178,263	24,550,694
Increase (decrease) in net assets before transfers	1,948,141	1,299,694	3,787,749	4,556,256	5,735,892	5,855,950
Transfers in (out)	2,923,918	3,161,103	(2,923,918)	(3,161,103)	-	-
Increase (decrease) in net assets	4,872,059	4,460,797	863,831	1,395,153	5,735,892	5,855,950
Prior period adjustment (Note 13)	-	206,350	-	-	-	206,350
Net position, October 1	57,624,222	52,957,075	34,592,340	33,197,187	92,216,560	86,154,262
Net position, September 30	\$ 62,496,281	\$ 57,624,222	\$ 35,456,171	\$ 34,592,340	\$ 97,952,452	\$ 92,216,562

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

September 30, 2022

GOVERNMENTAL ACTIVITIES

Governmental activities increased the City's net position by a total of \$4,872,059. Key elements in this increase follows:

- Receipt of American Rescue Plan funds in the amount of \$1,288,117
- Receipt of contributed assets from the Nebraska Department of Transportation for the Pedestrian Pathway & Bridge Project in the amount of \$5,214,397.

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the city's net position by \$863,831. Key elements in this increase follows:

- Water, wastewater and sanitation revenues were all over budgeted amounts. Personnel, operating and contractual expenses were below budgeted amounts for all three funds.
- Additional reduced expenses in all business type funds from delayed capital improvements due to pandemic shut down and logistical delays.

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, 2022, the City's governmental funds reported combined ending fund balances of \$23,239,256, an increase of \$716,423 in comparison with the prior year. This increase was largely due to the receipt of American Rescue Plan funds.

The general fund is the chief operating fund of the City. At September 30, 2022, the unassigned fund balance of the general fund was \$9,068,054. 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 95 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$567,862 during fiscal year 2022. This increase was a result of delays in scheduled capital expenditures and increases in sales tax revenues.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

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

September 30, 2022

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 \$2,512,890, \$2,988,312, \$5,108,023, \$1,805,462, and \$634,273 respectively, at September 30, 2022. 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 budget include:

- \$808,198 positive variance in taxes. Sales tax receipts were \$767,460 over budget and hotel occupation tax receipts were \$55,480 over budget.
- \$437,330 positive variance in general fund payroll and benefit expense.
- \$365,548 positive variance in general fund operating expense.
- \$250,000 was budgeted in contingency to cover any unforeseen costs that may arise during the year. No contingency items were incurred.

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, 2022, was \$60,346,860 (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, 2022 and 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 597,165	\$ 597,165	\$ 1,525,791	\$ 1,525,791	\$ 2,122,956	\$ 2,122,956
Inventory	2,629,113	2,629,113	-	-	2,629,113	2,629,113
Construction in progress	101,735	2,605,647	103,448	384,560	205,183	2,990,207
Buildings and improvements	8,123,820	8,381,220	2,331,315	3,615,908	10,455,135	11,997,128
Equipment and vehicles	3,190,677	3,281,029	3,285,185	2,293,032	6,475,862	5,574,061
Infrastructure	23,736,604	16,517,005	11,231,949	10,405,222	34,968,553	26,922,227
Plant in service	-	-	3,490,058	3,788,836	3,490,058	3,788,836
Total	\$ 38,379,114	\$ 34,011,179	\$ 21,967,746	\$ 22,013,349	\$ 60,346,860	\$ 56,024,528

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

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

September 30, 2022

Major capital asset events during 2022 included the following:

- General Fund – Parks Dept- Monument Valley Pathway \$7,009,584 (NDOT contributed capital \$5,214,397)
- General Fund – Parks Dept – 23 Club Ballfield Phase II \$62,611
- General Fund – Library – LED Lighting Project \$44,370
- Streets Fund – Avenue B Mill & Overlay \$2,150,251
- Streets Fund – Bucket Truck \$141,365
- Streets Fund – Wheel Loader \$184,700
- Public Safety Fund – Police Department – 2 Patrol Vehicles \$102,230
- Capital Projects Fund – Parks Department – Mower & Loader \$80,712
- Sanitation & Wastewater Funds – Compost Facility Equipment \$859,994
- Sanitation Fund – 2 Refuse Trucks \$388,273
- Wastewater Fund – blower VFD installation \$188,288
- Water Fund – booster pump replacement \$40,987
- Water Fund – main install \$93,835

Additional information on the City's capital assets can be found in Note 4 of the notes to the financial statements on pages 36-37 of this report.

LONG-TERM DEBT

At September 30, 2022, the City of Scottsbluff had total bonded debt outstanding of \$3,090,000. This entire amount represents bonds secured solely by specified revenue sources (i.e. highway allocation revenue).

Additional information on the City's long-term debt can be found in Note 5 of the notes to the financial statements on pages 37-39 of this report.

City of Scottsbluff
Outstanding Bonded Debt
September 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 2,862,456	\$ 3,640,137	\$ 227,544	\$ 299,863	\$ 3,090,000	\$ 3,940,000
Revenue bonds	-	-	-	-	-	-
Total	\$ 2,862,456	\$ 3,640,137	\$ 227,544	\$ 299,863	\$ 3,090,000	\$ 3,940,000

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 .14%, with an actual increase in valuation from the prior year of approximately \$47.3 million.
- For the 2023 budget, the projection for sales tax was budgeted at a 13% increase to more align with actual receipts in the most recent years and inflationary costs projected.
- Lodging occupation tax receipts budgeted amounts remained flat.
- Franchise fees revenues were increased due to a contract re-negotiation with Black Hills Energy.
- NPPD lease revenues projections were anticipated to be approximately 4% higher than in the prior year due to drought conditions and current weather patterns.

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

September 30, 2022

The utility rates were increased for the 2023 budget year. The water, wastewater and sanitation rates were increased by 3% each and the stormwater flat surcharge amount was increased 12.5% (from \$4.00 to \$4.50). 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.

All of these factors were considered in preparing the City’s budget for the 2023 fiscal year.

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, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,053,109	\$ 1,027,072	\$ 3,080,181
Funds held by county treasurer	133,139	-	133,139
Investments	8,880,400	4,836,135	13,716,536
Net receivables:			
Taxes	1,470,754	-	1,470,754
Accounts and unbilled	-	1,157,453	1,157,453
Lease receivable	-	32,822	32,822
Special assessments	422,672	-	422,672
Notes receivable	7,728,260	-	7,728,260
Accrued interest	44,904	13,979	58,883
Governmental unit	245,674	-	245,674
Other receivables	80,028	-	80,028
Inventory	-	325,485	325,485
Total current assets	<u>21,058,940</u>	<u>7,392,946</u>	<u>28,451,887</u>
Noncurrent assets:			
Restricted cash for landfill	-	666,291	666,291
Restricted cash ARPA	2,576,234	-	2,576,234
Investments	12,482,533	6,797,804	19,280,336
Lease receivable	-	207,634	207,634
Capital assets - non-depreciable	3,328,014	1,629,240	4,957,254
Net capital assets - depreciable	35,051,100	20,338,506	55,389,606
Total noncurrent assets	<u>53,437,881</u>	<u>29,639,475</u>	<u>83,077,355</u>
Total assets	<u>\$ 74,496,821</u>	<u>\$ 37,032,421</u>	<u>\$ 111,529,242</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,064,149	\$ 356,996	\$ 1,421,145
Accrued interest payable	17,900	2,740	20,640
Other accrued expenses	144,777	177,898	322,675
Bonds and notes payable	790,917	130,743	921,660
Unearned billings	-	306,156	306,156
Total current liabilities	<u>2,017,743</u>	<u>974,533</u>	<u>2,992,276</u>
Noncurrent liabilities:			
Bonds and notes payable	2,071,539	153,461	2,225,000
Accrued compensated absences	642,733	216,808	859,541
Total noncurrent liabilities	<u>2,714,273</u>	<u>370,269</u>	<u>3,084,542</u>
Total liabilities	<u>4,732,016</u>	<u>1,344,802</u>	<u>6,076,817</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue - leases	-	231,448	231,448
Unavailable revenue - insurance proceeds	23,288	-	23,288
Unavailable revenue - notes receivable	7,245,236	-	7,245,236
Total deferred inflow of resources	<u>7,268,524</u>	<u>231,448</u>	<u>7,499,972</u>
NET POSITION			
Net investment in capital assets	35,498,758	21,680,802	57,179,560
Restricted for:			
Debt service	4,707,625	-	4,707,625
Community improvements	223,892	-	223,892
Economic development	1,817,920	-	1,817,920
Public safety	530,104	-	530,104
Road maintenance and improvements	557,674	-	557,674
American Rescue Plan	2,576,234	-	2,576,234
New landfill	-	666,291	666,291
Unrestricted	<u>16,584,075</u>	<u>13,109,078</u>	<u>29,693,152</u>
Total net position	<u>62,496,281</u>	<u>35,456,171</u>	<u>97,952,452</u>
Total liabilities and net position	<u>\$ 74,496,821</u>	<u>\$ 37,032,421</u>	<u>\$ 111,529,242</u>

See accompanying notes to the basic financial statements.

**STATEMENT OF ACTIVITIES
CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF ACTIVITIES
FOR YEAR ENDED SEPTEMBER 30, 2022**

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 5,926,486	\$ 15,117	\$ 14,000	\$ 1,288,117
Public safety	5,525,187	250,839	97,601	-
Streets	3,784,094	42,535	-	285,467
Public health and social services	270,787	81,850	-	-
Culture and recreation:				
Library	684,182	2,182	10,077	-
Parks and recreation	1,680,395	152,774	7,500	5,222,775
Zoo	300,000	-	-	-
Public works	344,553	-	-	-
Interest on long term debt	42,363	-	-	-
Total governmental activities	18,558,047	545,297	129,178	6,796,359
Business type activities:				
Environmental services	2,683,626	3,261,940	-	17,824
Wastewater	2,655,353	2,827,417	-	-
Water	1,990,350	2,391,595	-	-
Electric	30,888	3,233,578	-	-
Stormwater	192,189	135,866	-	-
Geographic information systems	78,214	-	-	-
Central Garage	(10,402)	-	-	-
Total business type activities	7,620,218	11,850,396	-	17,824
Total primary government	\$ 26,178,265	\$ 12,395,693	\$ 129,178	\$ 6,814,183

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
Gain (loss) from sale of assets
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
\$ (4,609,252)	\$ -	\$ (4,609,252)
(5,176,747)	-	(5,176,747)
(3,456,092)	-	(3,456,092)
(188,937)	-	(188,937)
(671,923)	-	(671,923)
3,702,654	-	3,702,654
(300,000)	-	(300,000)
(344,553)	-	(344,553)
(42,363)	-	(42,363)
<u>(11,087,214)</u>	<u>-</u>	<u>(11,087,214)</u>
-	596,138	596,138
-	172,064	172,064
-	401,245	401,245
-	3,202,690	3,202,690
-	(56,323)	(56,323)
-	(78,214)	(78,214)
-	10,402	10,402
-	<u>4,248,002</u>	<u>4,248,002</u>
<u>(11,087,214)</u>	<u>4,248,002</u>	<u>(6,839,212)</u>
260,077	-	260,077
334,629	-	334,629
254,645	-	254,645
(26,499)	-	(26,499)
98,795	-	98,795
42,686	-	42,686
7,194,189	-	7,194,189
2,149,029	-	2,149,029
2,004,005	-	2,004,005
(1,193,701)	(621,515)	(1,815,216)
90,321	15,000	105,321
1,827,179	146,262	1,973,441
2,923,918	(2,923,918)	-
<u>15,959,272</u>	<u>(3,384,171)</u>	<u>12,575,101</u>
4,872,059	863,831	5,735,890
57,624,222	34,592,340	92,216,562
<u>\$ 62,496,281</u>	<u>\$ 35,456,171</u>	<u>\$ 97,952,452</u>

CITY OF SCOTTSBLUFF, NEBRASKA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	Streets Fund	Economic Development Fund	Debt Service Fund
ASSETS				
Cash and cash equivalents	\$ 673,268	\$ 175,475	\$ 151,017	\$ 373,746
Funds held by county treasurer	7,295	19,866	-	47,901
Investments	7,626,305	1,987,652	1,710,613	4,233,522
Net receivables:				
Taxes	980,513	142,470	208,859	41,330
Special assessments	-	-	-	422,672
Notes receivable	-	-	7,728,260	-
Accrued interest	8,500	2,226	1,915	22,956
Governmental unit	14,808	195,828	-	-
Other receivables	230,972	7,536	26,755	-
Restricted assets				
Cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 9,541,661</u>	<u>\$ 2,531,053</u>	<u>\$ 9,827,419</u>	<u>\$ 5,142,127</u>
LIABILITIES				
Accounts payable	\$ 143,525	\$ 50,565	\$ 503,021	\$ -
Accrued salaries	95,225	14,482	2,614	-
Other accrued expenses	24,552	2,959	830	-
Total liabilities	<u>263,302</u>	<u>68,006</u>	<u>506,465</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - property taxes	17,702	55,686	-	32,955
Unavailable revenue - ALLO settlement	190,854	-	-	-
Unavailable revenue - insurance proceeds	-	-	-	-
Unavailable revenue - special assessments	-	-	-	401,547
Unavailable revenue - notes receivable	-	-	7,728,260	-
Total deferred inflow of resources	<u>208,556</u>	<u>55,686</u>	<u>7,728,260</u>	<u>434,502</u>
FUND BALANCES				
Restricted for:				
Debt service	-	-	-	4,707,625
Community improvements	1,768	-	-	-
Economic development	-	-	1,592,694	-
Public Safety	-	-	-	-
Road maintenance and improvements	-	557,674	-	-
American Rescue Plan	-	-	-	-
Committed for:				
Community improvements	-	-	-	-
Public Safety	-	-	-	-
Road maintenance and improvements	-	1,849,685	-	-
Cemetery operations and improvements	-	-	-	-
Unrestricted	9,068,054	-	-	-
Total fund balances	<u>9,069,822</u>	<u>2,407,359</u>	<u>1,592,694</u>	<u>4,707,625</u>
Total liabilities and fund balances	<u>\$ 9,541,661</u>	<u>\$ 2,531,052</u>	<u>\$ 9,827,419</u>	<u>\$ 5,142,127</u>

See accompanying notes to the basic financial statements.

Special Projects Fund	Leasing Corporation Fund	Other Governmental Funds	Total Governmental Funds
\$ 167,139	\$ 542	\$ 243,543	\$ 1,784,729
-	-	58,077	133,139
-	6,144	2,758,675	18,322,912
-	-	97,582	1,470,754
-	-	-	422,672
-	-	-	7,728,260
2,808	6	3,088	41,500
11,455	-	23,583	245,674
-	-	5,619	270,882
<u>2,576,234</u>	<u>-</u>	<u>-</u>	<u>2,576,234</u>
<u>\$ 2,757,636</u>	<u>\$ 6,692</u>	<u>\$ 3,190,167</u>	<u>\$ 32,996,756</u>
\$ 56,390	\$ -	\$ 310,664	\$ 1,064,168
-	-	3,402	115,723
-	-	713	29,054
<u>56,390</u>	<u>-</u>	<u>314,779</u>	<u>1,208,945</u>
-	-	98,282	204,625
-	-	-	190,854
23,285	-	-	23,288
-	-	-	401,547
-	-	-	7,728,260
<u>23,285</u>	<u>-</u>	<u>98,282</u>	<u>8,548,574</u>
-	-	-	4,707,625
-	-	222,124	223,892
-	-	225,226	1,817,920
-	-	530,104	530,104
-	-	-	557,674
2,576,234	-	-	2,576,234
101,723	6,692	613,614	722,029
-	-	450,421	450,421
-	-	-	1,849,685
-	-	735,618	735,618
-	-	-	9,068,054
<u>2,677,957</u>	<u>6,692</u>	<u>2,777,107</u>	<u>23,239,256</u>
<u>\$ 2,757,634</u>	<u>\$ 6,692</u>	<u>\$ 3,190,167</u>	<u>\$ 32,996,756</u>

**CITY OF SCOTTSBLUFF, NEBRASKA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Total Governmental Fund Balances		\$	23,239,256
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.			38,379,114
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.			3,311,806
Deferred inflow of resources in governmental fund financials for property taxes, special assessments, settlements and notes receivable is shown as revenue for government wide financials.			1,089,193
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	\$	17,900	
Bonds payable		790,917	
Due in more than one year:			
Bonds payable		2,071,539	
Compensated absences		642,733	
			<u>(3,523,089)</u>
Net position of governmental activities		\$	<u><u>62,496,281</u></u>

See accompanying notes to the basic financial statements.

**CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	General Fund	Streets Fund	Economic Development Fund	Debt Service Fund
Revenues:				
Taxes and special assessments	\$ 6,487,461	\$ 1,247,421	\$ 1,198,587	\$ 1,209,458
Licenses and permits	92,840	-	-	-
Intergovernmental	207,842	2,130,475	-	-
Charges for services	420,912	42,535	-	-
Investment income (loss)	(406,568)	(109,992)	(92,408)	(191,024)
Other revenue	144,352	10,723	524,880	-
Total revenues	<u>6,946,839</u>	<u>3,321,162</u>	<u>1,631,059</u>	<u>1,018,434</u>
Expenditures:				
Current operations:				
General government	807,061	-	2,192,777	3,000
Public safety	5,758,079	-	-	-
Streets	-	1,877,463	-	-
Public health and social services	-	-	-	-
Culture and recreation:				
Library	718,710	-	-	-
Parks and recreation	1,441,918	-	-	-
Zoo	300,000	-	-	-
Public works	347,109	-	-	-
Capital outlay	202,838	1,835,651	-	-
Debt service:				
Principal	-	777,681	-	-
Interest	-	49,501	-	-
Total expenditures	<u>9,575,715</u>	<u>4,540,296</u>	<u>2,192,777</u>	<u>3,000</u>
Excess revenues over (under) expenditures	<u>(2,628,876)</u>	<u>(1,219,134)</u>	<u>(561,718)</u>	<u>1,015,434</u>
Other financing sources (uses):				
Insurance proceeds	-	-	-	-
Proceeds from sale of assets	24,358	-	-	-
Operating transfers in	3,172,380	-	-	-
Operating transfers out	-	(250,759)	-	-
Total other financing sources (uses)	<u>3,196,738</u>	<u>(250,759)</u>	<u>-</u>	<u>-</u>
Excess revenues and other financing sources over (under) expenditures and other financing uses	567,862	(1,469,893)	(561,718)	1,015,434
Fund balances, October 1	<u>8,501,960</u>	<u>3,877,252</u>	<u>2,154,412</u>	<u>3,692,191</u>
Fund balances, September 30	<u>\$ 9,069,822</u>	<u>\$ 2,407,359</u>	<u>\$ 1,592,694</u>	<u>\$ 4,707,625</u>

See accompanying notes to the basic financial statements.

Special Projects Fund	Leasing Corporation Fund	Other Governmental Funds	Total Governmental Funds
\$ 109,106	\$ -	\$ 1,070,305	\$ 11,322,338
-	-	5,800	98,640
1,343,520		24,931	3,706,768
-	-	81,850	545,297
(138,087)	(328)	(148,592)	(1,086,997)
9,605	-	449,615	1,139,175
<u>1,324,144</u>	<u>(328)</u>	<u>1,483,909</u>	<u>15,725,221</u>
560,628	11	865,713	4,429,190
56,817	-	115,486	5,930,382
-	-	-	1,877,463
-	-	281,607	281,607
-	-	-	718,710
-	-	-	1,441,918
-	-	-	300,000
-	-	32,218	379,327
-	-	148,459	2,186,948
-	-	-	777,681
-	-	-	49,501
<u>617,445</u>	<u>11</u>	<u>1,443,483</u>	<u>18,372,727</u>
<u>706,699</u>	<u>(339)</u>	<u>40,426</u>	<u>(2,647,506)</u>
417,952	-	-	417,950
-	-	-	24,358
-	-	-	3,172,380
-	-	-	(250,759)
<u>417,952</u>	<u>-</u>	<u>-</u>	<u>3,363,929</u>
1,124,651	(339)	40,426	716,423
<u>1,553,306</u>	<u>7,031</u>	<u>2,736,681</u>	<u>22,522,833</u>
<u>\$ 2,677,957</u>	<u>\$ 6,692</u>	<u>\$ 2,777,107</u>	<u>\$ 23,239,256</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, 2022**

Net Change in Fund Balances - Total Governmental Funds	\$ 716,423
<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 depreciation expense exceeds capital outlay in the current period.	(922,647)
Contribution of capitalized assets that do not provide current financial resources are not reported as revenues at the fund level.	5,222,775
Proceeds reported from the sale of assets are reported as revenue at the fund level. However, only the difference between proceeds and the carrying value of the assets are reported as gain or loss in the Statement of Activities.	67,810
Payments on debt are expenditures in the funds, but a debt payment decreases long-term liabilities in the Statement of Net Position.	777,681
Deferred inflow of resources in governmental fund financials for property taxes, special assessments and notes receivable is shown as revenue for government wide financials.	(921,250)
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	(27,315)
Accrued interest	7,138
Internal service funds are used by management to charge the costs of certain services to individual funds.	<u>(48,554)</u>
Change in net position of governmental activities	\$ <u><u>4,872,059</u></u>

See accompanying notes to the basic financial statements.

CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Business-type Activities			
	Environmental Services	Wastewater	Water	Electric
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 241,254	\$ 229,335	\$ 382,092	\$ 116,659
Investments	1,135,984	1,079,865	1,799,142	549,307
Net receivables:				
Accounts and unbilled	79,180	332,060	375,872	365,897
Lease receivable	-	-	32,822	-
Accrued interest	3,051	2,717	5,994	1,479
Inventory	-	-	325,484	-
Total current assets	<u>1,459,469</u>	<u>1,643,977</u>	<u>2,921,405</u>	<u>1,033,342</u>
Noncurrent assets:				
Investments	1,596,769	1,517,888	2,528,923	772,120
Restricted cash for landfill	666,291	-	-	-
Lease receivable	-	-	207,634	-
Capital assets - non-depreciable	34,008	245,264	620,101	300,000
Net capital assets - depreciable	<u>2,042,831</u>	<u>9,987,270</u>	<u>7,001,137</u>	<u>171,317</u>
Total noncurrent assets	<u>4,339,899</u>	<u>11,750,422</u>	<u>10,357,795</u>	<u>1,243,437</u>
Total assets	<u>\$ 5,799,368</u>	<u>\$ 13,394,399</u>	<u>\$ 13,279,200</u>	<u>\$ 2,276,779</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 143,941	\$ 50,201	\$ 144,147	\$ -
Accrued interest payable	-	536	-	-
Accrued salaries	16,243	20,631	11,968	-
Other accrued expenses	3,290	19,488	104,499	-
Current portion long-term debt	-	56,660	-	-
Unearned billings	<u>306,156</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>469,630</u>	<u>147,516</u>	<u>260,614</u>	<u>-</u>
Noncurrent liabilities:				
Long-term debt	-	-	-	-
Compensated absences	73,718	83,233	57,877	-
Deferred revenue - lease	-	-	231,448	-
Total noncurrent liabilities	<u>73,718</u>	<u>83,233</u>	<u>289,325</u>	<u>-</u>
Total liabilities	<u>543,348</u>	<u>230,749</u>	<u>549,939</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	2,076,839	10,175,338	7,621,238	471,317
Restricted for new landfill	666,291	-	-	-
Unrestricted	<u>2,512,890</u>	<u>2,988,312</u>	<u>5,108,023</u>	<u>1,805,462</u>
Total net position	<u>5,256,020</u>	<u>13,163,650</u>	<u>12,729,261</u>	<u>2,276,779</u>
Total liabilities and net position	<u>\$ 5,799,368</u>	<u>\$ 13,394,399</u>	<u>\$ 13,279,200</u>	<u>\$ 2,276,779</u>

See accompanying notes to the basic financial statements.

Business-type Activities			Governmental Activities
Stormwater	Internal Service	Totals	Internal Service
\$ 52,526	\$ 5,206	\$ 1,027,072	\$ 268,380
247,326	24,512	4,836,135	1,263,712
4,444	-	1,157,453	-
-	-	32,822	-
674	64	13,979	3,405
-	-	325,485	-
<u>304,970</u>	<u>29,782</u>	<u>7,392,946</u>	<u>1,535,497</u>
347,649	34,455	6,797,804	1,776,309
-	-	666,291	-
-	-	207,634	-
429,867	-	1,629,240	-
1,132,128	3,823	20,338,506	-
<u>1,909,644</u>	<u>38,278</u>	<u>29,639,475</u>	<u>1,776,309</u>
<u>\$ 2,214,614</u>	<u>\$ 68,060</u>	<u>\$ 37,032,421</u>	<u>\$ 3,311,806</u>
\$ 17,540	\$ 1,167	\$ 356,996	\$ -
2,204	-	2,740	-
-	813	49,655	-
806	160	128,243	-
74,083	-	130,743	-
-	-	306,156	-
<u>94,633</u>	<u>2,140</u>	<u>974,533</u>	<u>-</u>
153,461	-	153,461	-
-	1,980	216,808	-
-	-	231,448	-
<u>153,461</u>	<u>1,980</u>	<u>601,717</u>	<u>-</u>
248,094	4,120	1,576,250	-
1,332,247	3,823	21,680,802	-
-	-	666,291	-
634,273	60,118	13,109,078	3,311,806
<u>1,966,520</u>	<u>63,940</u>	<u>35,456,171</u>	<u>3,311,806</u>
<u>\$ 2,214,614</u>	<u>\$ 68,060</u>	<u>\$ 37,032,421</u>	<u>\$ 3,311,806</u>

CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities			
	Environmental Services	Wastewater	Water	Electric
Operating revenues:				
Charges for services	\$ 3,261,940	\$ 2,827,417	\$ 2,391,595	\$ 3,233,578
Other revenues	17,992	8,865	80,310	-
Total operating revenues	3,279,932	2,836,282	2,471,905	3,233,578
Operating expenses:				
Personnel services	1,268,455	1,141,453	883,934	-
Operating supplies	276,192	100,478	223,895	-
Contractual	633,693	105,383	305,538	-
Maintenance	116,056	127,405	18,142	-
Utilities	16,604	164,501	138,564	-
Insurance	81,401	103,972	54,606	-
Other operating expenses	13,126	20,986	13,336	-
Depreciation and amortization	278,099	888,637	352,335	30,888
Total operating expenses	2,683,626	2,652,815	1,990,350	30,888
Operating income (loss)	596,306	183,467	481,555	3,202,690
Non-operating revenues (expenses):				
Investment income	(144,390)	(128,517)	(242,498)	(70,412)
Interest expense	-	(2,538)	-	-
Net non-operating revenues (expenses)	(144,390)	(131,055)	(242,498)	(70,412)
Income (loss) before contributions & transfers	451,916	52,412	239,057	3,132,278
Other financing sources (uses):				
Gain (loss) from sale of assets	15,000	-	-	-
Operating transfers in	-	-	-	-
Operating transfers (out)	(238,259)	(68,750)	(18,750)	(3,172,380)
Total other financing sources (uses)	(223,259)	(68,750)	(18,750)	(3,172,380)
Change in net position	228,657	(16,338)	220,307	(40,102)
Net position, October 1	5,027,363	13,179,988	12,508,954	2,316,881
Net position, September 30	\$ 5,256,020	\$ 13,163,650	\$ 12,729,261	\$ 2,276,779

See accompanying notes to the basic financial statements.

Business-type Activities			Governmental Activities
Stormwater	Internal Service	Totals	Internal Service
\$ 135,866	\$ -	\$ 11,850,396	\$ -
56,920	-	164,087	2,442,143
192,786	-	12,014,483	2,442,143
-	46,086	3,339,928	-
3,823	1,455	605,843	-
76,767	3,331	1,124,712	-
31,700	15,000	308,303	-
437	550	320,656	-
402	-	240,381	-
2,070	-	49,518	2,329,585
71,860	1,390	1,623,209	-
187,059	67,812	7,612,550	2,329,585
5,727	(67,812)	4,401,933	112,558
(32,525)	(3,175)	(621,516)	(161,112)
(5,130)	-	(7,668)	-
(37,655)	(3,175)	(629,184)	(161,112)
(31,928)	(70,987)	3,772,749	(48,554)
-	-	15,000	-
50,000	526,519	576,519	-
-	(2,298)	(3,500,437)	-
50,000	524,221	(2,908,918)	-
18,072	453,234	863,831	(48,554)
1,948,448	(389,294)	34,592,340	3,360,360
\$ 1,966,520	\$ 63,940	\$ 35,456,171	\$ 3,311,806

CITY OF SCOTTSBLUFF, NEBRASKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities			
	Environmental Services	Wastewater	Water	Electric
Cash flows from operating activities:				
Cash received from customers	\$ 3,292,630	\$ 2,826,790	\$ 2,432,753	\$ 3,172,380
Cash paid to suppliers	(1,054,639)	(600,040)	(679,677)	-
Cash paid to employees	(885,554)	(812,473)	(632,395)	-
Other expenses	(382,901)	(328,980)	(251,539)	-
Net cash provided by operating activities	<u>969,536</u>	<u>1,085,297</u>	<u>869,142</u>	<u>3,172,380</u>
Cash flows from non-capital financing activities:				
Transfers from (to) other funds	<u>(238,259)</u>	<u>(68,750)</u>	<u>(18,750)</u>	<u>(3,172,380)</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(842,764)	(762,674)	74,012	-
Principal paid on capital debt	-	(64,001)	-	-
Interest paid on capital debt	<u>-</u>	<u>(3,143)</u>	<u>-</u>	<u>-</u>
Net cash (used) by capital and related financing activities	<u>(842,764)</u>	<u>(829,818)</u>	<u>74,012</u>	<u>-</u>
Cash flows from investing activities:				
Investment in landfill	(23,627)	-	-	-
Change in allocation of pooled investments	255,589	(54,331)	(627,091)	64,186
Interest and dividends	<u>(145,043)</u>	<u>(129,309)</u>	<u>(244,434)</u>	<u>(70,781)</u>
Net cash provided by investing activities	<u>86,919</u>	<u>(183,640)</u>	<u>(871,525)</u>	<u>(6,595)</u>
Net increase in cash and cash equivalents	(24,568)	3,089	52,879	(6,595)
Cash and cash equivalents, October 1	<u>265,822</u>	<u>226,246</u>	<u>329,213</u>	<u>123,254</u>
Cash and cash equivalents, September 30	<u>\$ 241,254</u>	<u>\$ 229,335</u>	<u>\$ 382,092</u>	<u>\$ 116,659</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 596,306	\$ 183,467	\$ 481,555	\$ 3,202,690
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization expense	278,099	888,637	352,335	30,888
Changes in assets and liabilities:				
Receivables - net of allowances	324	(9,492)	(29,189)	(61,198)
Lease receivables	-	-	(241,411)	-
Inventory	-	-	15,113	-
Accounts and other payables	84,722	4,659	68,391	-
Accrued expenses	10,085	18,026	(9,100)	-
Deferred revenue - leases	-	-	231,448	-
Net cash provided by operating activities	<u>\$ 969,536</u>	<u>\$ 1,085,297</u>	<u>\$ 869,142</u>	<u>\$ 3,172,380</u>
Non-cash activities:				
Exchange on purchase of capital asset	(15,000)	-	-	-
Contributed capital assets to government funds	-	-	-	-

See accompanying notes to the basic financial statements.

Business-type Activities			Governmental Activities
Stormwater	Internal Service	Totals	Internal Service
\$ 135,489	\$ -	\$ 11,860,042	\$ 2,442,143
(59,918)	(30,273)	(2,424,547)	(2,329,585)
-	(28,723)	(2,359,145)	-
-	(17,363)	(980,783)	-
<u>75,571</u>	<u>(76,359)</u>	<u>6,095,567</u>	<u>112,558</u>
 50,000	 526,519	 (2,921,620)	 -
 (33,476)	 -	 (1,564,902)	 -
(72,319)	-	(136,320)	-
<u>(6,392)</u>	<u>-</u>	<u>(9,535)</u>	<u>-</u>
 (112,187)	 -	 (1,710,757)	 -
 -	 -	 (23,627)	 -
17,385	(410,512)	(754,774)	43,574
<u>(32,715)</u>	<u>(3,169)</u>	<u>(625,453)</u>	<u>(162,048)</u>
<u>(15,330)</u>	<u>(413,681)</u>	<u>(1,403,854)</u>	<u>(118,474)</u>
 (1,946)	 36,477	 59,336	 (5,916)
54,472	(31,271)	967,736	274,296
<u>\$ 52,526</u>	<u>\$ 5,206</u>	<u>\$ 1,027,072</u>	<u>\$ 268,380</u>
 \$ 5,727	 \$ (67,812)	 \$ 4,401,933	 \$ 112,558
 71,860	 1,390	 1,623,209	 -
 (479)	 -	 (100,034)	 -
-	-	(241,411)	-
-	-	15,113	-
(1,639)	883	157,016	-
102	(10,820)	8,293	-
-	-	231,448	-
<u>\$ 75,571</u>	<u>\$ (76,359)</u>	<u>\$ 6,095,567</u>	<u>\$ 112,558</u>
 -	 -	 (15,000)	 -
-	2,298	2,298	-

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022

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. The funding source for the Authority is Tax Increment Financing tax revenue that is remitted to the City and passed on to TIF developers and bondholders.

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. The funding source for the Authority is Tax Increment Financing tax revenue that is remitted to the City and passed on to TIF developers and bondholders.

The City has determined the Community Development Agency and Community Redevelopment Authority to be blended component units. The City Council appoints the majority of the governing board of these organizations and these organizations almost exclusively exist to benefit the City. Blended component units, although legally separate entities, are, in substance, part of the government's operations and thus are presented as such and included in governmental funds of the City.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022

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 about the reporting government as a whole. 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 and proprietary funds. 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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

The City reports the following special revenue funds:

Streets 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 fund to other departments or funds of the City, or to other governmental units on a cost-reimbursement basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Equity -

Cash and Investments - The City maintains a cash and investments pool for all funds. 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 cash and cash equivalents and investments through the statements. 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. Nonnegotiable certificates of deposit are carried at cost, which approximates fair value. All other investments are recorded at fair value based on quoted

Investment income includes dividend and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is allocated to each fund based on its proportionate share in the pool.

Receivables - Consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include special assessments and property taxes. Business-type activities reporting utility billings as their major receivables.

Lease Receivables - In accordance with GASB 87, *Leases*, the City records lease receivables and deferred inflows of resources based on the present value of remaining lease payments expected to be received during the lease term plus any payments received at or before the commencement of the lease term that relate to future periods. The expected receipts are discounted using the interest rate charged on the lease, if known, or the City's incremental borrowing rate. Variable receipts are excluded from the valuations unless they are fixed in substance. Future recognition of the deferred inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Unbilled Water and Sewer Revenue - Billings for water and sewer revenues are rendered on a semi-monthly basis. Unbilled water and sewer revenues, representing estimated consumer usage for the period between the last billing and the end of the year, have been recorded and are included in accounts receivable.

Inventories - Inventories are valued at the lower of cost or market, using the first-in, first-out method. Inventories consist of expendable supplies and repair parts and are recorded on the government-wide financial statements and the proprietary fund statements. In the governmental funds, inventory is recorded as an expenditure when purchased.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 position.

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 Position 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.

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 several items that qualify for reporting in this category and are reported in the governmental fund balance sheet. The unavailable revenues are from property taxes, special assessments, insurance proceeds, notes receivable and lessor leases 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Assigned fund balance – amounts 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 position 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) laws through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Implementation of Recent Accounting Pronouncements

GASB Statement No. 87, Leases, was implemented by the City for the year ended September 30, 2022. GASB 87 establishes a single model for lease accounting based on the foundational principal that leases are financings of the right to use an underlying assets. Under the new guidance, lessees are required to recognize lease liabilities and intangible right-to-use assets and lessors are required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. For all leases with terms longer than 12 months, leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the Statements of Activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Implementation of Recent Accounting Pronouncements (Continued)

For governmental activity, the City now recognizes lessor transactions with receipts during the life of a lease exceeding 3.0% of fund revenues as a lease receivable and a deferred inflow of resources. For business-type and government-wide activity, lessor and lessee transactions with receipts or payment, as applicable, during the life of a lease exceeding \$50,000 when grouped together in like categories of right to use type assets will be recorded in accordance with GASB 87 as described previously in Note 1. For the transaction, leases should be converted ("recognized and measured") using the facts and circumstances that exist at the beginning of the period of implementation, or the beginning of the earliest period restated. The implementation of GASB 87 resulted in no changes to beginning net position or fund balance.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Cash is stated and at cost, which approximates fair value. The City's cash deposits, including certificates of deposits, are with institutions insured by the Federal Deposit Insurance Corporation (FDIC) and other collateral. At September 30, 2022, the City's deposits and investments were fully insured by FDIC insurance or collateralized by pledged securities.

The City's cash and cash equivalents include units of participation in the short-term investment pool of the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a special purpose government established under Nebraska statute. The investment pool or trust is not registered and is not rated for credit risk. The City limits its interest rate risk by investing only in the short-term pool, which consists primarily of government agency or government securitized investments with maturities of less than one year.

Cash and Equity in Pooled Cash Management Account - At September 30, 2022, the City's cash and pooled investments, recorded at fair market value consisted of the following:

Cash and cash equivalents:	
Bank accounts	\$ 3,028,548
Cash on hand	1,614
NPAIT	<u>105,424</u>
Total cash and cash equivalents	3,135,586

Cash held with Scotts Bluff County Treasurer	133,139
--	---------

Restricted cash consists of deposits in bank account for the landfill in the name of City of Gering pursuant to an agreement with the City of Gering in the amount of \$661,291.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The City has invested funds in the Invesco Government Money Market Fund and the Royal Bank of Canada Government Money Market Fund. These funds invest exclusively in high-quality, short-term, U.S. dollar-denominated money market instruments that consist of U.S. Government securities collateralized by U.S. Government obligations.

Investments:

Money market funds	\$	10,831,747
Nonnegotiable certificates of deposit		1,432,317
Government agencies securities		6,986,645
Negotiable certificates of deposit		<u>16,266,992</u>
Total investments		35,517,701

Custodial Credit Risk – custodial credit risk is the risk that, in the event of the failure a bank or other counterparty, the City would not be able to recover the value of its investments or collateral securities in the possession of a third party. As noted above, State Statutes 15-847 R.R.S, 1943 covers this risk.

Credit Risk – credit risk is the risk that a bank or other counterparty defaults on its principal and/or interest payments owed to the City.

Interest Rate Risk – interest rate risk is the risk that the value of deposits and investments will decrease as a result of a rise in interest rates.

Investments Managed by Trustee - The City's Pension Trust Funds are administered by trustees. At September 30, 2022 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>3,204,886</u>	\$ <u>4,492,575</u>	\$ <u>6,670,746</u>	\$ <u>14,368,207</u>

Fair Value Measurement - The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure fair value of the assets.

Assets and liabilities are classified into one of the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. All of the City's certificate of deposits and investments, as shown above as of September 30, 2022 are categorized as level 2 investments and generally include United States Treasury securities, United States agencies, obligations, and negotiable certificates of deposits. Investments in negotiable certificates of deposits are carried at fair value, which is based on quoted market prices.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurement (Continued) -

The City's deposits in the Nebraska Public Agency Investment Trust is measured at the net asset value per share provided by the pool which approximates fair value.

NOTE 3 - RECEIVABLES

Receivables at September 30, 2022, consist of the following:

<u>Fund</u>	<u>Taxes</u>	<u>Accounts and Other</u>	<u>Accrued Interest</u>	<u>Special Assessments</u>
General	\$ 981,506	\$ 245,780	\$ 8,481	\$ -
Special Revenue	398,208	270,776	9,799	-
Debt Service	43,505	-	22,956	444,922
Capital Projects	58,962	-	199	-
Enterprise	-	1,205,312	13,979	-
Internal Service	-	-	3,469	-
Gross Receivables	\$ 1,482,181	\$ 1,721,868	\$ 58,883	\$ 444,922
Allowance for Uncollectibles	<u>(11,427)</u>	<u>(47,860)</u>	<u>-</u>	<u>(22,250)</u>
Net Receivables	<u>\$ 1,470,754</u>	<u>\$ 1,674,009</u>	<u>\$ 58,883</u>	<u>\$ 422,672</u>

LB 840 Economic Development Program notes receivable at September 30, 2022, consist of the following:

	<u>Beginning Balance</u>	<u>Additions (Awards)</u>	<u>Credits & Refinancing</u>	<u>Principal Payments</u>	<u>Ending Balance</u>
Notes Receivable:					
Eligible for job credits	\$ 4,241,176	\$ 300,000	\$ 476,547	\$ 352,735	\$ 3,711,894
Not eligible for job credits	205,852	300,000	-	111,556	394,296
Grants:					
Eligible for job credits	\$ <u>2,525,790</u>	<u>1,320,000</u>	<u>217,720</u>	<u>6,000</u>	<u>3,622,070</u>
Total LB 840 Receivables	<u>\$ 6,972,818</u>	<u>\$ 1,920,000</u>	<u>\$ 694,267</u>	<u>\$ 470,291</u>	<u>\$ 7,728,260</u>

Special assessment receivables - The City holds special assessment receivables in the amount of \$444,922. The special assessment debt is payable entirely by special assessment collections from the assessed property owners. In the case where the assessed property owners default on those payments, the City would be ultimately liable for that debt.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, 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	\$ 597,165	\$ -	\$ -	\$ 597,165
Inventory	2,629,113	-	-	2,629,113
Construction in progress	2,605,647	6,758,155	9,262,066	101,736
Total capital assets, not being depreciated	<u>5,831,925</u>	<u>6,758,155</u>	<u>9,262,066</u>	<u>3,328,014</u>
Capital assets, being depreciated:				
Buildings and improvements	13,675,619	155,593	1,000	13,830,212
Equipment and vehicles	9,238,827	680,922	303,654	9,616,095
Infrastructure	40,218,474	9,159,835	68,147	49,310,162
Total capital assets, being depreciated	<u>63,132,920</u>	<u>9,996,350</u>	<u>372,801</u>	<u>72,756,469</u>
Less accumulated depreciation for:				
Buildings and improvements	5,294,399	412,993	1,000	5,706,392
Equipment and vehicles	5,957,798	756,367	288,744	6,425,421
Infrastructure	23,701,469	1,940,233	68,146	25,573,556
Total accumulated depreciation	<u>34,953,666</u>	<u>3,109,593</u>	<u>357,890</u>	<u>37,705,369</u>
Net capital assets being depreciated	<u>28,179,254</u>	<u>6,886,757</u>	<u>14,911</u>	<u>35,051,100</u>
Net governmental activities capital assets	<u>\$ 34,011,179</u>	<u>\$ 13,644,912</u>	<u>\$ 9,276,977</u>	<u>\$ 38,379,114</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,525,791	\$ -	\$ -	\$ 1,525,791
Construction in progress	384,560	93,731	374,842	103,449
Total capital assets, not being depreciated	<u>1,910,351</u>	<u>93,731</u>	<u>374,842</u>	<u>1,629,240</u>
Capital assets, being depreciated:				
Buildings and improvements*	8,270,622	-	1,177,097	7,093,525
Equipment and vehicles	7,068,963	1,631,020	241,919	8,458,064
Plant in service*	21,602,953	77,743	4,498	21,676,198
Infrastructure*	15,721,641	1,407,091	91,667	17,037,065
Total capital assets, being depreciated	<u>52,664,179</u>	<u>3,115,854</u>	<u>1,515,181</u>	<u>54,264,852</u>
Less accumulated depreciation for:				
Buildings and improvements	4,654,714	107,497	-	4,762,210
Equipment and vehicles	4,775,932	636,570	239,622	5,172,880
Plant in service	17,814,117	376,521	4,498	18,186,140
Infrastructure	5,316,418	502,621	13,923	5,805,116
Total accumulated depreciation	<u>32,561,181</u>	<u>1,623,209</u>	<u>258,043</u>	<u>33,926,346</u>
Net capital assets being depreciated	<u>20,102,998</u>	<u>1,492,646</u>	<u>1,257,138</u>	<u>20,338,506</u>
Net business-type activities capital assets	<u>\$ 22,013,349</u>	<u>\$ 1,586,377</u>	<u>\$ 1,631,980</u>	<u>\$ 21,967,746</u>

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE 4 - CAPITAL ASSETS (CONTINUED)

*During the current year, \$1,099,354 of business-type activities additions to Infrastructure and \$77,743 of additions to Plant in Service was the reclassification of an asset from Buildings and Improvements reflected as a decrease of \$1,177,097.

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 60,693
Public safety	375,710
Streets	2,127,461
Public health and social services	39,399
Culture and recreation	482,229
Public works	24,101
Total depreciation expense - governmental	<u>\$ 3,109,593</u>
Business-type activities:	
Environmental services	\$ 278,099
Wastewater	888,637
Water	352,335
Electric	30,888
Stormwater	71,860
Internal service	1,390
Total depreciation expense - business-type	<u>\$ 1,623,209</u>

During the year ended September 30, 2022, the City received \$5,222,775 of contributed capital assets. \$5,214,397 of the assets were contributed by the State of Nebraska Department of Roads for the Monument Valley Pathway expansion and pedestrian bridge. In addition, \$8,378 of assets were donated to the 23 Club Ballfield Improvement Project.

NOTE 5 - LONG-TERM DEBT

General Obligation Bonds, Revenue Bonds and Direct Borrowings outstanding and related interest requirements as of September 30, 2022, are as follows:

	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Annual Installment</u>	<u>Principal Amount Outstanding</u>
Governmental activities:				
2018 General Obligation Hwy Allocation Bonds, dated June 1, 2018, due annually through 2025; secured by assets of the City	2,404,944	1.85% to 2.55%	345,917 to 362,386	1,062,456
2020 General Obligation Hwy Allocation Bonds, dated June 18, 2020, due annually through 2026; secured by assets of the City	2,240,000	.85% to 1.1%	445,000 to 455,000	<u>1,800,000</u>
Total governmental activities				<u>\$ 2,862,456</u>

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022

NOTE 5 - LONG-TERM DEBT (CONTINUED)

	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Annual Installment</u>	<u>Principal Amount Outstanding</u>
Business-type activities:				
2018 General Obligation Hwy Allocation Bonds, dated June 1, 2018, due annually through 2025; secured by assets of the City	515,056	1.85% to 2.55%	74,083 to 77,614	227,544
Wastewater treatment project loan - State of Nebraska, issued 2003, due annually through 2023	1,004,334	3.00%	56,660	<u>56,660</u>
Total business-type activities				\$ <u>284,204</u>
Total long-term debt				\$ <u>3,146,660</u>

All of the wastewater treatment project loans are by the City's 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	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 790,917	\$ 37,765	-	-	-	-
2024	804,153	25,222	-	-	-	-
2025	812,386	11,875	-	-	-	-
2026	455,000	2,502	-	-	-	-
2027	-	-	-	-	-	-
2028-2032	-	-	-	-	-	-
	<u>\$ 2,862,456</u>	<u>\$ 77,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Fiscal Year Ended September 30	Business-Type Activities					
	General Obligation Bonds		NDEQ Loans – Direct Borrowing		Loans	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 74,083	\$ 4,708	\$ 56,660	\$ 1,209	-	-
2024	75,847	2,908	-	-	-	-
2025	77,614	989	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028-2032	-	-	-	-	-	-
	<u>\$ 227,544</u>	<u>\$ 8,606</u>	<u>\$ 56,660</u>	<u>\$ 1,209</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Long-term liability activity for the year ended September 30, 2022 was as follows:

	10/1/21 Beginning Balance	Additions	Reductions	9/30/22 Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
GO bonds	\$ 3,640,137	\$ -	\$ 777,681	\$ 2,862,456	\$ 790,917
Compensated absences	615,418	449,803	422,488	642,733	-
Governmental activities	<u>\$ 4,255,555</u>	<u>\$ 449,803</u>	<u>\$ 1,200,169</u>	<u>\$ 3,505,189</u>	<u>\$ 790,917</u>
Business-type activities:					
Bonds payable:					
GO bonds	\$ 299,863	\$ -	\$ 72,319	\$ 227,544	\$ 74,083
Loans payable – direct borrowing	\$ 120,661	\$ -	\$ 64,001	\$ 56,660	\$ 56,660
Compensated absences	211,542	150,313	145,047	216,808	-
Business-type activities	<u>\$ 632,066</u>	<u>\$ 150,313</u>	<u>\$ 281,367</u>	<u>\$ 501,012</u>	<u>\$ 130,743</u>

There are various bonds issued for tax increment financing projects within the City. These bonds are limited obligations 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 nonmajor funds of the City's financial statements.

NOTE 6 - LEASE AGREEMENTS

The City is lessor in a regulated lease for the operation of their electrical distribution system to the Nebraska Public Power District, pursuant to an agreement which became effective January 1, 2019. This agreement continues until December 31, 2043, unless terminated upon five years prior written notice given by either party to the other, with termination notice date of no earlier than January 1, 2039.

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, the City will receive 14% of the gross retail electric revenues, adjusted for bad debt charge-offs and revenues associated with application of production cost adjustment billings and billings of other cost adjustments not included in the base rates. The City received \$3,233,578 in lease payments during the year ended September 30, 2022.

Scheduled expected future minimum regulated lease payments as of September 30, 2022:

	Total Payments	Lease Revenue	Lease Interest
2023	\$ 3,132,264	\$ 1,194,872	\$ 1,937,392
2024	3,000,000	1,117,605	1,882,395
2025	3,000,000	1,174,784	1,825,216
2026	3,000,000	1,234,888	1,765,112
2027	3,000,000	1,298,067	1,701,933
2028-2032	15,000,000	7,557,125	7,442,875
2033-2037	15,000,000	9,698,502	5,301,498
2038-2042	15,000,000	12,446,657	2,553,343
2043-2047	<u>3,750,000</u>	<u>3,627,897</u>	<u>122,103</u>
Total	<u>\$ 63,882,264</u>	<u>\$ 39,350,397</u>	<u>\$ 24,531,867</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE 6 - LEASE AGREEMENTS (CONTINUED)

For fiscal year 2022, the City's financial statements include the adoption of GASB Statement No. 87 *Leases*. The City is lessor pursuant to various agreements with cellular phone providers who lease space for cellular equipment and towers on the City's four water towers and at the City's water well field with terms of 5 to 25 years and contain one or more renewal options. The City has included renewal periods in calculations when it is reasonably certain that the renewal option will be exercised. The City recognized a lease receivable and deferred inflow of resources for these combined leases.

The interest rate implicit in the City's leases was not readily determinable, nor explicitly stated in the lease agreements. Therefore, the City utilized its incremental borrowing rate to discount the lease payments. The total leases receivable for the City as of September 30, 2022 was \$240,456.

Lease receivables at September 30, 2022, consist of the following:

	<u>Total</u> <u>Payments</u>	<u>Receivable</u>	<u>Interest</u>
2023	\$ 50,127	\$ 32,822	\$ 11,251
2024	40,355	30,689	9,666
2025	35,029	26,789	8,240
2026	35,415	28,554	6,861
2027	32,661	27,231	5,430
2028-2032	75,884	59,214	16,670
2033-2037	<u>31,212</u>	<u>35,157</u>	<u>2,110</u>
Total	<u>\$ 300,683</u>	<u>\$ 240,456</u>	<u>\$ 60,227</u>
Accrued Interest		<u>955</u>	
		<u>\$ 241,411</u>	

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 \$220,976 and \$236,620 by the City and plan participants, respectively. There are 84 participants in the plan.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE 7 - RETIREMENT PLANS (CONTINUED)

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 \$140,548 and \$74,424 by the City and plan participants, respectively. There are 22 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 \$159,264 and \$176,530 by the City and plan participants, respectively. There are 38 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 \$300,000 annually to Riverside Discovery Center (RDC) for its operation of a zoo. The City entered into a contract with RDC on December 16, 2019. Payments are due for five years from the effective date of October 1, 2020.

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.

Construction – The City is party to contracts for various projects that will be completed at future dates. The City will use cash equity of the noted funds to fund the projects.

Commitments and contingencies as of September 30, 2022:

	<u>Contract Amount</u>	<u>Paid Through 09/30/2022</u>	<u>Obligation Pending</u>	<u>Expected Completion</u>
Trunk Line Lining/Wastewater Fund	\$ 690,525	\$ -	\$ 690,525	Spring 2023
18 th Plaza Improvements/General Fund	482,921	-	482,921	Spring 2023
City Hall HVAC Replace/General Fund	<u>67,978</u>	<u>-</u>	<u>\$ 67,978</u>	Spring 2023
Total Construction Commitment	<u>\$ 1,241,424</u>	<u>\$ -</u>	<u>\$ 1,241,424</u>	

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

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 \$55,000 per person and \$1,478,450 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

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

	Transfers In			
	General	Stormwater	Internal Service	Total
<u>Transfers Out</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ -	\$ -	\$ -
Streets Fund	\$ -	\$ -	\$ 250,759	\$ 250,759
Env. Services Fund	-	-	238,260	238,260
Wastewater Fund	-	50,000	18,750	68,750
Water Fund	-	-	18,750	18,750
Electric Fund	3,172,380	-	-	3,172,380
	<u>\$ 3,172,380</u>	<u>\$ 50,000</u>	<u>\$ 526,519</u>	<u>\$ 3,748,899</u>

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 2021-2022 are recorded as revenue when expected to be collected within 60 days after September 30, 2022. 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 2021 tax levy, for the 2021-2022 fiscal year, was \$2,072,508 with a tax rate per \$100 valuation of 0.216 for general and \$54,100 with a tax rate per \$100 valuation of .1600 for the business improvement district. The assessed value upon which the 2021 levy was based was \$959,494,706 for general and \$33,812,201 for the business improvement district.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

NOTE 12 – TAX ABATEMENTS

As of September 30, 2022, the City provided tax abatements through the Tax Increment Financing (TIF) program. The Tax Increment Financing Law allows for the increased property taxes generated by the improvement of blighted property to be used to pay for the financing of community redevelopment/TIF projects. The statutes for community redevelopment/TIF are found in Neb. Rev. Stat. SS 18-2101 through 18-2150. The City must declare the area as substandard, blighted, and in need of redevelopment. The City is required to prepare a development plan. TIF bonds may be issued for the acquisition of property, site preparation, and public improvements. An agreement is entered into between the City and the Developer and a base valuation is established. The base property valuation remains assessable to all taxing entities. Any increase in value and resulting taxes are used to pay off the debt incurred for the redevelopment project. The project must not exceed a 15-year period. Currently, the City has Developer TIF bonds that extend through December 31, 2035. For the year ended September 30, 2022, the City abated \$54,602 in property tax revenue under the tax increment financing program.

NOTE 13 – RESTRICTED CASH

The City received American Rescue Plan funds in the amount of \$2,576,234 to cover necessary expenditures due to the public health emergency with respect to the pandemic. As of September 30, 2022, the City has not spent any of these funds but has restricted the full amount in restricted cash. The City does anticipate using these funds for eligible expenditures within the period of performance required.

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 5,621,600	\$ 5,621,600	6,429,799	\$ 808,199
Intergovernmental	172,138	172,138	201,502	29,364
Local	3,405,510	3,405,510	3,930,697	525,186
Total revenues	<u>9,199,248</u>	<u>9,199,248</u>	<u>10,561,998</u>	<u>1,362,750</u>
Expenditures:				
General government	1,518,380	1,518,380	835,275	683,105
Public safety - Police and Fire	6,081,849	6,081,849	5,744,644	337,205
Public works - Other	375,520	375,520	366,468	9,052
Culture and recreation	3,988,997	3,988,997	2,608,379	1,380,618
Total expenditures	<u>11,964,746</u>	<u>11,964,746</u>	<u>9,554,766</u>	<u>2,409,980</u>
Excess revenues over (under) expenditures	\$ <u>(2,765,498)</u>	\$ <u>(2,765,498)</u>	1,007,232	\$ <u>3,772,729</u>
Fund balances, October 1			<u>7,608,341</u>	
Fund balances, September 30			\$ <u>8,615,573</u>	

See accompanying notes.

CITY OF SCOTTSBLUFF, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
STREETS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,148,493	\$ 1,148,493	\$ 1,233,527	\$ 85,034
Intergovernmental	2,066,551	2,066,551	2,136,370	69,819
Local	42,792	42,792	72,339	29,547
Total revenues	<u>3,257,836</u>	<u>3,257,836</u>	<u>3,442,236</u>	<u>184,400</u>
Expenditures:				
Public works - Streets	4,186,362	4,186,362	4,788,144	(601,781)
Total expenditures	<u>4,186,362</u>	<u>4,186,362</u>	<u>4,788,144</u>	<u>(601,781)</u>
Excess revenues over (under) expenditures	\$ <u>(928,526)</u>	\$ <u>(928,526)</u>	(1,345,908)	\$ <u>(417,382)</u>
Fund balances, October 1			<u>3,842,499</u>	
Fund balances, September 30			\$ <u>2,496,591</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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,016,000	\$ 1,016,000	\$ 1,183,811	\$ 167,811
Local	574,784	574,784	541,557	(33,227)
Total revenues	<u>1,590,784</u>	<u>1,590,784</u>	<u>1,725,368</u>	<u>134,584</u>
Expenditures:				
Community development	3,848,277	3,848,277	2,191,992	1,656,285
Total expenditures	<u>3,848,277</u>	<u>3,848,277</u>	<u>2,191,992</u>	<u>1,656,285</u>
Excess revenues over (under) expenditures	\$ <u>(2,257,493)</u>	\$ <u>(2,257,493)</u>	(466,624)	\$ <u>1,790,869</u>
Fund balances, October 1			<u>2,202,195</u>	
Fund balances, September 30			\$ <u>1,735,571</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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$ 1,049,115	\$ 1,049,115	\$ 1,014,693	\$ (34,422)
Local	1,106,640	1,106,640	229,155	(877,485)
Total revenues	<u>2,155,755</u>	<u>2,155,755</u>	<u>1,243,848</u>	<u>(911,907)</u>
Expenditures:				
General government	3,508,000	3,508,000	3,000	3,505,000
Total expenditures	<u>3,508,000</u>	<u>3,508,000</u>	<u>3,000</u>	<u>3,505,000</u>
Excess revenues over (under) expenditures	\$ <u>(1,352,245)</u>	\$ <u>(1,352,245)</u>	1,240,848	\$ <u>2,593,093</u>
Fund balances, October 1			<u>4,388,695</u>	
Fund balances, September 30			\$ <u>5,629,543</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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 85,000	\$ 85,000	\$ 109,106	\$ 24,106
Intergovernmental	1,288,117	1,288,117	1,378,374	90,257
Local	501,000	501,000	29,309	(471,691)
Total revenues	<u>1,874,117</u>	<u>1,874,117</u>	<u>1,516,789</u>	<u>(357,328)</u>
Expenditures:				
General government	3,456,234	3,456,234	617,445	2,838,790
Total expenditures	<u>3,456,234</u>	<u>3,456,234</u>	<u>617,445</u>	<u>2,838,790</u>
Excess revenues over (under) expenditures	\$ <u>(1,582,117)</u>	\$ <u>(1,582,117)</u>	899,344	\$ <u>2,481,461</u>
Fund balances, October 1			<u>2,258,239</u>	
Fund balances, September 30			\$ <u>3,157,583</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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Local	10	10	63	53
Total revenues	<u>10</u>	<u>10</u>	<u>63</u>	<u>53</u>
Expenditures:				
General government	-	-	11	(11)
Total expenditures	<u>-</u>	<u>-</u>	<u>11</u>	<u>(11)</u>
Excess revenues over (under) expenditures	\$ <u>10</u>	\$ <u>10</u>	52	\$ <u>42</u>
Fund balances, October 1			<u>27,004</u>	
Fund balances, September 30			\$ <u>27,056</u>	

See accompanying notes.

NOTES TO THE BUDGETARY COMPARISON SCHEDULES

September 30, 2022

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 30, 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.

By law, the City of Scottsbluff adopts a unified budget for all funds. However, in deriving the total unified numbers, the City establishes individual fund budget numbers which have been used in the major fund presentations on page 45-50.

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, 2022, 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	Streets Fund	Econ. Dev. Fund	Debt Service Fund	Special Projects Fund	Leasing Corp. Fund
Net change in fund balances:						
Balance on a GAAP basis	\$ 567,859	\$ (1,469,901)	\$ (561,718)	\$ 1,015,436	\$ 1,124,649	\$ (339)
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	439,373	123,993	95,094	225,412	(225,305)	391
Balance on a budget basis	\$ <u>1,007,232</u>	\$ <u>(1,345,908)</u>	\$ <u>(466,624)</u>	\$ <u>1,240,848</u>	\$ <u>899,344</u>	\$ <u>52</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULES

September 30, 2022

NOTE 3 – STREETS FUND BUDGET EXPENDITURES

The Streets Fund overexpended budgeted amounts by \$601,782 for the year ended September 30, 2022. The Avenue B Mill and Overlay project was budgeted to be completed in the prior budget year. Delays in acquiring materials and supplies in addition to contractor scheduling conflicts with weather and staffing resulted in the project being postponed in excess of six months. This overage on the budgeted expenditures was not considered a budget violation as the City files a unified budget and the City as a whole was not overexpended on its budget.

CITY OF SCOTTSBLUFF
Scottsbluff, Nebraska

OTHER SUPPLEMENTARY INFORMATION

**CITY OF SCOTTSBLUFF, NEBRASKA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Regional Library	Cemetery & Cemetery Perpetual Care	Business Improvement District	Public Safety Equipment	Industrial Site
ASSETS					
Cash and cash equivalents	\$ 1,131	\$ 60,435	\$ 24,575	\$ 36,200	\$ 5,499
Funds held by county treasurer	-	1,807	4,574	14,428	-
Investments	12,804	684,556	278,371	410,047	62,292
Net receivables:					
Taxes	-	10,015	636	30,917	-
Accrued interest	12	768	314	458	68
Governmental unit	-	-	-	9,583	-
Other receivables	-	2,270	-	-	-
Total assets	<u>\$ 13,947</u>	<u>\$ 759,851</u>	<u>\$ 308,470</u>	<u>\$ 501,633</u>	<u>\$ 67,859</u>
LIABILITIES					
Accounts payable	\$ -	\$ 11,235	\$ 3,075	\$ 20,831	\$ -
Accrued salaries	-	3,402	-	-	-
Other accrued expenses	-	713	-	-	-
Total liabilities	<u>-</u>	<u>15,350</u>	<u>3,075</u>	<u>20,831</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable revenue - property taxes	-	8,883	668	30,381	-
Total deferred inflow of resources	<u>-</u>	<u>8,883</u>	<u>668</u>	<u>30,381</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Community improvements	-	-	-	-	-
Economic development	-	-	-	-	-
Public safety	-	-	-	-	-
Committed for:					
Community improvements	13,947	-	304,727	-	67,859
Public safety	-	-	-	450,421	-
Cemetery operations and improvements	-	735,618	-	-	-
Total fund balances	<u>13,947</u>	<u>735,618</u>	<u>304,727</u>	<u>450,421</u>	<u>67,859</u>
Total liabilities and fund balances	<u>\$ 13,947</u>	<u>\$ 759,851</u>	<u>\$ 308,470</u>	<u>\$ 501,633</u>	<u>\$ 67,859</u>

Keno	Mutual Fire	CRA Fund	CDBG Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 18,107	\$ 42,958	\$ 37,699	1,267	\$ 15,672	\$ 243,543
-	-	1,245	-	36,023	58,077
205,101	486,601	427,031	14,351	177,521	2,758,675
-	-	-	-	56,014	97,582
229	545	477	17	199	3,088
-	-	-	14,000	-	23,583
3,349	-	-	-	-	5,619
<u>\$ 226,786</u>	<u>\$ 530,104</u>	<u>\$ 466,452</u>	<u>29,635</u>	<u>\$ 285,429</u>	<u>\$ 3,190,167</u>
\$ 20,297	\$ -	\$ 241,226	14,000	\$ -	\$ 310,664
-	-	-	-	-	3,402
-	-	-	-	-	713
<u>20,297</u>	<u>-</u>	<u>241,226</u>	<u>14,000</u>	<u>-</u>	<u>314,779</u>
-	-	-	-	58,348	98,281
-	-	-	-	58,348	98,281
206,489	-	-	15,635	-	222,124
-	-	225,226	-	-	225,226
-	530,104	-	-	-	530,104
-	-	-	-	227,081	613,614
-	-	-	-	-	450,421
-	-	-	-	-	735,618
<u>206,489</u>	<u>530,104</u>	<u>225,226</u>	<u>15,635</u>	<u>227,081</u>	<u>2,777,107</u>
<u>\$ 226,786</u>	<u>\$ 530,104</u>	<u>\$ 466,452</u>	<u>29,635</u>	<u>\$ 285,429</u>	<u>\$ 3,190,167</u>

CITY OF SCOTTSBLUFF, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Regional Library	Cemetery & Cemetery Perpetual Care	Business Improvement District	Public Safety Equipment	Industrial Site
Revenues:					
Taxes and special assessments	\$ -	\$ 48,611	\$ 59,181	\$ 218,273	\$ -
Licenses and permits	-	5,800	-	-	-
Intergovernmental	-	-	-	10,931	-
Charges for services	-	81,850	-	-	-
Investment income (loss)	(601)	(36,239)	(14,901)	(22,344)	(3,319)
Other revenue	-	87,764	-	-	-
Total revenues	<u>(601)</u>	<u>187,786</u>	<u>44,280</u>	<u>206,860</u>	<u>(3,319)</u>
Expenditures:					
Current operations:					
General government	-	-	-	-	-
Public safety	-	-	-	80,135	-
Public health and social services	-	281,607	-	-	-
Public works	-	-	32,218	-	-
Capital expenditures	44,370	24,423	-	22,454	-
Total expenditures	<u>44,370</u>	<u>306,030</u>	<u>32,218</u>	<u>102,589</u>	<u>-</u>
Excess revenues over (under) expenditures	<u>(44,971)</u>	<u>(118,244)</u>	<u>12,062</u>	<u>104,271</u>	<u>(3,319)</u>
Fund balances, October 1	<u>58,918</u>	<u>853,862</u>	<u>292,665</u>	<u>346,150</u>	<u>71,178</u>
Fund balances, September 30	<u>\$ 13,947</u>	<u>\$ 735,618</u>	<u>\$ 304,727</u>	<u>\$ 450,421</u>	<u>\$ 67,859</u>

Keno	Mutual Fire	CRA	CDBG	Capital Projects	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 542,516	\$ -	\$ 201,724	\$ 1,070,305
-	-	-	-	-	5,800
-	-	-	14,000	-	24,931
-	-	-	-	-	81,850
(10,965)	(26,018)	(23,824)	(680)	(9,701)	(148,592)
83,096	104,540	174,215	-	-	449,615
<u>72,131</u>	<u>78,522</u>	<u>692,907</u>	<u>13,320</u>	<u>192,023</u>	<u>1,483,909</u>
50,370	-	785,343	30,000	-	865,713
-	35,351	-	-	-	115,486
-	-	-	-	-	281,607
-	-	-	-	-	32,218
-	-	-	-	57,212	148,459
<u>50,370</u>	<u>35,351</u>	<u>785,343</u>	<u>30,000</u>	<u>57,212</u>	<u>1,443,483</u>
21,761	43,171	(92,436)	(16,680)	134,811	40,426
184,728	486,933	317,662	32,315	92,270	2,736,681
<u>\$ 206,489</u>	<u>\$ 530,104</u>	<u>\$ 225,226</u>	<u>\$ 15,635</u>	<u>\$ 227,081</u>	<u>\$ 2,777,107</u>

CITY OF SCOTTSBLUFF, NEBRASKA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2022

	Health Insurance	Unemployment Compensation	Geographic Information System	Central Garage	Totals
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 262,991	\$ 5,389	\$ 5,206	\$ -	\$ 273,584
Investments	1,238,337	25,375	24,512	-	1,288,225
Net receivables:					
Accrued interest	3,336	69	64	-	3,470
Total current assets	<u>1,504,664</u>	<u>30,833</u>	<u>29,782</u>	<u>-</u>	<u>1,565,278</u>
Noncurrent assets					
Investments	1,740,641	35,668	34,455	-	1,810,764
Net capital assets	-	-	3,823	-	3,823
Total noncurrent assets	<u>1,740,641</u>	<u>35,668</u>	<u>38,278</u>	<u>-</u>	<u>1,814,587</u>
Total assets	<u>\$ 3,245,305</u>	<u>\$ 66,501</u>	<u>\$ 68,060</u>	<u>\$ -</u>	<u>\$ 3,379,865</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ -	\$ -	\$ 1,166	\$ -	\$ 1,166
Accrued salaries	-	-	813	-	813
Other accrued expenses	-	-	160	-	160
Total current liabilities	<u>-</u>	<u>-</u>	<u>2,139</u>	<u>-</u>	<u>2,139</u>
Noncurrent liabilities:					
Compensated absences	-	-	1,980	-	1,980
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>1,980</u>	<u>-</u>	<u>1,980</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>4,119</u>	<u>-</u>	<u>4,119</u>
NET POSITION					
Invested in capital assets, net of related debt	-	-	3,823	-	3,823
Unreserved	3,245,306	66,501	60,118	-	3,371,925
Total net position	<u>3,245,305</u>	<u>66,501</u>	<u>63,941</u>	<u>-</u>	<u>3,375,746</u>
Total liabilities and net position	<u>\$ 3,245,305</u>	<u>\$ 66,501</u>	<u>\$ 68,060</u>	<u>\$ -</u>	<u>\$ 3,379,865</u>

CITY OF SCOTTSBLUFF, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Health Insurance</u>	<u>Unemployment Compensation</u>	<u>Geographic Information System</u>	<u>Central Garage</u>	<u>Total</u>
Operating revenues:					
Other revenues	\$ 2,442,143	\$ -	\$ -	\$ -	\$ 2,442,143
Total operating revenues	<u>2,442,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,442,143</u>
Operating expenses:					
Personnel services	-	-	56,488	(10,402)	46,086
Operating supplies	-	-	1,455	-	1,455
Contractual	-	-	3,331	-	3,331
Maintenance	-	-	15,000	-	15,000
Utilities	-	-	550	-	550
Other operating expenses	2,329,585	-	-	-	2,329,585
Depreciation and amortization	<u>-</u>	<u>-</u>	<u>1,390</u>	<u>-</u>	<u>1,390</u>
Total operating expenses	<u>2,329,585</u>	<u>-</u>	<u>78,214</u>	<u>(10,402)</u>	<u>2,397,397</u>
Operating income (loss)	<u>112,558</u>	<u>-</u>	<u>(78,214)</u>	<u>10,402</u>	<u>44,746</u>
Non-operating revenues (expenses):					
Investment income	<u>(157,858)</u>	<u>(3,253)</u>	<u>(3,174)</u>	<u>-</u>	<u>(164,286)</u>
Net non-operating revenues (expenses)	<u>(157,858)</u>	<u>(3,253)</u>	<u>(3,174)</u>	<u>-</u>	<u>(164,286)</u>
Income (loss) before contributions & transfers	<u>(45,300)</u>	<u>(3,253)</u>	<u>(81,388)</u>	<u>10,402</u>	<u>(119,540)</u>
Transfers from (to) other funds:					
Operating transfers out	-	-	-	(2,298)	(2,298)
Operating transfers in	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>476,519</u>	<u>526,519</u>
Net transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>474,221</u>	<u>524,221</u>
Change in net position	(45,300)	(3,253)	(31,388)	484,623	404,681
Net position, October 1	<u>3,290,605</u>	<u>69,754</u>	<u>95,329</u>	<u>(484,623)</u>	<u>2,971,065</u>
Net position, September 30	<u>\$ 3,245,305</u>	<u>\$ 66,501</u>	<u>\$ 63,941</u>	<u>\$ -</u>	<u>\$ 3,375,746</u>



**CONTRYMAN
ASSOCIATES, P.C.**

Certified Public Accountants

505 North Diers Ave
P.O. Box 700
Grand Island NE 68802
308-382-5720
Fax: 308-382-5945

5807 Osborne Drive West
P.O. Box 2026
Hastings NE 68902
402-463-6711
Fax: 402-463-6713

315 West 60th, Suite 500
P.O. Box 1746
Kearney NE 68848
308-237-5930
Fax: 308-234-4410

707 East Pacific
P.O. Drawer H
Lexington NE 68850
308-324-2368
Fax: 308-324-2360

1001 West 27th Street
P.O. Box 2246
Scottsbluff NE 69363
308-635-7705
Fax: 308-635-0599

1611 16th Street
P.O. Box 191
Central City NE 68826
308-946-3870
Fax: 308-946-3831

826 G Street
Geneva, NE 68361
402-759-3002
Fax: 402-759-4342

**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, 2022, and the related notes to the financial statements, which collectively comprise the City of Scottsbluff's basic financial statements, and have issued our report thereon dated March 14, 2023.

Report on 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 of designing 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.

www.capc.com

Members: American Institute of Certified Public Accountants - CPAmerica International

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on 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 financial reports. 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Contnyman Associates PC
Certified Public Accountants
Scottsbluff, Nebraska

March 14, 2023