

**City of Scottsbluff, Nebraska**  
**Tuesday, January 20, 2015**  
**Regular Meeting**

**Item Public Inp1**

**Council to receive the audit presentation for year ended 9-30-14.**

**Staff Contact: Renae Griffiths, Finance Director**

# Agenda Statement

Item No.

For meeting of: **January 20, 2015**

**AGENDA TITLE:** Presentation of audit for year ended 9-30-14

**SUBMITTED BY DEPARTMENT/ORGANIZATION:** Finance

**PRESENTATION BY:** Dana F. Cole & Co., LLP

**SUMMARY EXPLANATION:** Dennis Hadden with Dana F. Cole & Co., LLP will present the audit for year ended 9-30-14.

**BOARD/COMMISSION RECOMMENDATION:**

**STAFF RECOMMENDATION:**

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**EXHIBITS**

Resolution     Ordinance     Contract     Minutes     Plan/Map

Other (specify)  audit report \_\_\_\_\_

**NOTIFICATION LIST:** Yes  No  Further Instructions

**APPROVAL FOR SUBMITTAL:** \_\_\_\_\_  
City Manager

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**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

**FINANCIAL STATEMENTS**  
**And**  
**INDEPENDENT AUDITOR'S REPORT**

**September 30, 2014**

DANA F. COLE & COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF SCOTTSBLUFF**

**Scottsbluff, Nebraska**

**TABLE OF CONTENTS**

	<u>Page Number</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-11
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
Statement of Fiduciary Net Position - Fiduciary Funds	27
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	28
Notes to the Financial Statements	29-42
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - General Fund	44
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - Transportation Fund	45
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - Economic Development Fund	46

**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	47
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - Special Projects Fund	48
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - Leasing Corporation Fund	49
Notes to the Budget and Budgetary Comparison Schedules	50
Other Supplementary Information:	
Combining Balance Sheet - Nonmajor Governmental Funds	52-53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	54-55
Combining Statement of Net Position - Internal Service Funds	56
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	57
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>	58-59

INDEPENDENT AUDITORS' REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scottsbluff, Nebraska, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scottsbluff, Nebraska, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 11 and 44 - 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2015, on our consideration of the City of Scottsbluff, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Scottsbluff, Nebraska's internal control over financial reporting and compliance.

*Dana J Cole + Company, LLP*

Scottsbluff, Nebraska  
January 8, 2015

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**September 30, 2014**

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, 2014. 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, 2014, by \$70,569,461 (net position). Of this amount, \$24,876,031 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of September 30, 2014, the City's governmental funds reported combined ending fund balances of \$17,438,364. This is an increase of \$175,091 in comparison with the prior year.
- As of September 30, 2014, unassigned fund balance for the general fund was \$3,676,913, or 41% 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, 2014. 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, 2014**

**FUND FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

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

**September 30, 2014**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

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

**September 30, 2014**

**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 \$70,569,461 at September 30, 2014.

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

City of Scottsbluff  
 Condensed Statement of Net Position  
 September 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 20,875,767	\$ 20,938,500	\$ 8,138,735	\$ 7,847,992	\$ 29,014,502	\$ 28,786,492
Capital assets	30,057,766	28,885,825	23,142,514	22,786,744	53,200,280	51,672,569
Other noncurrent assets	87,594	101,677	559,689	481,768	647,283	583,445
Total assets	51,021,127	49,926,002	31,840,938	31,116,504	82,862,065	81,042,506
Current liabilities	2,995,235	3,377,634	1,299,313	1,254,846	4,294,548	4,632,480
Long-term liabilities outstanding	4,808,751	5,671,450	3,189,305	4,300,616	7,998,056	9,972,066
Total liabilities	7,803,986	9,049,084	4,488,618	5,555,462	12,292,604	14,604,546
Net assets:						
Invested in capital assets, net of related debt	25,611,010	23,632,206	19,522,731	18,611,103	45,133,741	42,243,309
Restricted	-	-	559,689	481,768	559,689	481,768
Unrestricted	17,606,131	17,244,712	7,269,900	6,960,943	24,876,031	24,205,655
Total net position	\$ 43,217,141	\$ 40,876,918	\$ 27,352,320	\$ 26,053,814	\$ 70,569,461	\$ 66,930,732

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

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

**September 30, 2014**

At September 30, 2014, the City is able to report positive balances in all three categories of net position, for the government as a whole.

City of Scotts bluff  
Statement of Activities and Changes in Net Assets  
September 30, 2014 and 2013

	Governmental		Business-type		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 397,899	\$ 380,425	\$ 9,460,605	\$ 9,359,693	\$ 9,858,504	\$ 9,740,118
Operating grants and contributions	151,490	220,057	22,930	22,930	174,420	242,987
Capital grants and contributions	1,746,282	1,153,421	-	-	1,746,282	1,153,421
General revenues:						
Property taxes	1,519,866	1,524,835	-	-	1,519,866	1,524,835
Sales and use tax	5,362,035	5,416,949	-	-	5,362,035	5,416,949
Other taxes	1,212,239	1,192,586	-	-	1,212,239	1,192,586
Intergovernmental	1,679,890	1,599,623	-	-	1,679,890	1,599,623
Investment income	52,216	84,009	21,771	25,603	73,987	109,612
Miscellaneous	3,987,802	2,196,435	182,723	63,556	4,170,525	2,259,991
Total revenues	16,109,719	13,768,340	9,688,029	9,471,782	25,797,748	23,240,122
Expenses:						
General government	4,065,694	3,268,348	-	-	4,065,694	3,268,348
Public safety	5,577,040	5,243,090	-	-	5,577,040	5,243,090
Transportation	2,734,310	2,544,155	-	-	2,734,310	2,544,155
Public health	210,180	189,852	-	-	210,180	189,852
Culture and recreation	2,875,393	2,855,794	-	-	2,875,393	2,855,794
Public works	487,941	664,284	-	-	487,941	664,284
Interest on long-term debt	172,709	181,835	-	-	172,709	181,835
Environmental services	-	-	2,051,609	1,954,862	2,051,609	1,954,862
Wastewater	-	-	2,061,699	2,077,074	2,061,699	2,077,074
Water	-	-	1,626,061	1,609,628	1,626,061	1,609,628
Electric	-	-	59,362	81,337	59,362	81,337
Stormwater	-	-	142,270	202,175	142,270	202,175
Geographic information systems	-	-	89,129	87,031	89,129	87,031
Total expenses	16,123,267	14,947,358	6,030,130	6,012,107	22,153,397	20,959,465
Increase (decrease) in net assets before transfers	(13,548)	(1,179,018)	3,657,899	3,459,675	3,644,351	2,280,657
Transfers in (out)	2,359,393	3,112,097	(2,359,393)	(3,112,097)	-	-
Increase (decrease) in net assets	2,345,845	1,933,079	1,298,506	347,578	3,644,351	2,280,657
Prior period adjustment (Note 13)	(5,622)	-	-	-	(5,622)	-
Net assets, October 1	40,876,918	38,943,839	26,053,814	25,706,236	66,930,732	64,650,075
Net assets, September 30	\$ 43,217,141	\$ 40,876,918	\$ 27,352,320	\$ 26,053,814	\$ 70,569,461	\$ 66,930,732

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

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

**September 30, 2014**

**GOVERNMENTAL ACTIVITIES**

Governmental activities increased the City's net position by a total of \$2,345,845. Key elements in this increase follows:

- The economic development fund received sales tax revenue that was more than grants. This contributed almost \$300,000 to the increase in net assets.
- The transportation fund had \$1,740,802 worth of contributed capital due to the value of road construction that was paid for by the State of Nebraska.

**BUSINESS-TYPE ACTIVITIES**

Business-type activities increased the city's net position by \$1,298,506. The overall increase was approximately the same as prior year which keeps the funds in line with rate increases keeping up to offset costs.

- The water and wastewater funds had budgeted for compost facility equipment that wasn't as high as expected. There was also a project for the compost facility that didn't get worked on until the following fiscal year.

**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, 2014, the City's governmental funds reported combined ending fund balances of \$17,438,364, an increase of \$180,713 in comparison with the prior year.

The general fund is the chief operating fund of the City. At September 30, 2014, the unassigned fund balance of the general fund was \$3,676,913. 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 41 percent of total general fund expenditures.

The fund balance of the City's general fund decreased by \$353,636 during 2014. This decrease was due to lower than budgeted sales tax revenues. Sales tax was \$224,927 lower than budget.

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

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

**September 30, 2014**

**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 \$238,180, \$1,965,398, \$2,443,126, \$2,210,696, and \$460,242 respectively, at September 30, 2014. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

- \$238,156 negative variance in taxes. Sales tax receipts were \$224,927 lower than budget.
- \$362,572 positive variance in general government. \$250,000 was budgeted in contingency to cover any unforeseen costs that may arise during the year. None of that amount was used. Software was budgeted at \$150,000 and actual was \$102,140.

**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, 2014, was \$53,200,280 (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, 2014 and 2013

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 471,878	\$ 471,878	\$ 1,403,607	\$ 1,388,525	\$ 1,875,484	\$ 1,860,403
Inventory	2,562,113	2,562,113	-	-	2,562,113	2,562,113
Construction in progress	476,521	1,636,404	176,402	50,634	652,923	1,687,038
Buildings and improvements	8,274,860	8,553,674	2,884,231	2,956,879	11,159,092	11,510,553
Equipment and vehicles	3,198,151	2,791,102	2,940,860	2,317,507	6,139,010	5,108,609
Infrastructure	15,074,245	12,870,654	9,119,525	9,027,783	24,193,769	21,898,437
Landfill improvements	-	-	-	8,676	-	8,676
Plant in service	-	-	6,617,889	7,036,741	6,617,889	7,036,741
Total	\$ 30,057,766	\$ 28,885,825	\$ 23,142,514	\$ 22,786,745	\$ 53,200,280	\$ 51,672,570

**CITY OF SCOTTSDLUFF**  
**Scottsbluff, Nebraska**

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

**September 30, 2014**

Major capital asset events during 2014 included the following:

- Financial, payroll and utility software. Administration \$215,247
- Westmoor major pool repair. Recreation \$203,451
- 27<sup>th</sup> Street Ave I to Hwy 26 mill and overlay. Transportation \$1,337,539
- Broadway 14<sup>th</sup> to 20<sup>th</sup> mill and overlay. Transportation \$1,090,676
- Compost equipment. ES and Wastewater \$692,707
- Airport Road water extension. Economic Development \$436,076

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

**LONG-TERM DEBT**

At September 30, 2014, the City of Scottsbluff had total bonded debt outstanding of \$5,185,000. This entire amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Scottsbluff  
 ● Outstanding Bonded Debt  
 September 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 710,000	\$ 945,000	\$ -	\$ -	\$ 710,000	\$ 945,000
Revenue bonds	4,475,000	5,030,000	-	-	4,475,000	5,030,000
Total	\$ 5,185,000	\$ 5,975,000	\$ -	\$ -	\$ 5,185,000	\$ 5,975,000

The City's total bonded debt decreased by \$790,000 (13.22 percent) during 2014. The key factor to this decrease was the payment of the \$790,000 on current debt.

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The increase in the City’s property tax base provided by real growth is estimated at .41%, with an actual increase in valuation from the prior year of approximately \$5.4 million.
- For 2015 budget, the projection for sales tax was estimated at 2014 numbers due to the large reduction from prior year.
- The cost of living adjustment given to employees was 1.7%.
- \$500,000 was set aside in the general fund to pay the City’s portion of Monument Valley Pathway. There was also \$50,000 allocated in the general fund for the final payout on a Pre-84 officer’s defined benefit plan.

All of these factors were considered in preparing the City’s budget for the 2015 fiscal year.

**CITY OF SCOTTSBLUFF**

**Scottsbluff, Nebraska**

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

**September 30, 2014**

The utility rates were increased for the 2015 budget year. The sanitation, water, and stormwater rates were increased by 3%, 1%, and 50% (from \$0.50 to \$1.00), respectively. The rate increases affected both residential and industrial consumers by approximately the same percentage. These increases are necessary to fund debt service, cover the cost of inflation, and cover the cost of federal mandates.

**REQUESTS FOR INFORMATION**

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



**CITY OF SCOTTSBLUFF, NEBRASKA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash	\$ 18,081,938	\$ 6,254,337	\$ 24,336,275
Funds held by county treasurer	91,157	-	91,157
Net receivables:			
Taxes	1,709,849	-	1,709,849
Accounts and unbilled	-	1,571,852	1,571,852
Special assessments	62,617	-	62,617
Accrued interest	10,877	3,078	13,955
Governmental unit	191,285	-	191,285
Other receivables	728,044	-	728,044
Inventory	-	309,468	309,468
Total current assets	<u>20,875,767</u>	<u>8,138,735</u>	<u>29,014,502</u>
Noncurrent assets:			
Restricted investments	-	559,689	559,689
Bond issuance costs	87,594	-	87,594
Capital assets - non-depreciable	3,510,514	1,580,002	5,090,516
Net capital assets - depreciable	<u>26,547,252</u>	<u>21,562,512</u>	<u>48,109,764</u>
Total noncurrent assets	<u>30,145,360</u>	<u>23,702,203</u>	<u>53,847,563</u>
Total assets	<u>\$ 51,021,127</u>	<u>\$ 31,840,938</u>	<u>\$ 82,862,065</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 487,791	\$ 333,284	\$ 821,075
Accrued interest payable	51,690	24,431	76,121
Accrued compensated absences	157,724	22,492	180,216
Other accrued expenses	157,740	176,099	333,839
Notes and warrants payable	1,116,755	568,516	1,685,271
Deferred revenue	<u>1,023,535</u>	<u>174,491</u>	<u>1,198,026</u>
Total current liabilities	<u>2,995,235</u>	<u>1,299,313</u>	<u>4,294,548</u>
Noncurrent liabilities:			
Bonds and notes payable	4,446,756	3,051,267	7,498,023
Accrued compensated absences	<u>361,995</u>	<u>138,038</u>	<u>500,033</u>
Total noncurrent liabilities	<u>4,808,751</u>	<u>3,189,305</u>	<u>7,998,056</u>
Total liabilities	<u>7,803,986</u>	<u>4,488,618</u>	<u>12,292,604</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	25,611,010	19,522,731	45,133,741
Restricted for:			
New landfill	-	559,689	559,689
Unrestricted	<u>17,606,131</u>	<u>7,269,900</u>	<u>24,876,031</u>
Total net position	<u>43,217,141</u>	<u>27,352,320</u>	<u>70,569,461</u>
Total liabilities and net position	<u>\$ 51,021,127</u>	<u>\$ 31,840,938</u>	<u>\$ 82,862,065</u>

See accompanying notes to the basic financial statements.

**CITY OF SCOTTSBLUFF, NEBRASKA  
STATEMENT OF ACTIVITIES  
FOR YEAR ENDED SEPTEMBER 30, 2014**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 4,065,694	\$ 23,287	\$ -	\$ -
Public safety	5,577,040	125,778	133,668	5,480
Transportation	2,734,310	1,376	14,250	1,740,802
Public health and social services	210,180	37,590	-	-
Culture and recreation:				
Library	646,772	-	-	-
Parks and recreation	1,878,621	192,866	-	-
Zoo	350,000	17,002	-	-
Public works	487,941	-	3,572	-
Interest on long term debt	172,709	-	-	-
Total governmental activities	<u>16,123,267</u>	<u>397,899</u>	<u>151,490</u>	<u>1,746,282</u>
Business type activities:				
Environmental services	2,051,609	2,383,683	-	-
Wastewater	2,061,699	2,537,362	-	-
Water	1,626,061	1,909,296	-	-
Electric	59,362	2,612,723	-	-
Stormwater	142,270	17,541	22,930	-
Geographic information systems	89,129	-	-	-
Total business type activities	<u>6,030,130</u>	<u>9,460,605</u>	<u>22,930</u>	<u>-</u>
Total primary government	<u>\$ 22,153,397</u>	<u>\$ 9,858,504</u>	<u>\$ 174,420</u>	<u>\$ 1,746,282</u>

General Revenues:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Property taxes, levied for transportation
- Property taxes, levied for cemetery perpetual care
- Property taxes, levied for public safety
- Sales tax
- Other taxes
- Intergovernmental
- Investment income
- Miscellaneous
- Net transfers
- Total general revenues and transfers
- Change in net position
- Net position, October 1
- Prior period adjustment (Note 13)
- Net position, September 30

See accompanying notes to the basic financial statements.

Net (Expenses) Revenues and  
Changes in Net Position

Primary Government		
Governmental Activities	Business type Activities	Total
\$ (4,042,407)	\$ -	\$ (4,042,407)
(5,312,114)	-	(5,312,114)
(977,882)	-	(977,882)
(172,590)	-	(172,590)
(646,772)	-	(646,772)
(1,685,755)	-	(1,685,755)
(332,998)	-	(332,998)
(484,369)	-	(484,369)
(172,709)	-	(172,709)
<u>(13,827,596)</u>	<u>-</u>	<u>(13,827,596)</u>
-	332,074	332,074
-	475,663	475,663
-	283,235	283,235
-	2,553,361	2,553,361
-	(101,799)	(101,799)
-	(89,129)	(89,129)
<u>-</u>	<u>3,453,405</u>	<u>3,453,405</u>
<u>(13,827,596)</u>	<u>3,453,405</u>	<u>(10,374,191)</u>
162,263	-	162,263
560,267	-	560,267
509,398	-	509,398
124,747	-	124,747
163,191	-	163,191
5,362,035	-	5,362,035
1,212,239	-	1,212,239
1,679,890	-	1,679,890
52,216	21,771	73,987
3,987,802	182,723	4,170,525
2,359,393	(2,359,393)	-
<u>16,173,441</u>	<u>(2,154,899)</u>	<u>14,018,542</u>
<u>2,345,845</u>	<u>1,298,506</u>	<u>3,644,351</u>
<u>40,876,918</u>	<u>26,053,814</u>	<u>66,930,732</u>
(5,622)	-	(5,622)
<u>\$ 43,217,141</u>	<u>\$ 27,352,320</u>	<u>\$ 70,569,461</u>

**CITY OF SCOTTSBLUFF, NEBRASKA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014**

	General Fund	Transportation Fund	Economic Development Fund	Debt Service Fund
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Equity in pooled cash	\$ 3,681,109	\$ 1,913,420	\$ 5,506,107	\$ 3,932,171
Funds held by county treasurer	10,887	32,571	-	24,903
Net receivables:				
Taxes	835,162	250,806	163,709	331,689
Special assessments	-	-	-	62,617
Accrued interest	1,810	941	2,709	3,929
Governmental unit	10,817	164,592	-	-
Other receivables	45,542	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ <u>4,585,327</u>	\$ <u>2,362,330</u>	\$ <u>5,672,525</u>	\$ <u>4,355,309</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 144,186	\$ 221,117	\$ 18,237	\$ -
Accrued salaries	118,098	18,123	-	-
Other accrued expenses	16,806	1,541	-	-
Warrants payable	-	-	-	258,285
Deferred revenue	79,324	193,435	-	337,498
Total liabilities	<u>358,414</u>	<u>434,216</u>	<u>18,237</u>	<u>595,783</u>
<b>FUND BALANCES</b>				
Restricted	-	-	4,477,075	3,759,526
Committed	-	-	23,946	-
Assigned	550,000	1,928,114	1,153,267	-
Unassigned	3,676,913	-	-	-
Total fund balances	<u>4,226,913</u>	<u>1,928,114</u>	<u>5,654,288</u>	<u>3,759,526</u>
Total liabilities and fund balances	\$ <u>4,585,327</u>	\$ <u>2,362,330</u>	\$ <u>5,672,525</u>	\$ <u>4,355,309</u>

See accompanying notes to the basic financial statements.

Special Projects Fund	Leasing Corporation Fund	Other Governmental Funds	Total Governmental Funds
\$ 534,274	\$ 7,629	\$ 1,738,200	\$ 17,312,910
-	-	22,796	91,157
-	-	128,483	1,709,849
-	-	-	62,617
255	4	858	10,506
5,513	-	10,363	191,285
-	-	-	45,542
<u>\$ 540,042</u>	<u>\$ 7,633</u>	<u>\$ 1,900,700</u>	<u>\$ 19,423,866</u>
\$ 78,554	\$ -	\$ 24,970	\$ 487,064
-	-	2,928	139,149
-	-	244	18,591
-	-	-	258,285
341,032	-	131,124	1,082,413
<u>419,586</u>	<u>-</u>	<u>159,266</u>	<u>1,985,502</u>
-	7,633	652,319	8,896,553
120,456	-	971,998	1,116,400
-	-	117,117	3,748,498
-	-	-	3,676,913
<u>-</u>	<u>7,633</u>	<u>1,741,434</u>	<u>17,438,364</u>
<u>\$ 419,586</u>	<u>\$ 7,633</u>	<u>\$ 1,900,700</u>	<u>\$ 19,423,866</u>

**CITY OF SCOTTSBLUFF, NEBRASKA  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

Total Governmental Fund Balances	\$ 17,438,364
<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.	30,057,766
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.	768,665
Deferred revenue in governmental fund financials for property taxes and special assessments is shown as revenue for government wide financials.	741,387
Bond issuance costs are expensed in governmental fund financials and shown as an asset that is amortized for government wide financials.	87,594
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	\$ 51,690
Bonds payable	858,470
Compensated absences	157,724
Due in more than one year:	
Bonds payable	4,446,756
Compensated absences	361,995
	<u>(5,876,635)</u>
Net position of governmental activities	<u>\$ 43,217,141</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, 2014**

	General Fund	Transportation Fund	Economic Development Fund	Debt Service Fund
<b>Revenues:</b>				
Taxes and special assessments	\$ 4,899,621	\$ 1,120,133	\$ 950,887	\$ 666,595
Licenses and permits	91,036	-	-	-
Intergovernmental	207,788	1,471,265	-	-
Charges for services	342,718	1,376	-	-
Interest	10,507	4,840	15,771	12,674
Other revenue	162,133	31,892	45,584	5,864
<b>Total revenues</b>	<u>5,713,803</u>	<u>2,629,506</u>	<u>1,012,242</u>	<u>685,133</u>
<b>Expenditures:</b>				
<b>Current operations:</b>				
General government	498,065	-	307,462	651,274
Public safety	5,021,854	-	-	-
Transportation	-	1,736,564	-	-
Public health and social services	-	-	-	-
<b>Culture and recreation:</b>				
Library	626,774	-	-	-
Parks and recreation	1,480,919	-	-	-
Zoo	350,000	-	-	-
Public works	416,026	-	-	-
Capital expenditures	488,700	541,733	-	-
<b>Debt service:</b>				
Principal	-	235,000	-	65,087
Interest	-	7,991	-	7,662
<b>Total expenditures</b>	<u>8,882,338</u>	<u>2,521,288</u>	<u>307,462</u>	<u>724,023</u>
Excess revenues over (under) expenditures	<u>(3,168,535)</u>	<u>108,218</u>	<u>704,780</u>	<u>(38,890)</u>
<b>Other financing sources (uses):</b>				
Proceeds from debt issuance	-	-	-	-
Warrant and bond expense	-	-	-	(24,690)
Loss on sale of investment	-	-	-	-
Operating transfers in	2,825,899	-	-	-
Operating transfers out	(11,000)	(49,055)	(406,451)	-
<b>Total other financing sources (uses)</b>	<u>2,814,899</u>	<u>(49,055)</u>	<u>(406,451)</u>	<u>(24,690)</u>
Excess revenues and other financing sources over (under) expenditures and other financing uses	(353,636)	59,163	298,329	(63,580)
Prior period adjustment (Note 13)	-	-	-	-
Fund balances, October 1	<u>4,580,549</u>	<u>1,868,951</u>	<u>5,355,959</u>	<u>3,823,106</u>
Fund balances, September 30	<u>\$ 4,226,913</u>	<u>\$ 1,928,114</u>	<u>\$ 5,654,288</u>	<u>\$ 3,759,526</u>

See accompanying notes to the basic financial statements.

Special Projects Fund	Leasing Corporation Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 475,708	\$ 8,112,944
-	-	2,975	94,011
-	-	837	1,679,890
16,215	-	37,590	397,899
1,727	22	4,690	50,231
256,128	644,590	246,923	1,393,114
<u>274,070</u>	<u>644,612</u>	<u>768,723</u>	<u>11,728,089</u>
-	-	15,061	1,471,862
274,557	-	65,349	5,361,760
-	-	-	1,736,564
-	-	184,140	184,140
-	-	18,898	645,672
-	-	-	1,480,919
-	-	-	350,000
13,468	-	21,421	450,915
-	-	142,374	1,172,807
-	510,000	45,000	855,087
-	134,579	22,121	172,353
<u>288,025</u>	<u>644,579</u>	<u>514,364</u>	<u>13,882,079</u>
<u>(13,955)</u>	<u>33</u>	<u>254,359</u>	<u>(2,153,990)</u>
-	-	-	-
-	-	-	(24,690)
-	-	-	-
-	-	-	2,825,899
-	-	-	(466,506)
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,334,703</u>
(13,955)	33	254,359	180,713
-	-	(5,622)	(5,622)
<u>134,411</u>	<u>7,600</u>	<u>1,492,697</u>	<u>17,263,273</u>
<u>\$ 120,456</u>	<u>\$ 7,633</u>	<u>\$ 1,741,434</u>	<u>\$ 17,438,364</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, 2014**

Net Change in Fund Balances - Total Governmental Funds	\$ 180,713
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(568,859)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the value of contributed capital.	1,740,802
Payments on debt are expenditures in the funds, but a debt payment decreases long-term liabilities in the Statement of Net Position.	857,383
Deferred revenue in governmental fund financials for property taxes and special assessments is shown as revenue for government wide financials.	(18,804)
Some expenses reported in the Statement of Activities do not require the use of of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	9,464
Accrued interest	(358)
Bond amortization costs	(11,597)
Internal service funds are used by management to charge the costs of certain services to individual funds.	157,101
Change in net position of governmental activities	<u>\$ 2,345,845</u>

See accompanying notes to the basic financial statements.

**CITY OF SCOTTSBLUFF, NEBRASKA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2014**

	Business-type Activities			
	Environmental Services	Wastewater	Water	Electric
<b>ASSETS</b>				
Current assets				
Equity in pooled cash	\$ 412,621	\$ 1,868,857	\$ 2,097,917	\$ 1,375,870
Net receivables:				
Accounts and unbilled	131,568	343,352	322,615	754,148
Accrued interest	203	919	1,033	678
Inventory	-	-	309,468	-
Total current assets	<u>544,392</u>	<u>2,213,128</u>	<u>2,731,033</u>	<u>2,130,696</u>
Noncurrent assets				
Restricted investments	559,689	-	-	-
Due from other funds	-	-	-	80,000
Capital assets - non-depreciable	34,008	292,753	679,041	300,000
Net capital assets - depreciable	948,220	12,023,462	7,001,676	549,568
Total noncurrent assets	<u>1,541,917</u>	<u>12,316,215</u>	<u>7,680,717</u>	<u>929,568</u>
Total assets	<u>\$ 2,086,309</u>	<u>\$ 14,529,343</u>	<u>\$ 10,411,750</u>	<u>\$ 3,060,264</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 64,665	\$ 123,833	\$ 122,755	\$ -
Accrued interest payable	-	24,431	-	-
Accrued salaries	18,463	13,479	14,661	-
Accrued compensated absences	8,172	7,161	6,518	-
Other accrued expenses	1,298	19,925	106,701	-
Current portion long-term debt	-	568,516	-	-
Deferred revenue	174,491	-	-	-
Total current liabilities	<u>267,089</u>	<u>757,345</u>	<u>250,635</u>	<u>-</u>
Noncurrent liabilities				
Long-term debt	-	3,051,267	-	-
Compensated absences	39,123	58,901	37,272	-
Total noncurrent liabilities	<u>39,123</u>	<u>3,110,168</u>	<u>37,272</u>	<u>-</u>
Total liabilities	<u>306,212</u>	<u>3,867,513</u>	<u>287,907</u>	<u>-</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	982,228	8,696,432	7,680,717	849,568
Restricted for new landfill	559,689	-	-	-
Unreserved	238,180	1,965,398	2,443,126	2,210,696
Total net position	<u>1,780,097</u>	<u>10,661,830</u>	<u>10,123,843</u>	<u>3,060,264</u>
Total liabilities and net position	<u>\$ 2,086,309</u>	<u>\$ 14,529,343</u>	<u>\$ 10,411,750</u>	<u>\$ 3,060,264</u>

See accompanying notes to the basic financial statements.

Business-type Activities			Governmental Activities
Stormwater	Internal Service	Totals	Internal Service
\$ 461,953	\$ 37,119	\$ 6,254,337	\$ 769,029
20,169	-	1,571,852	-
227	18	3,078	371
-	-	309,468	-
<u>482,349</u>	<u>37,137</u>	<u>8,138,735</u>	<u>769,400</u>
-	-	559,689	-
-	-	80,000	-
274,200	-	1,580,002	-
<u>1,039,586</u>	-	<u>21,562,512</u>	-
<u>1,313,786</u>	-	<u>23,782,203</u>	-
<u>\$ 1,796,135</u>	<u>\$ 37,137</u>	<u>\$ 31,920,938</u>	<u>\$ 769,400</u>
\$ 21,983	\$ 48	\$ 333,284	\$ 735
-	-	24,431	-
-	1,375	47,978	-
-	641	22,492	-
124	73	128,121	-
-	30,000	598,516	-
-	-	174,491	-
<u>22,107</u>	<u>32,137</u>	<u>1,329,313</u>	<u>735</u>
-	50,000	3,101,267	-
-	2,742	138,038	-
-	<u>52,742</u>	<u>3,239,305</u>	-
<u>22,107</u>	<u>84,879</u>	<u>4,568,618</u>	<u>735</u>
1,313,786	-	19,522,731	-
-	-	559,689	-
<u>460,242</u>	<u>(47,742)</u>	<u>7,269,900</u>	<u>768,665</u>
<u>1,774,028</u>	<u>(47,742)</u>	<u>27,352,320</u>	<u>768,665</u>
<u>\$ 1,796,135</u>	<u>\$ 37,137</u>	<u>\$ 31,920,938</u>	<u>\$ 769,400</u>

**CITY OF SCOTTSBLUFF, NEBRASKA  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Business-type Activities			
	Environmental Services	Wastewater	Water	Electric
Operating revenues:				
Charges for services	\$ 2,383,683	\$ 2,537,362	\$ 1,909,296	\$ 2,612,723
Other revenues	2,328	87,981	54,112	1,748
Total operating revenues	<u>2,386,011</u>	<u>2,625,343</u>	<u>1,963,408</u>	<u>2,614,471</u>
Operating expenses:				
Personnel services	1,073,034	826,877	744,564	-
Operating supplies	198,667	81,887	251,199	1
Contractual	462,264	59,682	146,573	-
Maintenance	96,764	52,284	19,632	-
Utilities	15,020	214,195	153,022	-
Insurance	41,413	60,404	40,510	-
Other operating expenses	6,224	21,685	9,241	-
Depreciation and amortization	158,223	659,287	261,320	59,361
Total operating expenses	<u>2,051,609</u>	<u>1,976,301</u>	<u>1,626,061</u>	<u>59,362</u>
Operating income (loss)	<u>334,402</u>	<u>649,042</u>	<u>337,347</u>	<u>2,555,109</u>
Non-operating revenues (expenses):				
Interest income	1,068	5,504	5,495	8,237
Interest expense	-	(85,398)	-	-
Net non-operating revenues (expenses)	<u>1,068</u>	<u>(79,894)</u>	<u>5,495</u>	<u>8,237</u>
Income (loss) before contributions & transfers	<u>335,470</u>	<u>569,148</u>	<u>342,842</u>	<u>2,563,346</u>
Transfers from (to) other funds:				
Operating transfers in	-	-	406,451	-
Operating transfers (out)	(55,055)	(141,055)	(79,055)	(2,648,899)
Net transfers from (to) other funds	<u>(55,055)</u>	<u>(141,055)</u>	<u>327,396</u>	<u>(2,648,899)</u>
Change in net position	280,415	428,093	670,238	(85,553)
Net position, October 1	<u>1,499,682</u>	<u>10,233,737</u>	<u>9,453,605</u>	<u>3,145,817</u>
Net position, September 30	<u>\$ 1,780,097</u>	<u>\$ 10,661,830</u>	<u>\$ 10,123,843</u>	<u>\$ 3,060,264</u>

See accompanying notes to the basic financial statements.

Business-type Activities			Governmental Activities
Stormwater	Internal Service	Totals	Internal Service
\$ 17,541	\$ -	\$ 9,460,605	\$ -
59,308	176	205,653	2,719,222
<u>76,849</u>	<u>176</u>	<u>9,666,258</u>	<u>2,719,222</u>
-	74,487	2,718,962	-
29,397	3,000	564,151	-
46,368	206	715,093	-
83	6,400	175,163	-
475	426	383,138	-
-	-	142,327	-
1,859	390	39,399	2,564,106
64,088	-	1,202,279	-
<u>142,270</u>	<u>84,909</u>	<u>5,940,512</u>	<u>2,564,106</u>
<u>(65,421)</u>	<u>(84,733)</u>	<u>3,725,746</u>	<u>155,116</u>
1,335	132	21,771	1,985
-	(4,220)	(89,618)	-
<u>1,335</u>	<u>(4,088)</u>	<u>(67,847)</u>	<u>1,985</u>
<u>(64,086)</u>	<u>(88,821)</u>	<u>3,657,899</u>	<u>157,101</u>
50,000	108,220	564,671	-
-	-	(2,924,064)	-
<u>50,000</u>	<u>108,220</u>	<u>(2,359,393)</u>	<u>-</u>
(14,086)	19,399	1,298,506	157,101
<u>1,788,114</u>	<u>(67,141)</u>	<u>26,053,814</u>	<u>611,564</u>
<u>\$ 1,774,028</u>	<u>\$ (47,742)</u>	<u>\$ 27,352,320</u>	<u>\$ 768,665</u>

**CITY OF SCOTTSBLUFF, NEBRASKA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Business-type Activities			
	Environmental Services	Wastewater	Water	Electric
Cash flows from operating activities:				
Cash received from customers	\$ 2,355,688	\$ 2,617,433	\$ 1,974,383	\$ 2,680,647
Cash paid to suppliers	(1,011,844)	(394,419)	(612,296)	(1)
Cash paid to employees	(734,169)	(590,740)	(536,546)	-
Other expenses	(336,520)	(231,882)	(208,286)	-
Net cash provided by operating activities	<u>273,155</u>	<u>1,400,392</u>	<u>617,255</u>	<u>2,680,646</u>
Cash flows from non-capital financing activities:				
Transfers from (to) other funds	(55,055)	(141,055)	327,396	(2,648,899)
Net cash provided (used) by non-capital financing activities	<u>(55,055)</u>	<u>(141,055)</u>	<u>327,396</u>	<u>(2,648,899)</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(321,742)	(744,222)	(477,006)	-
Principal paid on capital debt	-	(555,858)	-	-
Interest paid on capital debt	-	(90,033)	-	-
Net cash (used) by capital and related financing activities	<u>(321,742)</u>	<u>(1,390,113)</u>	<u>(477,006)</u>	<u>-</u>
Cash flows from investing activities:				
Investment in landfill	(77,921)	-	-	-
Interest and dividends	1,112	5,415	5,138	8,116
Net cash provided by investing activities	<u>(76,809)</u>	<u>5,415</u>	<u>5,138</u>	<u>8,116</u>
Net increase in cash and cash equivalents	(180,451)	(125,361)	472,783	39,863
Cash and cash equivalents, October 1	593,072	1,994,218	1,625,134	1,336,007
Cash and cash equivalents, September 30	<u>\$ 412,621</u>	<u>\$ 1,868,857</u>	<u>\$ 2,097,917</u>	<u>\$ 1,375,870</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 334,402	\$ 649,042	\$ 337,347	\$ 2,555,109
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization expense	158,223	659,287	261,320	59,361
Changes in assets and liabilities:				
Receivables - net of allowances	(50,018)	(7,910)	10,975	66,176
Inventory	-	-	(35,778)	-
Accounts and other payables	(171,698)	90,838	43,503	-
Accrued expenses	2,246	9,135	(112)	-
Net cash provided by operating activities	<u>\$ 273,155</u>	<u>\$ 1,400,392</u>	<u>\$ 617,255</u>	<u>\$ 2,680,646</u>

See accompanying notes to the basic financial statements.

Business-type Activities			Governmental Activities
Stormwater	Internal Service	Totals	Internal Service
\$ 17,217	\$ 176	\$ 9,645,544	\$ 2,719,222
(25,947)	(10,464)	(2,054,971)	(2,564,011)
-	(54,550)	(1,916,005)	-
-	(19,427)	(796,115)	-
<u>(8,730)</u>	<u>(84,265)</u>	<u>4,878,453</u>	<u>155,211</u>
50,000	108,220	(2,359,393)	-
50,000	108,220	(2,359,393)	-
(15,082)	-	(1,558,052)	-
-	(30,000)	(585,858)	-
-	(4,220)	(94,253)	-
<u>(15,082)</u>	<u>(34,220)</u>	<u>(2,238,163)</u>	<u>-</u>
-	-	(77,921)	-
1,289	134	21,204	1,861
<u>1,289</u>	<u>134</u>	<u>(56,717)</u>	<u>1,861</u>
27,477	(10,131)	224,180	157,072
434,476	47,250	6,030,157	611,957
<u>\$ 461,953</u>	<u>\$ 37,119</u>	<u>\$ 6,254,337</u>	<u>\$ 769,029</u>
\$ (65,421)	\$ (84,733)	\$ 3,725,746	\$ 155,116
64,088	-	1,202,279	-
(19,440)	-	(217)	-
-	-	(35,778)	-
12,020	13	(25,324)	95
23	455	11,747	-
<u>(8,730)</u>	<u>(84,265)</u>	<u>4,878,453</u>	<u>155,211</u>

**CITY OF SCOTTSBLUFF, NEBRASKA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2014**

	Agency Fund	Pension Trust Fund	Total Fiduciary Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Equity in pooled cash	\$ 170,715	\$ -	\$ 170,715
Investments managed by trustee	-	10,243,848	10,243,848
Net receivables:			
Accrued interest	<u>89</u>	<u>-</u>	<u>89</u>
Total assets	<u>\$ 170,804</u>	<u>\$ 10,243,848</u>	<u>\$ 10,414,652</u>
<b>LIABILITIES</b>			
Accounts and warrants payable	\$ 44,485	\$ -	\$ 44,485
Debt service	<u>126,319</u>	<u>-</u>	<u>126,319</u>
Total liabilities	<u>170,804</u>	<u>-</u>	<u>170,804</u>
<b>NET POSITION</b>			
Held in trust for pension benefits	<u>-</u>	<u>10,243,848</u>	<u>10,243,848</u>
Total net position	<u>-</u>	<u>10,243,848</u>	<u>10,243,848</u>
Total liabilities and net position	<u>\$ 170,804</u>	<u>\$ 10,243,848</u>	<u>\$ 10,414,652</u>

See accompanying notes to the basic financial statements.



**CITY OF SCOTTSBLUFF, NEBRASKA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 627,166
Employee	365,070
Total contributions	<u>992,236</u>
Transfers in	-
Investment earnings:	
Net investment earnings and appreciation in fair value of investments	<u>806,714</u>
Total additions	<u>1,798,950</u>
Deductions:	
Benefit payments	1,169,186
Use of forfeitures to fund employer contributions	-
Forfeitures	-
Administrative costs	<u>5,437</u>
Total deductions	<u>1,174,623</u>
Change in fiduciary net position	624,327
Net position held in trust for pension benefits, October 1	<u>9,619,521</u>
Net position held in trust for pension benefits, September 30	<u>\$ 10,243,848</u>

See accompanying notes to the basic financial statements.

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

City of Scottsbluff Leasing Corporation

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

Community Development Agency

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

CITY OF SCOTTSBLUFF  
Scottsbluff, Nebraska

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

The government reports the following major enterprise funds:

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

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

Assets, Liabilities, and Net Position or Equity -

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

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

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

Long-Term Obligations - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities in the statement of net assets. Bond issuance costs are reported as deferred charges and are amortized over the term of the related debt.

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

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

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

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

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

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

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

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

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2014**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

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

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As noted above, State Statutes 15-847 R.R.S, 1943 covers this risk. As of September 30, 2014 equity in pooled cash was fully insured by FDIC insurance or collateralized by pledged securities. The City has entered into an investment pooling agreement with the Nebraska Public Agency Investment Trust (the Trust). The Trust was organized to allow various local governmental entities to pool their funds and invest in all instruments as allowed under state law. The trust investment consists primarily of U.S. Government securities, U.S. Government Agency securities, collateralized repurchase agreements and certificates of deposit, which are short-term in nature and not subject to significant market adjustments. The City had \$16,112,836 invested in the Trust at September 30, 2014.

Cash and Equity in Pooled Cash Management Account - At September 30, 2014, the City’s cash and pooled investments, recorded at fair market value and includes \$170,715 in the Agency (TIF) fund, consisted of the following:

Cash	\$ 3,257,218
Investments:	
U.S. Agencies and Instrumentality’s Bonds and Notes	1,970,340
Nebraska Public Agency Investment Trust	16,112,836
Certificates of deposit	<u>3,166,596</u>
	<u>\$ 24,506,990</u>
Shown on balance sheet as:	
Equity in pooled cash and investments	<u>\$ 24,506,990</u>
	<u>\$ 24,506,990</u>

Restricted Investments - The following details the restricted investment at September 30, 2014:

	<u>Enterprise Funds</u>
Pursuant to agreement with City of Gering:	
Investment	\$ <u>559,689</u>
Total	\$ <u>559,689</u>

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

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2014**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Investments Managed by Trustee - The City's Pension Trust Funds are administered by trustees. At September 30, 2014 Pension Trust Funds managed by a trustee consisted of the following:

	<u>Fire</u>	<u>Police</u>	<u>City</u>	<u>Total</u>
Mutual Funds	\$ <u>2,112,960</u>	\$ <u>3,135,078</u>	\$ <u>4,995,810</u>	\$ <u>10,243,848</u>

**NOTE 3 - RECEIVABLES**

Receivables at September 30, 2014, consist of the following:

<u>Fund</u>	<u>Taxes</u>	<u>Accounts and Other</u>	<u>Accrued Interest</u>	<u>Special Assessments</u>
General	\$ 839,231	\$ 56,357	\$ 1,810	\$ -
Special Revenue	551,769	737,972	4,717	-
Debt Service	349,146	-	3,929	65,917
Capital Projects	7,579	125,000	50	-
Enterprise	-	1,603,431	3,077	-
Internal Service	-	-	372	-
Fiduciary	-	-	<u>89</u>	-
Gross Receivables	\$ 1,747,725	\$ 2,522,760	\$ 14,044	\$ 65,917
Allowance for Uncollectibles	<u>(37,876)</u>	<u>(31,579)</u>	-	<u>(3,300)</u>
Net Receivables	\$ <u>1,709,849</u>	\$ <u>2,491,181</u>	\$ <u>14,044</u>	\$ <u>62,617</u>



**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2014**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2014, was as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 471,878	\$ -	\$ -	\$ 471,878
Inventory	2,562,113	-	-	2,562,113
Construction in progress	<u>1,636,405</u>	<u>139,882</u>	<u>1,299,764</u>	<u>476,523</u>
Total capital assets, not being depreciated	<u>4,670,396</u>	<u>139,882</u>	<u>1,299,764</u>	<u>3,510,514</u>
Capital assets, being depreciated:				
Buildings and improvements	11,438,832	23,570	1,574	11,460,828
Equipment and vehicles	5,775,695	936,982	484,078	6,228,599
Infrastructure	<u>26,070,535</u>	<u>3,108,642</u>	<u>-</u>	<u>29,179,177</u>
Total capital assets, being depreciated	<u>43,285,062</u>	<u>4,069,194</u>	<u>485,652</u>	<u>46,868,604</u>
Less accumulated depreciation for:				
Buildings and improvements	2,885,158	302,384	1,574	3,188,968
Equipment and vehicles	2,984,592	468,363	422,507	3,030,448
Infrastructure	<u>13,199,885</u>	<u>905,051</u>	<u>-</u>	<u>14,104,936</u>
Total accumulated depreciation	<u>19,069,635</u>	<u>1,675,798</u>	<u>424,081</u>	<u>20,321,352</u>
Net capital assets being depreciated	<u>24,215,427</u>	<u>2,393,396</u>	<u>61,571</u>	<u>26,547,252</u>
Net governmental activities capital assets	<u>\$ 28,885,823</u>	<u>\$ 2,533,278</u>	<u>\$ 1,361,337</u>	<u>\$ 30,057,766</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,388,525	\$ 15,082	\$ -	\$ 1,403,607
Construction in progress	<u>50,630</u>	<u>125,765</u>	<u>-</u>	<u>176,395</u>
Total capital assets, not being depreciated	<u>1,439,155</u>	<u>140,847</u>	<u>-</u>	<u>1,580,002</u>
Capital assets, being depreciated:				
Buildings and improvements	6,737,319	70,230	7,719	6,799,830
Landfill improvements	47,777	-	47,777	-
Equipment and vehicles	4,280,229	995,237	273,262	5,002,204
Plant in service	21,609,630	-	-	21,609,630
Infrastructure	<u>11,186,940</u>	<u>436,076</u>	<u>-</u>	<u>11,623,016</u>
Total capital assets, being depreciated	<u>43,861,895</u>	<u>1,501,543</u>	<u>328,758</u>	<u>45,034,680</u>
Less accumulated depreciation for:				
Buildings and improvements	3,780,441	142,122	6,964	3,915,599
Landfill improvements	39,101	-	39,101	-
Equipment and vehicles	1,962,719	336,076	237,454	2,061,341
Plant in service	14,572,892	418,847	-	14,991,739
Infrastructure	<u>2,159,154</u>	<u>344,335</u>	<u>-</u>	<u>2,503,489</u>
Total accumulated depreciation	<u>22,514,307</u>	<u>1,241,380</u>	<u>283,519</u>	<u>23,472,168</u>
Net capital assets being depreciated	<u>21,347,588</u>	<u>260,163</u>	<u>45,239</u>	<u>21,562,512</u>
Net business-type activities capital assets	<u>\$ 22,786,743</u>	<u>\$ 401,010</u>	<u>\$ 45,239</u>	<u>\$ 23,142,514</u>

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2014**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 51,420
Public safety	266,833
Transportation	989,427
Public health and social services	21,170
Culture and recreation	346,853
Public works	<u>95</u>
Total depreciation expense - governmental	<u>\$ 1,675,798</u>
Business-type activities:	
Environmental services	\$ 158,223
Wastewater	659,287
Water	261,320
Electric	59,361
Stormwater	<u>64,088</u>
Total depreciation expense - business-type	<u>\$ 1,202,279</u>

**NOTE 5 - LONG-TERM DEBT**

Long-term debt is comprised of the following:

	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Annual Installment</u>	<u>Principal Amount Outstanding</u>
Governmental activities:				
2010 Lease Rental Revenue Bonds, dated July 8, 2010, due annually through 2020; secured by library building	\$ 2,035,000	.9% to 3.6%	170,000 to 230,000	\$ 1,480,000
2009 Lease Rental and Refunding Bonds, dated September 2, 2009, due annually through 2022; secured by pool	1,975,000	.75% to 4.25%	40,000 to 160,000	1,245,000
2009 Lease Rental Revenue Bonds, dated September 2, 2009, due annually through 2019; secured by public safety building	2,030,000	1.2% to 3.8%	185,000 to 230,000	1,275,000
2002 Public Safety Bonds, dated November 5, 2002, due annually through 2022; secured by building	880,000	1.75% to 4.85%	30,000 to 65,000	475,000
2012 General Obligation Hwy Allocation Bonds, dated January 10, 2012, due annually through 2016; secured by infrastructure	1,180,000	.45% to 1.2%	235,000 to 240,000	710,000
Lease-payable mowers and vehicle; secured by mowers	52,000	1.35%	17,811	17,513
secured by mowers, vehicle and copiers	152,882	1.57%	52,570	<u>102,713</u>
Total governmental activities				<u>\$ 5,305,226</u>

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2014**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Annual Installment</u>	<u>Principal Amount Outstanding</u>
Business-type activities:				
Wastewater treatment project loan - State of Nebraska, issued 1998, due annually through 2019	4,600,000	3.00%	80,000 to 151,690	1,419,903
Wastewater treatment project loan - State of Nebraska, issued 2003, due annually through 2023	1,004,334	3.00%	19,000 to 33,000	519,064
Wastewater treatment project loan - State of Nebraska, issued 2011, due annually through 2020	1,685,000	2.00%	186,564	1,091,066
Wastewater treatment project loan – ARRA - State of Nebraska, issued 2011, due annually through 2020	842,500	0%	84,250	<u>589,750</u>
Total business-type activities				<u>\$ 3,619,783</u>
Total long-term debt				<u>\$ 8,925,009</u>

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

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

Fiscal Year Ended September 30	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 235,000	\$ 6,405	\$ 555,000	\$ 143,895	\$ 68,470	\$ 1,872
2016	235,000	4,173	575,000	128,964	51,755	815
2017	240,000	1,440	590,000	111,820	-	-
2018	-	-	610,000	92,475	-	-
2019	-	-	625,000	71,201	-	-
2020-2024	-	-	1,520,000	94,753	-	-
	<u>\$ 710,000</u>	<u>\$ 6,218</u>	<u>\$ 4,475,000</u>	<u>\$ 643,108</u>	<u>\$ 120,225</u>	<u>\$ 2,687</u>

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2014**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

Fiscal Year Ended September 30	Business-Type Activities					
	Revenue Bonds		NDEQ Loans		Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ -	\$ -	\$ 568,516	\$ 77,375	\$ -	\$ -
2016	-	-	581,500	64,391	-	-
2017	-	-	594,821	51,070	-	-
2018	-	-	608,487	37,403	-	-
2019	-	-	622,509	23,381	-	-
2020-2024	-	-	643,950	21,574	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,619,783</u>	<u>\$ 275,194</u>	<u>\$ -</u>	<u>\$ -</u>

Long-term liability activity for the year ended September 30, 2014 was as follows:

	10/1/13 Beginning Balance	Additions	Reductions	9/30/14 Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
Revenue bonds	\$ 5,030,000	\$ -	\$ 555,000	\$ 4,475,000	\$ 555,000
GO bonds	945,000	-	235,000	710,000	235,000
Capital lease payable	187,604	-	67,379	120,225	68,470
Compensated absences	529,183	-	9,464	519,719	157,724
Governmental activities	<u>\$ 6,691,787</u>	<u>\$ -</u>	<u>\$ 866,843</u>	<u>\$ 5,824,944</u>	<u>\$ 1,016,194</u>
<b>Business-type activities:</b>					
Loans payable	\$ 4,175,641	\$ -	\$ 555,858	\$ 3,619,783	\$ 568,516
Compensated absences	158,311	2,219	-	160,530	22,492
Business-type activities	<u>\$ 4,333,952</u>	<u>\$ 2,219</u>	<u>\$ 555,858</u>	<u>\$ 3,780,313</u>	<u>\$ 591,008</u>

During fiscal years 1997 and 1999, the Community Development Agency (CDA) issued \$375,000 and \$1,274,000, respectively, of tax increment financing bonds for various projects within the City. These bonds were paid off during fiscal year ended September 30, 2014. These bonds are limited obligations of the agency payable exclusively from taxes levied against certain property in specified areas. These bonds are not general obligations of the CDA or the City, and are not included in the City's financial statements. The accumulation of resources to pay these bonds is accounted for in the agency funds for CDA.

**NOTE 6 - LEASE AGREEMENT - ELECTRICAL DISTRIBUTION SYSTEM**

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

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

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

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2014**

**NOTE 7 - RETIREMENT PLANS**

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

General

The City sponsors a defined contribution plan which covers substantially all general city employees. Under the terms of the plan, an employee must be age 21 or older and have completed one year of continuous service and have not attained the age of 64. Participating employees are required to contribute 3% of their earnings. The City then makes a matching contribution to the plan on their behalf. An additional voluntary contribution can be made by employees to the plan to the extent allowed under the Internal Revenue Code, currently an additional 10%. The City will contribute an amount equal to an employees voluntary contribution, not to exceed 3% of the employees compensation. Employees are 100% vested in the plan after completing 7 years of service, reaching normal retirement age (65), meeting the requirements for early retirement date, becoming totally disabled, or deceased, whichever occurs first. Contributions to the general city employee retirement plan were \$170,316 and \$180,319 by the City and plan participants, respectively.

Fire Fighters

Fire fighters are covered by a defined contribution plan sponsored by the City. Eligible employees are required to contribute 6-1/2% of their salary to the plan, which the City then matches at the rate of 13% of the participant's salary. Employees are fully vested after 7 whole years of service. A participant's normal retirement age is the date he attains age 55 and completes 21 years of service. Nebraska State statutes govern the coverage afforded to participants under this plan. Contributions to the fire fighters employee retirement plan were \$109,572 and \$63,946 by the City and plan participants, respectively.

Police

Police officers are covered by a defined contribution plan sponsored by the City. Participants in the plan are required to contribute 6.5% of their salary to the plan, which is matched by a 6.5% contribution from the City. Employees are fully vested after 7 whole years of service. Contributions to the police retirement plan were \$119,228 and \$120,805 by the City and plan participants, respectively. An actuarial certification dated April 25, 2014 shows an estimated present value shortfall of \$46,173 for covering future benefits relating to the defined benefit plan that was converted to a defined contribution plan effective January 1, 1984. The City had one employee that qualified for this benefit. That employee retired in October 2014 and the estimated amount the City will owe is \$117,500. Per state statute, effective 10-1-15 the required contribution and City match will increase to 7%.

**NOTE 8 - COMMITMENTS AND CONTINGENCIES**

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

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

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

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2014**

**NOTE 9 - RISK MANAGEMENT**

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

Due to the Affordable Care Act, the coverage lifetime maximum is unlimited. Re-insurance is covered by a policy which provided insurance above the City's participation of \$40,000 per person and \$1,260,906 in the aggregate.

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

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

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

	<u>Due From</u>	<u>Due To</u>
Internal service - GIS	\$ -	\$ 80,000
Enterprise - Electric	<u>80,000</u>	<u>-</u>
Total	<u>\$ 80,000</u>	<u>\$ 80,000</u>

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

	<u>Tranfers In</u>				<u>Total</u>
	<u>General</u>	<u>Non-major</u>	<u>Stormwater</u>	<u>GIS</u>	
<u>Transfers Out</u>	<u>Fund</u>	<u>Gov't Funds</u>	<u>Fund</u>	<u>Fund</u>	<u>Transfers out</u>
General Fund	\$ -	\$ -	\$ -	\$ 11,000	\$ 11,000
Transp. Fund	27,000	-	-	22,055	49,055
Non-major Funds	-	146,480	-	-	146,480
Env. Services Fund	54,000	-	-	1,055	55,055
Wastewater Fund	54,000	-	50,000	37,055	141,055
Water Fund	42,000	-	-	37,055	79,055
Electric Fund	<u>2,648,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,648,899</u>
	<u>\$ 2,825,899</u>	<u>\$ 146,480</u>	<u>\$ 50,000</u>	<u>\$ 108,220</u>	<u>\$ 3,130,599</u>

**NOTE 11 - DEFICIT FUND NET ASSETS**

The following funds had a net asset deficit as of September 30, 2014.

Geographic information system fund (Internal service-business type) of \$(47,742). This will be eliminated as payments are made on the interfund payable to the electric fund.

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2014**

**NOTE 12 - PROPERTY TAXES**

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

Property taxes levied for 2013-2014 are recorded as revenue when expected to be collected within 60 days after September 30, 2014. 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 2013 tax levy, for the 2013-2014 fiscal year, was \$1,687,535 with a tax rate per \$100 valuation of 0.216 for general and \$54,100 with a tax rate per \$100 valuation of .2158 for the business improvement district. The assessed value upon which the 2013 levy was based was \$781,266,228 for general and \$25,072,841 for the business improvement district.

**NOTE 13 – PRIOR PERIOD ADJUSTMENT**

The Public Safety Equipment Fund prior year balances did not account for changes in the grant receivable balance. That change results in a \$5,622 reduction to the beginning fund balance.

**NOTE 14 – SUBSEQUENT EVENTS**

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through January 8, 2015, the date the financial statements were available to be issued. There were no events noted that required disclosure.

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

**REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF SCOTTSBLUFF, NEBRASKA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 5,240,248	\$ 5,240,248	\$ 5,002,092	\$ (238,156)
Intergovernmental	-	-	87,341	87,341
Local	3,434,770	3,434,770	3,485,054	50,284
Total revenues	<u>8,675,018</u>	<u>8,675,018</u>	<u>8,574,487</u>	<u>(100,531)</u>
Expenditures:				
General government	961,085	961,085	598,513	362,572
Public safety - Police and Fire	5,062,223	5,062,223	4,999,044	63,179
Public works - Other	522,093	522,093	420,745	101,348
Culture and recreation	2,902,859	2,902,859	2,832,626	70,233
Total expenditures	<u>9,448,260</u>	<u>9,448,260</u>	<u>8,850,928</u>	<u>597,332</u>
Excess revenues over (under) expenditures	\$ <u>(773,242)</u>	\$ <u>(773,242)</u>	(276,441)	\$ <u>496,801</u>
Fund balances, October 1			<u>4,092,280</u>	
Fund balances, September 30			<u>\$ 3,815,839</u>	

See accompanying notes.

**CITY OF SCOTTSBLUFF, NEBRASKA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)  
TRANSPORTATION FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,189,208	\$ 1,189,208	\$ 1,109,275	\$ (79,933)
Intergovernmental	1,441,001	1,441,001	1,472,274	31,273
Local	35,000	35,000	35,276	276
Total revenues	<u>2,665,209</u>	<u>2,665,209</u>	<u>2,616,825</u>	<u>(48,384)</u>
Expenditures:				
Public works - Streets	<u>3,138,261</u>	<u>3,138,261</u>	<u>2,565,942</u>	<u>572,319</u>
Total expenditures	<u>3,138,261</u>	<u>3,138,261</u>	<u>2,565,942</u>	<u>572,319</u>
Excess revenues over (under) expenditures	\$ <u>(473,052)</u>	\$ <u>(473,052)</u>	50,883	\$ <u>523,935</u>
Fund balances, October 1			<u>1,881,395</u>	
Fund balances, September 30			<u>\$ 1,932,278</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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,012,475	\$ 1,012,475	\$ 945,604	\$ (66,871)
Local	17,000	17,000	54,194	37,194
Total revenues	<u>1,029,475</u>	<u>1,029,475</u>	<u>999,798</u>	<u>(29,677)</u>
Expenditures:				
Community development	4,090,750	4,090,750	713,915	3,376,835
Total expenditures	<u>4,090,750</u>	<u>4,090,750</u>	<u>713,915</u>	<u>3,376,835</u>
Excess revenues over (under) expenditures	\$ <u>(3,061,275)</u>	\$ <u>(3,061,275)</u>	285,883	\$ <u>3,347,158</u>
Fund balances, October 1			<u>5,452,480</u>	
Fund balances, September 30			\$ <u><u>5,738,363</u></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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 687,142	\$ 687,142	\$ 641,200	\$ (45,942)
Local	1,083,500	1,083,500	59,859	(1,023,641)
Total revenues	<u>1,770,642</u>	<u>1,770,642</u>	<u>701,059</u>	<u>(1,069,583)</u>
Expenditures:				
General government	4,421,891	4,421,891	781,088	3,640,803
Total expenditures	<u>4,421,891</u>	<u>4,421,891</u>	<u>781,088</u>	<u>3,640,803</u>
Excess revenues over (under) expenditures	\$ <u>(2,651,249)</u>	\$ <u>(2,651,249)</u>	(80,029)	\$ <u>2,571,220</u>
Fund balances, October 1			<u>4,828,725</u>	
Fund balances, September 30			\$ <u><u>4,748,696</u></u>	

See accompanying notes.

**CITY OF SCOTTSBLUFF, NEBRASKA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)  
SPECIAL PROJECTS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 80,794	\$ 80,794
Local	501,500	501,500	67,257	(434,243)
Total revenues	<u>501,500</u>	<u>501,500</u>	<u>148,051</u>	<u>(353,449)</u>
Expenditures:				
General government	500,000	500,000	288,026	211,974
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>288,026</u>	<u>211,974</u>
Excess revenues over (under) expenditures	\$ <u>1,500</u>	\$ <u>1,500</u>	(139,975)	\$ <u>(141,475)</u>
Fund balances, October 1			<u>581,831</u>	
Fund balances, September 30			\$ <u>441,856</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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Local	644,610	644,610	644,602	(8)
Total revenues	<u>644,610</u>	<u>644,610</u>	<u>644,602</u>	<u>(8)</u>
Expenditures:				
General government	644,580	644,580	644,580	-
Total expenditures	<u>644,580</u>	<u>644,580</u>	<u>644,580</u>	<u>-</u>
Excess revenues over (under) expenditures	\$ <u>30</u>	\$ <u>30</u>	22	\$ <u>(8)</u>
Fund balances, October 1			<u>27,602</u>	
Fund balances, September 30			\$ <u>27,624</u>	

See accompanying notes.

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

**NOTES TO THE BUDGETARY COMPARISON SCHEDULES**

**September 30, 2014**

**NOTE 1 – BUDGET AND BUDGETARY ACCOUNTING**

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

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

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

Revenues and expenditures presented on a non-GAAP budget basis of accounting differ from the revenues and expenditures presented in accordance with GAAP because of the different treatment of accruals. A reconciliation for the year ended September 30, 2014, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

	<u>General</u> <u>Fund</u>	<u>Tranps.</u> <u>Fund</u>	<u>Econ.</u> <u>Dev.</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Special</u> <u>Projects</u> <u>Fund</u>	<u>Leasing</u> <u>Corp.</u> <u>Fund</u>
Net change in fund balances:						
Balance on a GAAP basis	\$ (353,636)	\$ 59,163	\$ 298,329	\$ (63,580)	\$ (13,955)	\$ 33
Basis differences (accruals occur because the cash basis of accounting use for budgeting differs from the modified accrual basis of accounting prescribed for governmental fund	<u>77,195</u>	<u>(8,280)</u>	<u>(12,446)</u>	<u>(16,449)</u>	<u>(126,020)</u>	<u>(11)</u>
Balance on a budget basis	<u>\$ (276,441)</u>	<u>\$ 50,883</u>	<u>\$ 285,883</u>	<u>\$ (80,029)</u>	<u>\$ (139,975)</u>	<u>\$ 22</u>

**CITY OF SCOTTSBLUFF**  
**Scottsbluff, Nebraska**

**OTHER SUPPLEMENTARY INFORMATION**



CITY OF SCOTTSBLUFF, NEBRASKA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2014

	Regional Library	Cemetery & Cemetery Perpetual Care	Business Improvement District	Public Safety Equipment	Industrial Site
<b>ASSETS</b>					
Equity in pooled cash	\$ 39,822	\$ 480,607	\$ 189,903	\$ 286,906	\$ 45,788
Funds held by county treasurer	-	7,988	1,436	10,414	-
Net receivables:					
Taxes	-	36,890	6,255	77,759	-
Accrued interest	20	236	93	141	26
Governmental unit	-	3,395	-	6,968	-
Total assets	<u>\$ 39,842</u>	<u>\$ 529,116</u>	<u>\$ 197,687</u>	<u>\$ 382,188</u>	<u>\$ 45,814</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 359	\$ 15,107	\$ 5,595	\$ 2,375	\$ -
Accrued salaries	-	2,928	-	-	-
Other accrued expenses	-	244	-	-	-
Deferred revenue	-	37,320	6,584	79,793	-
Total liabilities	<u>359</u>	<u>55,599</u>	<u>12,179</u>	<u>82,168</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted	15,704	-	-	-	-
Committed	-	466,295	174,304	286,285	45,114
Assigned	23,779	7,222	11,204	13,735	700
Total fund balances	<u>39,483</u>	<u>473,517</u>	<u>185,508</u>	<u>300,020</u>	<u>45,814</u>
Total liabilities and fund balances	<u>\$ 39,842</u>	<u>\$ 529,116</u>	<u>\$ 197,687</u>	<u>\$ 382,188</u>	<u>\$ 45,814</u>

Keno	Mutual Fire	CDBG Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 126,589	\$ 475,085	\$ 42,673	\$ 50,827	\$ 1,738,200
-	-	-	2,958	22,796
-	-	-	7,579	128,483
62	234	21	25	858
-	-	-	-	10,363
<u>\$ 126,651</u>	<u>\$ 475,319</u>	<u>\$ 42,694</u>	<u>\$ 61,389</u>	<u>\$ 1,900,700</u>
\$ 534	\$ 1,000	\$ -	\$ -	\$ 24,970
-	-	-	-	2,928
-	-	-	-	244
-	-	-	7,427	131,124
<u>534</u>	<u>1,000</u>	<u>-</u>	<u>7,427</u>	<u>159,266</u>
124,120	469,801	42,694	-	652,319
-	-	-	-	971,998
1,997	4,518	-	53,962	117,117
<u>126,117</u>	<u>474,319</u>	<u>42,694</u>	<u>53,962</u>	<u>1,741,434</u>
<u>\$ 126,651</u>	<u>\$ 475,319</u>	<u>\$ 42,694</u>	<u>\$ 61,389</u>	<u>\$ 1,900,700</u>

**CITY OF SCOTTSBLUFF, NEBRASKA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Regional Library	Cemetery & Cemetery Perpetual Care	Business Improvement District	Public Safety Equipment	Industrial Site
<b>Revenues:</b>					
Taxes and special assessments	\$ -	\$ 157,463	\$ 53,600	\$ 210,701	\$ -
Licenses and permits	-	2,975	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	37,590	-	-	-
Interest	113	1,316	520	709	141
Other revenue	28,014	62,062	145	5,956	71
Total revenues	<u>28,127</u>	<u>261,406</u>	<u>54,265</u>	<u>217,366</u>	<u>212</u>
<b>Expenditures:</b>					
Current operations:					
General government	-	-	-	-	3,898
Public safety	-	-	-	55,468	-
Public health and social services	-	184,140	-	-	-
Culture and recreation:					
Library	18,898	-	-	-	-
Public works	-	-	21,421	-	-
Capital expenditures	-	41,070	-	101,304	-
Debt service:					
Principal	-	-	-	45,000	-
Interest	-	-	-	22,121	-
Total expenditures	<u>18,898</u>	<u>225,210</u>	<u>21,421</u>	<u>223,893</u>	<u>3,898</u>
Excess revenues over (under) expenditures	<u>9,229</u>	<u>36,196</u>	<u>32,844</u>	<u>(6,527)</u>	<u>(3,686)</u>
<b>Other financing sources (uses):</b>					
Proceeds from debt issuance	-	-	-	-	-
Warrant and bond expense	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues and other financing sources over (under) expenditures and other uses	9,229	36,196	32,844	(6,527)	(3,686)
Prior period adjustment (Note 13)	-	-	-	(5,622)	-
Fund balances, October 1	<u>30,254</u>	<u>437,321</u>	<u>152,664</u>	<u>312,169</u>	<u>49,500</u>
Fund balances, September 30	<u>\$ 39,483</u>	<u>\$ 473,517</u>	<u>\$ 185,508</u>	<u>\$ 300,020</u>	<u>\$ 45,814</u>

	Keno	Mutual Fire	CDBG	Capital Projects	Total Nonmajor Governmental Funds
\$	-	\$ -	\$ -	\$ 53,944	\$ 475,708
	-	-	-	-	2,975
	837	-	-	-	837
	-	-	-	-	37,590
	321	1,365	125	80	4,690
	<u>61,384</u>	<u>89,296</u>	<u>57</u>	<u>(62)</u>	<u>246,923</u>
	<u>62,542</u>	<u>90,661</u>	<u>182</u>	<u>53,962</u>	<u>768,723</u>
	11,163	-	-	-	15,061
	-	9,881	-	-	65,349
	-	-	-	-	184,140
	-	-	-	-	18,898
	-	-	-	-	21,421
	-	-	-	-	142,374
	-	-	-	-	45,000
	-	-	-	-	22,121
	<u>11,163</u>	<u>9,881</u>	<u>-</u>	<u>-</u>	<u>514,364</u>
	<u>51,379</u>	<u>80,780</u>	<u>182</u>	<u>53,962</u>	<u>254,359</u>
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>51,379</u>	<u>80,780</u>	<u>182</u>	<u>53,962</u>	<u>254,359</u>
	-	-	-	-	(5,622)
	<u>74,738</u>	<u>393,539</u>	<u>42,512</u>	<u>-</u>	<u>1,492,697</u>
\$	<u>126,117</u>	<u>474,319</u>	<u>42,694</u>	<u>53,962</u>	<u>1,741,434</u>

**CITY OF SCOTTSBLUFF, NEBRASKA  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 SEPTEMBER 30, 2014**

	<u>Health Insurance</u>	<u>Unemployment Compensation</u>	<u>Geographic Information System</u>	<u>Totals</u>
<b>ASSETS</b>				
Current assets				
Equity in pooled cash	\$ 700,729	\$ 68,300	\$ 37,119	\$ 806,148
Net receivables:				
Accrued interest	341	30	18	389
Total current assets	<u>701,070</u>	<u>68,330</u>	<u>37,137</u>	<u>806,537</u>
Noncurrent assets				
Deferred charges	-	-	-	-
Net capital assets	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 701,070</u>	<u>\$ 68,330</u>	<u>\$ 37,137</u>	<u>\$ 806,537</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 735	\$ -	\$ 48	\$ 783
Accrued salaries	-	-	1,375	1,375
Accrued compensated absences	-	-	641	641
Other accrued expenses	-	-	73	73
Current portion long-term debt	-	-	30,000	30,000
Total current liabilities	<u>735</u>	<u>-</u>	<u>32,137</u>	<u>32,872</u>
Noncurrent liabilities				
Long-term debt	-	-	50,000	50,000
Compensated absences	-	-	2,742	2,742
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>52,742</u>	<u>52,742</u>
Total liabilities	<u>735</u>	<u>-</u>	<u>84,879</u>	<u>85,614</u>
<b>NET POSITION</b>				
Unreserved	<u>700,335</u>	<u>68,330</u>	<u>(47,742)</u>	<u>720,923</u>
Total net position	<u>700,335</u>	<u>68,330</u>	<u>(47,742)</u>	<u>720,923</u>
Total liabilities and net position	<u>\$ 701,070</u>	<u>\$ 68,330</u>	<u>\$ 37,137</u>	<u>\$ 806,537</u>

**CITY OF SCOTTSBLUFF, NEBRASKA  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Health Insurance</u>	<u>Unemployment Compensation</u>	<u>Geographic Information System</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Other revenues	<u>2,704,094</u>	<u>15,128</u>	<u>176</u>	<u>2,719,398</u>
Total operating revenues	<u>2,704,094</u>	<u>15,128</u>	<u>176</u>	<u>2,719,398</u>
Operating expenses:				
Personnel services	-	-	74,487	74,487
Operating supplies	-	-	3,000	3,000
Contractual	-	-	206	206
Maintenance	-	-	6,400	6,400
Utilities	-	-	426	426
Insurance	-	-	-	-
Other operating expenses	<u>2,564,078</u>	<u>28</u>	<u>390</u>	<u>2,564,496</u>
Total operating expenses	<u>2,564,078</u>	<u>28</u>	<u>84,909</u>	<u>2,649,015</u>
Operating income (loss)	<u>140,016</u>	<u>15,100</u>	<u>(84,733)</u>	<u>70,383</u>
Non-operating revenues (expenses):				
Interest income	1,816	169	132	2,117
Interest expense	<u>-</u>	<u>-</u>	<u>(4,220)</u>	<u>(4,220)</u>
Net non-operating revenues (expenses)	<u>1,816</u>	<u>169</u>	<u>(4,088)</u>	<u>(2,103)</u>
Income before transfers	<u>141,832</u>	<u>15,269</u>	<u>(88,821)</u>	<u>68,280</u>
Transfers from (to) other funds:				
Operating transfers in	-	-	108,220	108,220
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>108,220</u>	<u>108,220</u>
Change in net position	141,832	15,269	19,399	176,500
Net position, October 1	<u>558,503</u>	<u>53,061</u>	<u>(67,141)</u>	<u>544,423</u>
Net position, September 30	<u>\$ 700,335</u>	<u>\$ 68,330</u>	<u>\$ (47,742)</u>	<u>\$ 720,923</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scottsbluff, Nebraska, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Scottsbluff, Nebraska's basic financial statements, and have issued our report thereon dated January 8, 2015.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

Dana J Cole + Company, LLP

Scottsbluff, Nebraska  
January 8, 2015