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November 28, 2018

To the Board of Commissioners
Scotts Bluff County, Nebraska
1825 10th Street
Gering, NE 69341

RE: AU-C 260

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scotts Bluff County, Nebraska for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 5, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Scotts Bluff County, Nebraska, are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by the Scotts Bluff County, Nebraska, during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the budget amounts is based on prior experiences and future expectations. We evaluated the key factors and assumptions used to develop the budget amounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

Note 5 of the financial statements discloses debt required to be repaid in future periods, future debt service requirements, interest rates, debt covenants, and assets collateralized against outstanding debt.

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The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes uncorrected misstatements of the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 28, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Scotts Bluff County, Nebraska's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Scotts Bluff County, Nebraska's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the supplementary information, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine

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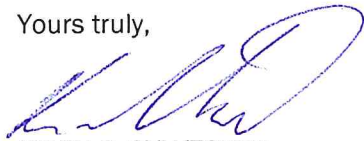
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that the information complies with the cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Commissioners and management of Scotts Bluff County, Nebraska, and is not intended to be, and should not be, used by anyone other than these specified parties.

Yours truly,



KEVIN C. SYLVESTER
For the Firm

e-mail: sylvester@danacole.com

KCS:bvb

Client: **149935 - Scotts Bluff County**
 Engagement: **149935 - Scotts Bluff County**
 Period Ending: **6/30/2018**
 Trial Balance: **401-01a - Trial Balance**
 Workpaper: **401-02a - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		P-04c		
To reclassify employee contributions and adj transfers out to transfers in				
1257.6.000.218-05	Payroll Transfer for Dental Insurance		59,436.00	
1257.6.000.218-06	Payroll Transfer for Life/Disability Insurance		7,461.00	
1257.6.000.515-01	Payroll Transfer for Health Insurance		98,629.00	
1257.4.000.351-00	Employee Contributions			165,526.00
2970.5.000.1-0802	Insurance Premium - Health			
2970.5.000.1-0803	Insurance Premium - Group Life			
2970.5.000.1-0804	Insurance Premium - Dental			
2970.5.000.2-9900	Miscellaneous			
Total			165,526.00	165,526.00
Adjusting Journal Entries JE # 2		A-02		
To record beg and end Keno Cash held by others				
2850.1.000.0-0000	Cash		53,998.00	
2850.3.000.0-0000	Fund Balance			48,398.00
2850.4.000.534-10	Lottery Proceeds			5,600.00
Total			53,998.00	53,998.00
Adjusting Journal Entries JE # 3		JJ-02		
To reclassify debt payments				
0100.5.971.6-0101	Interest		12,840.00	
3400.5.000.6-0201	Interest		392,649.00	
0100.5.971.6-0100	Principal Retirement			12,840.00
0300.5.000.6-0100	Lease Payment			
0300.5.000.6-0101	Interest			
3400.5.000.6-0240	Int/Principal - Jail			392,649.00
Total			405,489.00	405,489.00
Adjusting Journal Entries JE # 4		401-02b		
To correct fund balances				
1257.1.000.0-0000	Cash		19,173.41	
2970.3.000.0-0000	Fund Balance		491.00	
1257.3.000.0-0000	Fund Balance			18,628.00
1257.5.000.2-5833	Administration Fees - Health Ins Plan			545.41
2970.4.000.390-02	Miscellaneous revenues			491.00
Total			19,664.41	19,664.41
Adjusting Journal Entries JE # 5		O-03a		
Reclass lease payment				
0300.5.000.6-0100	Lease Payment		115,377.00	
0300.5.000.6-0101	Interest		4,476.00	
0300.5.000.5-0300	Machinery & Equipment			119,853.00
Total			119,853.00	119,853.00
Adjusting Journal Entries JE # 6				
Reclass tower lease				
5905.5.000.2-2501	Radio Tower Fees		11,540.00	
5905.5.000.2-1801	Dues, Sub, Registration, Etc.			11,540.00
Total			11,540.00	11,540.00