

AUDIT REPORT
OF
SCOTTS BLUFF COUNTY, NEBRASKA

JUNE 30, 2016



**DANA F. COLE
& COMPANY** LLP
CERTIFIED PUBLIC ACCOUNTANTS

AUDIT REPORT
OF
SCOTTS BLUFF COUNTY, NEBRASKA
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**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the County Board of Commissioners
Scotts Bluff County
Gering, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scotts Bluff County, Nebraska, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County'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 the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

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 - cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Scotts Bluff County, Nebraska, as of June 30, 2016, and the respective changes in financial position - cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Scotts Bluff County, Nebraska's basic financial statements. The supplementary information on pages 32 - 48 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on pages 29 - 31 is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards 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 supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2017, on our consideration of Scotts Bluff County, 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 Scotts Bluff County, Nebraska's internal control over financial reporting and compliance.

Dana F Cole + Company, LLP

Scottsbluff, Nebraska
January 23, 2017

SCOTTS BLUFF COUNTY, NEBRASKA
STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	<u>10,897,956</u>
NET POSITION	
Restricted	4,307,926
Unrestricted	<u>6,590,030</u>
TOTAL NET POSITION	<u>10,897,956</u>

See accompanying notes to financial statements.

SCOTTS BLUFF COUNTY, NEBRASKA
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016

		Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental activities					
General government	8,548,117	1,183,355	42,477	14,000	(7,308,285)
Public safety	9,230,877	2,800,938	243,466	275,671	(5,910,802)
Public works	3,641,675	297,000	3,016,158		(328,517)
Public health and welfare	1,047,989	144,518	589,650		(313,821)
Culture and recreation	666,731	541,663			(125,068)
Capital outlay	2,684,389				(2,684,389)
Debt service					
Principal	5,739,136				(5,739,136)
Interest	473,816				(473,816)
Issue costs	50,294				(50,294)
Total governmental activities	<u>32,083,024</u>	<u>4,967,474</u>	<u>3,891,751</u>	<u>289,671</u>	<u>(22,934,128)</u>
GENERAL RECEIPTS					
Property taxes					10,071,922
Motor vehicle taxes					1,364,547
Other taxes					1,007,706
Intergovernmental receipts					1,320,280
Miscellaneous local					1,572,297
Investment earnings					83,241
Proceeds from debt issuance					5,000,000
Total general receipts					<u>20,419,993</u>
CHANGE IN NET POSITION					(2,514,135)
NET POSITION, beginning of year					<u>13,412,091</u>
NET POSITION, end of year					<u>10,897,956</u>

See accompanying notes to financial statements.

SCOTTS BLUFF COUNTY, NEBRASKA
STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2016

	Major Funds							Total Governmental Funds
	General Fund	Road and Bridge Fund	Self- Insured Medical Insurance Fund	Detention Fund	Debt Service Fund	Capital Improvement Fund	Nonmajor Governmental Funds	
ASSETS								
Cash and cash equivalents	<u>2,512,332</u>	<u>756,315</u>	<u>252,398</u>	<u>783,736</u>	<u>981,860</u>	<u>1,783,279</u>	<u>3,828,036</u>	<u>10,897,956</u>
FUND BALANCES								
Restricted		756,315			981,860		2,569,751	4,307,926
Committed			252,398	783,736		1,783,279	1,230,484	4,049,897
Unassigned	<u>2,512,332</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>27,801</u>	<u>2,540,133</u>
TOTAL FUND BALANCES	<u>2,512,332</u>	<u>756,315</u>	<u>252,398</u>	<u>783,736</u>	<u>981,860</u>	<u>1,783,279</u>	<u>3,828,036</u>	<u>10,897,956</u>

See accompanying notes to financial statements.

SCOTTS BLUFF COUNTY, NEBRASKA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Major Funds							Total Governmental Funds
	General Fund	Road and Bridge Fund	Self- Insured Medical Insurance Fund	Detention Fund	Debt Service Fund	Capital Improvement Fund	Other Nonmajor Governmental Funds	
RECEIPTS								
Property taxes	5,972,531		187,543	2,160,918	850,369	33	900,528	10,071,922
Motor vehicle taxes	1,162,247	202,300						1,364,547
Other taxes							1,007,706	1,007,706
Intergovernmental	1,324,197	2,450,533	21,602	274,685	97,394		1,333,291	5,501,702
Local fees, licenses, commissions, and miscellaneous	1,880,529	91,576	1,223,070	2,431,467			913,129	6,539,771
Investment earnings	75,745						7,496	83,241
Total receipts	10,415,249	2,744,409	1,432,215	4,867,070	947,763	33	4,162,150	24,568,889
DISBURSEMENTS								
General government	4,735,229		3,766,454				46,434	8,548,117
Public safety	2,994,177			5,050,101			1,186,599	9,230,877
Public works	227,303	3,108,350				6,243	299,779	3,641,675
Public health and welfare	638,075						409,914	1,047,989
Public culture and recreation							666,731	666,731
Capital outlay	365,159	232,503		166,959		70,492	1,849,276	2,684,389
Debt service								
Principal	8,479	119,853			5,610,804			5,739,136
Interest	13,721				460,095			473,816
Issue costs					50,294			50,294
Total disbursements	8,982,143	3,460,706	3,766,454	5,217,060	6,121,193	76,735	4,458,733	32,083,024
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	1,433,106	(716,297)	(2,334,239)	(349,990)	(5,173,430)	(76,702)	(296,583)	(7,514,135)
OTHER FINANCING SOURCES (USES)								
Proceeds from debt issuance					5,000,000			5,000,000
Operating transfers in		1,155,053	2,184,316		151,855	500,000	415,533	4,406,757
Operating transfers out	(2,050,668)	(227,631)		(496,999)			(1,631,459)	(4,406,757)
Total other financing sources (uses)	(2,050,668)	927,422	2,184,316	(496,999)	5,151,855	500,000	(1,215,926)	5,000,000
NET CHANGE IN FUND BALANCES	(617,562)	211,125	(149,923)	(846,989)	(21,575)	423,298	(1,512,509)	(2,514,135)
FUND BALANCES, beginning of year	3,129,894	545,190	402,321	1,630,725	1,003,435	1,359,981	5,340,545	13,412,091
FUND BALANCES, end of year	2,512,332	756,315	252,398	783,736	981,860	1,783,279	3,828,036	10,897,956

See accompanying notes to financial statements.

SCOTTS BLUFF COUNTY, NEBRASKA
STATEMENT OF NET POSITION - CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

ASSETS	
Cash and cash equivalents	<u>2,297,525</u>
 LIABILITIES	
Held for other governments	
Road Improvement Districts	1,606
State	595,225
Schools	740,608
Educational Service Units	6,921
Community/Technical Colleges	42,208
Natural Resource Districts	22,442
Cemeteries	32,316
Fire Districts	6,070
Sanitary Improvement Districts	87,257
Drainage Districts	6,263
Irrigation Districts	23,586
Municipalities	120,015
Agricultural Society	3,752
Other governments	37,386
Held by county offices	
County Clerk	29,657
Register of Deeds	61,029
Clerk of the District Court	237,136
County Sheriff	32,716
County Attorney	6,371
County Corrections	104,835
Veterans Service Office	39,875
Handi-Bus	46,265
Handyman	<u>13,986</u>
 TOTAL LIABILITIES	 <u><u>2,297,525</u></u>
 NET POSITION	 <u><u>- 0 -</u></u>

See accompanying notes to financial statements.

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of Scotts Bluff County, Nebraska (the County).

A. THE REPORTING ENTITY

Scotts Bluff County, Nebraska, is a governmental entity established under and governed by the laws of the State of Nebraska. As a political subdivision of the state, the County is exempt from state and federal income taxes. The County consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds over which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The County is financially accountable if its County Commission appoints a voting majority of another organization's government body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the County (primary government). The County may also be financially accountable for another organization if that organization is fiscally dependent on the County. The County has determined it has no component units required to be reported in these financial statements.

Other individual County offices maintain accounting records and account for monies received and disbursed directly by these offices. Only that portion of these monies which is subsequently receipted by the County Treasurer is reflected in the County's financial statements.

B. BASIS OF PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statements of activities and net position) report information on all the nonfiduciary activities of the primary government and its component units. Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange receipts.

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

Government-Wide Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program receipts for each function of the County's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program receipts include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts that are not classified as program receipts, including all taxes, are presented as general receipts.

Fund Financial Statements

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

Fiduciary funds report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the County's own programs. The Trust and Agency Funds are fiduciary funds.

The government utilizes the following fund types:

The *General Fund* is the primary operating fund of the County and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds account for the proceeds of specific revenue sources (other than for major capital projects) that legally restrict expenditures for specified purposes.

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities or improvements.

The *Debt Service Fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Trust and Agency Funds are used to account for assets held by the County in a trustee capacity for other governmental units. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued)

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, liabilities, receipts, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, receipts, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The County reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the County and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Road and Bridge Fund - This fund is a special revenue fund used to account for receipts and disbursements for attributed to maintenance and improvement of county highways and bridges and other county infrastructure.

Self-Insured Medical Fund - This fund is a special revenue fund used to account for the receipts of employer and employee contributions and disbursements attributable to employee medical insurance premiums and uninsured medical expenses.

Debt Service Fund - This fund is a debt service fund used to account for receipts from debt proceeds and disbursements for payments of principle, interest, and related costs of debt.

Detention Center Fund - This fund is a special revenue fund used to account for receipts and disbursements attributable to the operation of the County's detention facility.

Capital Improvement Fund - This fund is a capital project fund used to account for receipts and disbursements for the acquisition and construction of major capital facilities.

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement Focus

The government-wide and fund financial statements of the primary government, Scotts Bluff County, Nebraska, are reported using the current financial resources measurement focus and the cash basis of accounting. Receipts are recognized when the County Treasurer receives cash rather than when earned. Expenditures are recognized when cash is disbursed rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and the results of operations in conformity with accounting principles generally accepted in the United States of America.

Balances held by various county officers at year-end, including cash and accounts receivables, are reported as cash items in the statement of net position - cash basis - fiduciary funds. This statement includes amounts due to other governments, the County Treasurer, and various trust accounts, which are reported as liabilities on that statement. The effect of not recognizing the county portion of revenue until collected by the County Treasurer is not considered a material departure from the cash basis of accounting.

Basis of Accounting

The County's funds are maintained and the financial statements have been prepared on the cash basis of accounting. Receipts are recognized when cash is received rather than when earned. Expenditures are recognized when cash is disbursed rather than when the obligation is incurred. This differs from accounting principles generally accepted in the United States of America which require governmental funds to follow the modified accrual basis of accounting. Accordingly, the accompanying financial statements are not intended to present financial position and the results of operations in conformity with accounting principles generally accepted in the United States of America.

D. RECEIPTS

Program Receipts

In the statement of activities, cash basis receipts that are derived directly from each activity or from parties outside the County's taxpayers are reported as program receipts. The County reports the following program receipts in each function as follows:

General Government	Fees, permits, licenses, and commissions
Public Safety	Fines and fees, E-911 revenue, operating grants from federal and state agencies for law enforcement, and incarceration fees

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. RECEIPTS (Continued)

Program Receipts (Continued)

Public Works	Township road contracts, reimbursements, operating grants from FEMA and other federal and state agencies for road and infrastructure work
Public Health	Fees, permits, and licenses
Public Welfare and Social Services	Operating grants for juvenile services

All other governmental receipts are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

E. ASSETS, LIABILITIES, AND NET POSITION

1. Deposits and Investments

The County's cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The County had no cash equivalents at June 30, 2016.

Nebraska statutes allow the County to make any investments allowed by the State Investment Officer. This includes bank certificates of deposit. Investments for the County are reported at fair value.

2. Capital Assets

Capital assets are not recorded as assets on the government-wide or fund financial statements and depreciation is not recognized. Purchases of capital assets are recorded as disbursements by function in the financial statements.

3. Compensated Absences

It is the County's policy to permit employees to accumulate a limited amount of earned but unused vacation, sick leave, and compensatory time. Employees who leave county government for any reason will be paid for any unused vacation leave earned after one (1) year of employment. Employees who leave the county employment before one full year of employment shall not be paid any vacation leave, as none has been earned by them until after one full year of employment. All sick leave shall expire on the date of separation. All unused compensatory time remaining when the employee leaves the employment of the County shall be paid at the employee's current hourly rate or at the average rate for the final three years of employment, whichever is greater.

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, AND NET POSITION (Continued)

4. Equity Classification

Government-Wide Statements

Equity is classified as net position and displayed in two components:

Restricted net position consists of net assets with constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provision or enabling legislation.

Unrestricted net position does not meet the definition of restricted.

It is the County's policy to use restricted net position first, prior to the use of unrestricted net position, when a disbursement is paid for purposes in which both restricted and unrestricted net position are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance - Assets legally or contractually required to be maintained or are not in spendable form, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).

Restricted fund balance - Amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance - Amounts that can be used only for the specific purposes determined by a formal action of the Board of Commissioners (the County's highest level of decision-making authority).

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, AND NET POSITION (Continued)

4. Equity Classification (Continued)

Fund Financial Statements (Continued)

Fund Balance Classification (Continued)

Assigned fund balance - Amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. This intent can be expressed by the County Board of Commissioners or through the Board delegating this responsibility to the County management accountant.

Unassigned - This classification includes the residual fund balance for the General Fund.

The County 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 defer the use of these other classified funds.

F. REVENUE RECOGNITION - PROPERTY TAXES

Property taxes are levied by October 15 based on valuations as of January 1. Real estate and personal property taxes become due and attach as an enforceable lien on property as of January 1. Real estate and personal property taxes are payable in two installments and become delinquent May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

G. INTERFUND AND INTERDEPARTMENT TRANSACTIONS AND ACTIVITY

Transactions

Numerous county departments and funds transact with other county departments and funds for various purposes. These applicable intercounty transactions result in the reporting of receipts by one fund or department and expenditures by another fund or department. These transactions have not been eliminated in the government-wide or fund financial statements. A summary description of intercounty transactions follows:

Copier Costs - The County incurs postage costs which are utilized by numerous funds and departments. Copier costs are charged to applicable funds and departments based on usage.

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. INTERFUND AND INTERDEPARTMENT TRANSACTIONS AND ACTIVITY (Continued)

Transactions (Continued)

Fuel Costs - The County purchases, stores, and distributes fuel for all departments and funds requiring fuel usage. Fuel costs are charged to applicable funds and departments based on usage.

Office Supplies - The County purchases, stores, and distributes office supplies for all departments and funds utilizing office supplies. Office supply costs are charged to applicable funds and departments based on usage.

Services - The County's individual departments and funds frequently perform services to other county departments and funds. Services are charged to applicable funds and departments based on specified rates.

Activity

The County utilizes specified funds and departments for the purpose of conducting centralized service and functionality. Costs incurred are reported only in these departments and funds and are not charge to, allocated, or distributed to any other fund or department. A summary description of activities benefiting multiple departments and fund but reported in only one fund follows:

Self-Funded Insurance - The County utilizes a specified fund for the purpose of identifying and segregating "self-funded" county-wide employee medical costs.

Personnel Management - The County utilizes a specified department of the General Fund for the purpose of identifying and segregating costs associated with county-wide personnel management costs.

Information Systems - The County utilizes a specified department of the General Fund for the purpose of identifying and segregating costs associated with county-wide information technology costs.

Buildings and Grounds - The County utilizes a specified department of the General Fund for the purpose of identifying and segregating costs associated with county-wide general building and grounds maintenance costs.

H. USE OF ESTIMATES

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the County requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS

The County Treasurer has generally pooled the cash resources of the various funds for investment purposes. Each fund's portion of total cash and investments is summarized by fund type on the statement of cash basis assets and fund balances as "cash and cash equivalents." Interest earned on pooled funds is credited to the County General Fund in accordance with Section 77-2315, R.R.S. 1943.

The types of investments the County is authorized to invest funds in are enumerated in state statutes and generally include U.S. government obligations, certificates of deposit, time deposits, and securities in which the State Investment Officer is authorized to invest.

For the following disclosures required by Governmental Accounting Standards Board Statement No. 40, deposits include checking accounts, savings accounts, money market accounts, and certificates of deposit.

The Nebraska Public Agency Investment Trust (NPAIT) was established in June 1996 through the Interlocal Cooperation Act and commenced operations July 25, 1996. NPAIT was established to assist public bodies throughout the State of Nebraska with the investment of their available cash reserves. Participation in the investment trust is voluntary for its members. The objective of NPAIT is to provide its owner-members with a conservative and effective investment alternative tailored to the needs of its members. NPAIT portfolio management generally follows established investment criteria developed by the Securities and Exchange Commission (SEC) for money market funds designed to offer acceptable yield while maintaining liquidity. NPAIT is not registered with the SEC as an investment company.

NPAIT's short-term investment portfolio consists of cash and short-term investments valued at amortized cost, which is determined to approximate fair value due to the short-term nature of the instruments. NPAIT maintains a net asset value of \$1.00 per unit. Funds deposited with NPAIT at June 30, 2016, were \$55,521.

Cash and Investment Balances

The ending balances consist of checking and money market account deposits and investments in certificates of deposit as follows:

	Financial Institution Balance	Financial Statement Carrying Amount
Cash on hand		345,336
Pooled cash	8,353,355	8,278,275
Unpooled trust accounts	571,870	571,870
Pooled certificates of deposit	<u>4,000,000</u>	<u>4,000,000</u>
Total	<u>12,925,225</u>	<u>13,195,481</u>

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS (Continued)

Cash and Investment Balances (Continued)

	Financial Statement Carrying Amount
Analysis of cash reporting by activity	
Governmental activities	10,897,956
Fiduciary activities	<u>2,297,525</u>
Total	<u>13,195,481</u>

Custodial Credit Risk

All funds of the County are deposited in board-designated official depositories and are required to be collateralized in accordance with Nebraska statutes. Official depositories may be established with any bank whose principal office is located in Nebraska. Also, the County may establish time deposit accounts, money market accounts, and certificates of deposit.

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it, or returned at the discretion of others. The County's internal policies require financial institutions to provide collateral for balances in excess of FDIC limits. As of June 30, 2016, the County's balances with financial institutions were \$12,925,225, of which none was exposed to custodial credit risk as follows:

	Financial Institution Balance
Insured by FDIC Insurance	5,930,941
Insured by surety bonds or irrevocable letters of credit	3,520,291
Collateralized by pledged securities held by financial institution in County's name	3,418,467
Collateralized by deposit in Nebraska Public Agency Investment Trust	55,526
Uninsured and uncollateralized	<u>- 0 -</u>
Total	<u>12,925,225</u>

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. RETIREMENT SYSTEM

Plan Description

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2014, Supp. 2015) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join. County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Nonvested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee.

A supplemental retirement plan was established on January 1, 2003, for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary, and the County contributes an amount equal to 100% of the employee's contribution. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For the year ended June 30, 2016, 289 employees contributed \$442,012, and the County contributed \$657,832. Contributions included \$10,132 in cash contributions towards the supplemental law enforcement plan for 16 law enforcement employees. Lastly, the County paid \$609 directly to 7 retired employees for prior service benefits.

NOTE 4. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 77 counties throughout Nebraska. NIRMA was created as a result

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. RISK MANAGEMENT (Continued)

of the Intergovernmental Risk Management Act authorized by State Statute Section 44-4301, R.R.S. 1943 which resulted in two programs being established, NIRMA and NIRMA II. The County has the option of participating in one or both of the programs. Scotts Bluff County, Nebraska, participates in both of the programs.

The County pays an annual deposit premium as calculated by the administrator of the pool. Following the close of the fiscal year and at appropriate intervals thereafter, the Pool may calculate each county's retrospective premium or premium credit for the year. The Board prior to the beginning of the fiscal year shall adopt the retrospective formula. The formula shall consider the losses and exposures of each county and the entire Pool.

The deposit premium paid for the fiscal year shall be applied as a credit against the retrospective premium. If it is determined that the deposit premium paid is in excess of the retrospective premiums calculated, such excess shall be applied as a credit toward the next annual deposit premium. Retrospective premium adjustments for each fiscal year shall continue until all claims are closed or until the Board determines that sufficient facts are known to make a final adjustment for the year.

If the Pool becomes insolvent or is otherwise unable to discharge its legal liabilities and other obligations, the County may be assessed by the Board for an additional contribution equal to its contribution for the current fiscal year divided by the contribution of all participants for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, shall be to each county in writing, and each county shall thereafter have sixty (60) days in which to pay the amount of such assessment. Each County shall remain liable for such assessments, regardless of such County's withdrawal from participation or the termination of the agreement, and for liabilities of the Pool incurred during such County's period of membership, as provided by State Statute Section 44-4312, R.R.S. 1943.

In the event of a liability loss exceeding \$5,000,000 per occurrence, the County would be responsible for funding the excess amount. In the event of a workers' compensation loss exceeding the statutory excess limit or an employer's liability loss exceeding the \$2,000,000 excess limit, the County would be responsible for funding the excess amount.

Since the majority of NIRMA's and NIRMA II's liabilities are reserves for losses and loss adjustment expenses which are based on an actuarial estimate of the ultimate losses incurred, the member balances are adjusted annually to reflect recent loss information. There were no significant reductions in insurance coverage from the coverage in the prior year by major categories of risk.

The County has not paid any additional assessments to the Pool in the last three fiscal years, and no assessments are anticipated for fiscal year 2016. The County has not had to pay out any amounts that exceeded coverages provided by the Pool in the last three fiscal years.

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT

Capital leases payable at June 30, 2016, consisted of the following:

The County Roads Department is the lessee of a two caterpillar motor graders under a capital lease agreement maturing in April 2019. Three annual installments of \$119,853 and one payment of \$66,000 are due including interest at 2.49%. The lease agreement is secured by the motor graders. 292,347

Notes payable at June 30, 2016, consisted of the following:

Note payable to Platte Valley National Bank, amended December 5, 2006, annual payments of \$22,200 including interest at 4.95% due in November beginning in 2006, final payment due November 2035. 272,561

Bonds payable at June 30, 2016, consisted of the following:

General Obligation Bonds, dated August 10, 2015, interest rate of 2.965%, annual principal payments due each January 15 starting in 2016, and semiannual interest payments due July 15 and January 15, final payment is due January 15, 2031. Bond issuance costs of \$50,294 were incurred. 4,750,000

General Obligation Bonds, dated March 5, 2012, interest rates ranging from 0.5% - 3%, annual principal payments due each January 15 starting in 2013, and semiannual interest payments due July 15 and January 15, final payment is due January 15, 2031. Bond issuance costs of \$80,699 were incurred. 4,455,000

General Obligation Bonds, dated March 14, 2013, interest rates ranging from 0.45% - 2.50%, annual principal payments due each January 15 starting in 2014, and semiannual interest payments due July 15 and January 15, final payment is due January 15, 2022. Bond issuance costs of \$31,303 were incurred. 1,130,000

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (Continued)

Highway Allocation Pledge Bonds, dated April 7, 2015, interest rates ranging from 0.35% - 3.125%, annual principal payments due each November 15 starting in 2015, and semiannual interest payments due November 15 and May 15, final payment is due November 15, 2034. Bond issuance costs, including issuance discount, of \$46,271 were incurred.	<u>1,895,000</u>
Total bonds payable	<u>12,230,000</u>
Total long-term debt	<u><u>12,794,908</u></u>

A schedule of changes in long-term debt, including capital leases, for the year ended June 30, 2016, is as follows:

	Beginning Balance	Additions	Payments	Ending Balance
Capital leases		412,200	(119,853)	292,347
Notes payable	281,040		(8,479)	272,561
Bonds payable	<u>12,890,000</u>	<u>5,000,000</u>	<u>(5,660,000)</u>	<u>12,230,000</u>
Total	<u><u>13,171,040</u></u>	<u><u>5,412,200</u></u>	<u><u>(5,788,332)</u></u>	<u><u>12,794,908</u></u>

The annual debt service requirements for the next five years and for each five-year period thereafter as of June 30, 2016, are as follows:

Years Ending June 30,	Capital Leases		Notes Payable	
	Principal	Interest	Principal	Interest
2017	112,574	7,279	8,909	13,291
2018	115,377	4,476	9,360	12,840
2019	64,396	1,604	9,834	12,366
2020			10,332	11,868
2021			10,855	11,345
2022 - 2026			63,097	47,903
2027 - 2031			80,776	30,224
2032 - 2036			79,398	8,167
Total	<u><u>292,347</u></u>	<u><u>13,359</u></u>	<u><u>272,561</u></u>	<u><u>148,004</u></u>

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (Continued)

Years Ending June 30,	Bonds Payable		Totals	
	Principal	Interest	Principal	Interest
2017	780,000	315,987	901,483	336,557
2018	790,000	302,900	914,737	320,216
2019	810,000	288,418	884,230	302,388
2020	830,000	270,606	840,332	282,474
2021	845,000	251,720	855,855	263,065
2022 - 2026	3,695,000	955,671	3,758,097	1,003,574
2027 - 2031	4,000,000	429,677	4,080,776	459,901
2032 - 2036	480,000	30,171	559,398	38,338
Total	<u>12,230,000</u>	<u>2,845,150</u>	<u>12,794,908</u>	<u>3,006,513</u>

The County's interest expense and debt issue costs for the year ended June 30, 2016, are as follows:

	Interest Expense	Debt Issue Costs	Total
Governmental activities	<u>473,816</u>	<u>50,294</u>	<u>524,110</u>

NOTE 6. LEASES

Lessor Agreements

The County is the lessor of airport hangars and office space under operating leases expiring in various years through 2022. Lease payments received for the year ended June 30, 2016, were \$198,250.

Lessee Agreements

The County is the lessee of office equipment and communications towers under operating leases expiring in various years through 2017.

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LEASES (Continued)

Minimum future rental payments under noncancellable operating leases having remaining terms in excess of one year as of June 30, 2016, are as follows:

Year Ending June 30,	Amount
2017	16,525
2018	9,650
2019	9,000
2020	9,000
2021	9,000
Thereafter	<u>36,000</u>
	<u>89,175</u>

NOTE 7. BUDGET COMPLIANCE

Following is a summary of the actual and budget amounts by fund:

	Budget	Actual	Variance Favorable (Unfavorable)
General Fund	12,213,073	11,032,811	1,180,262
Road and Bridge Fund	4,337,174	3,688,337	648,837
Self-Insured Medical Insurance Fund	3,778,104	3,766,454	11,650
Detention Fund	5,805,972	5,714,059	91,913
Debt Service Fund	1,552,273	6,121,193	(4,568,920)
Capital Improvement Fund	1,859,981	76,735	1,783,246
Nonmajor Funds	<u>13,404,823</u>	<u>6,090,192</u>	<u>7,314,631</u>
	<u>42,951,400</u>	<u>36,489,781</u>	<u>6,461,619</u>

NOTE 8. COMMITMENTS AND CONTINGENCIES

Self-Insurance

The County operates a self-insured medical insurance plan for dental and health insurance for its employees. The County has contracted with a third-party administrator to provide claims processing services. In addition, the County has purchased a stop-loss policy covering all claims in excess of \$40,000 per year, per claim. The County retains risk of loss for all claims up to the stop-loss amount. As of June 30, 2016, cumulative contributions and receipts in excess of claims and expenses were \$252,398, which the County has designated for payment of future claims.

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

General

The County is subject to laws and regulations relating to the protection of the environment. The County's policy would be to disclose environmental and cleanup-related costs of a noncapital nature when it is both probable and reasonably estimated. Although it is not possible to quantify with any degree of certainty the potential financial impact of the County's continuing compliance efforts, management believes any possible future remediation or other compliance-related costs will not have a material adverse effect on the financial condition or reported results of operations of the County.

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the County, there are no significant contingent liabilities relating to compliance, with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 9. INTERFUND TRANSFERS AND LOANS

Transfers

The detail of interfund transfers for the year ended June 30, 2016, is as follows:

	Transfer In	Transfer Out	Net Transfers In (Out)
General Fund		2,050,668	(2,050,668)
Road and Bridge Fund	1,155,053	227,631	927,422
Self-Insured Medical Insurance Fund	2,184,316		2,184,316
Debt Service Fund	151,855		151,855
Detention Fund		496,999	(496,999)
Capital Improvement Fund	500,000		500,000
Nonmajor Funds	415,533	1,631,459	(1,215,926)
	<u>4,406,757</u>	<u>4,406,757</u>	<u> </u>

Transfers generally move resources from the funds statutorily required to collect the resources, to funds statutorily required to expend the resources. Transfers from the Inheritance Tax Fund provide resources, through transfers, to other funds as needed. These transfers are not required to be paid back.

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. INTERFUND TRANSFERS AND LOANS (Continued)

Additionally, the County maintains a Self-Insured Medical Insurance Fund which is funded by the County through transfers to this fund from other funds and departments within the General Fund at a specified rate per covered employee. Amounts transferred from other funds to this fund for this purpose follows:

General Fund	
County Board	33,257
County Clerk	33,032
County Treasurer	93,369
Register of Deeds	24,009
County Assessor	41,561
Building and Zoning	8,269
Information Systems	25,992
Personnel Department	17,723
Clerk of the District Court	33,908
District Judge	73
Public Defender	54,447
Building and Grounds	42,543
Extension Agent	8,341
County Sheriff	201,644
County Attorney	100,650
Child Support Enforcement	33,391
County Surveyor	8,269
Veterans Service	16,587
Handy Bus	15,384
Handyman	9,552
GIS Mapping	16,464
Administration	609
Total General Fund	819,074
Road and Bridge Fund	227,631
Detention Fund	496,999
Nonmajor funds	140,612
Total Transfers to the Self-Insured Medical Insurance Fund	1,684,316

Loans

The County on occasion makes short-term interfund loans from a county fund to another county fund to assist in temporary cash shortfalls. These loans are unsecured and do not bear interest and will be repaid as cash becomes available at the discretion of the County Board. Interfund loans have been reported in the financial statements as transfers to and from respective funds. Amounts due to and from funds as of June 30, 2016, were \$- 0 -.

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. RESTRICTED FUND BALANCES

The County's funds for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation are as follows:

Fund	Restriction	Restricted Balance
Road and Bridge Fund	Road and bridge maintenance, improvements, and construction	756,315
Highway Bridge Buyback Fund	Bridge maintenance, improvement, and construction	459,631
Inheritance Holding Fund	Refund of inheritance tax	247,839
Visitors Promotion Fund	Promotion of area tourism	87,761
Preservation and Modernization Fund	Preservation and maintenance of records	29,342
STOP Program Fund	Program use	6,745
Drug Enforcement Education Fund	Drug enforcement efforts	3,382
Drug Enforcement Fund	Drug enforcement efforts	5,928
Drug Court Fund	Drug enforcement efforts	3,094
Drug Forfeiture Fund	Drug enforcement efforts	17,068
Juvenile Aid Fund	Program use	30,821
HIDTA Grant Fund	Program use	4,803
Homeland Security Fund	Emergency preparedness use	20,868
Keno Fund	Community betterment	881,001
E-911 Emergency Fund	911 communication system maintenance and improvement	440,188
E-911 Fund	911 communication system maintenance and improvement	44,926
Wireless Holding Fund	911 communication system maintenance and improvement	286,354
Debt Service Fund	Debt service requirements	<u>981,860</u>
Total restricted net position		<u><u>4,307,926</u></u>

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. INTERLOCAL AGREEMENTS

Scotts Bluff County, Nebraska, has entered into agreements with the other entities established under the authority of the Interlocal Cooperation Act for various services required to be provided to county residents. Scotts Bluff County, Nebraska, contributed amounts for these purposes as follows:

Purpose	Amount
To provide services to elderly residents of the County	8,338
To provide mental health and substance abuse services to residents of the County	150,838
To provide services to the developmentally disabled residents of the County	<u>31,208</u>
	<u>190,384</u>

NOTE 12. FEDERALLY ASSISTED PROGRAMS

The County receives substantial grants from the federal and state governments, all of which are subject to audit by the respective governments. Subsequent audits may disallow expenditures financed by governmental grant programs, although past audits have resulted in no violations of grant regulations and no requests for reimbursement. It is the opinion of management that requests for reimbursement, if any, by either the federal or state governments based on subsequent audits will not be material in relation to the County's financial statements as of June 30, 2016.

NOTE 13. SUBSEQUENT EVENTS

In preparing the financial statements, the County has evaluated events and transactions for potential recognition or disclosure through January 23, 2017, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SCOTTS BLUFF COUNTY, NEBRASKA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Program/ Program Title	Federal CFDA No.	Pass-Through Entity Identifying Number	Expendi- tures
<u>U.S. Department of Justice</u>			
Passed through Nebraska Crime Commission			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14DA329 15DA306	<u>146,075</u>
<u>U.S. Department of Transportation</u>			
Passed through Nebraska Office of Highway Safety			
Highway Planning and Construction	20.205	HSID-40-58 HSIP-36-43 HSIP-38-52 HSIP-34-43	23,150
National Priority Safety Programs	20.616	404d-15-05-27 405d-15-05-4 405d-16-05-12 405d-16-025-42	13,074
Passed through Nebraska Department of Roads			
Formula Grants for Rural Areas	20.509	RPT-C791 (215)	<u>148,734</u>
Total U.S. Department of Transportation			<u>184,958</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Aging Office of Western Nebraska			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	Not Available	63,744

SCOTTS BLUFF COUNTY, NEBRASKA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Program/ Program Title	Federal CFDA No.	Pass-Through Entity Identifying Number	Expendi- tures
<u>U.S. Department of Health and Human Services</u> (Continued)			
Passed through Nebraska Department of Health and Human Services			
Public Health Emergency Preparedness	93.069	U90TP000533	45,566
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	3U50CK000418-02S1	5,431
Child Support Enforcement	93.563	1604NECSES G1140NE4005 OG1404NE4005	237,966
Preventative Health and Health Services Block Grant Funded solely with Prevention and Public Health Funds	93.758	B0110T09036	<u>9,326</u>
Total U.S. Department of Health and Human Services			<u>362,033</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Nebraska Emergency Management Agency		13-GA-8752-02 14-SR-31013-01 15-GA-31013-02	
Homeland Security Grant Program	97.067	15-SR-31025-02 16-SR-31013-01	<u>98,993</u>
<u>Executive Office of the President</u>			
Passed through Nebraska State Patrol			
High Intensity Drug Trafficking Areas Program	95.001	15HD09 14HD09	<u>63,964</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>856,023</u>

SCOTTS BLUFF COUNTY, NEBRASKA
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards is prepared on the basis of cash receipts and disbursements. Accordingly, receipts are recognized when cash is received and expenditures are recognized when cash is disbursed. Certain federal program expenditures are based on allowable cash disbursements specifically identified as federal program costs in the County's accounts or allowable indirect costs from County accounts not specifically identified as federal program costs, or a combination of direct and indirect costs.

NOTE 2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule of expenditures of federal awards, the County provided federal awards to a subrecipient as follows:

Program	Subrecipient	Federal CFDA Number	Amount Provided
Homeland Security Grant Program	Region 22 Emergency Management	97.067	<u>98,993</u>

SCOTTS BLUFF COUNTY, NEBRASKA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual
RECEIPTS		
Property taxes	6,739,091	5,972,531
Motor vehicle taxes	1,150,000	1,162,247
Intergovernmental	1,544,482	1,324,197
Local fees, licenses, commissions, and miscellaneous	1,988,556	1,880,529
Investment earnings	56,050	75,745
Total receipts	<u>11,478,179</u>	<u>10,415,249</u>
DISBURSEMENTS		
General Government		
Personnel services	2,607,342	2,528,914
Operating expenses	2,906,301	1,980,666
Supplies/materials	216,250	203,898
Equipment rental	18,300	21,751
Total General Government	<u>5,748,193</u>	<u>4,735,229</u>
Public Safety		
Personnel services	2,581,602	2,545,720
Operating expenses	287,678	253,391
Supplies/materials	155,380	187,508
Equipment rental	8,940	7,558
Total Public Safety	<u>3,033,600</u>	<u>2,994,177</u>
Public Works		
Personnel services	137,768	119,823
Operating expenses	118,860	105,128
Supplies/materials	2,600	2,352
Total Public Works	<u>259,228</u>	<u>227,303</u>
Public Welfare and Social Services		
Personnel services	394,045	385,571
Operating expenses	242,980	207,899
Supplies/materials	68,700	43,491
Equipment rental	1,150	1,114
Total Public Welfare and Social Services	<u>706,875</u>	<u>638,075</u>

SCOTTS BLUFF COUNTY, NEBRASKA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual
DISBURSEMENTS (Continued)		
Noncurrent		
Capital outlay	373,037	365,159
Debt service		
Principal	22,200	8,479
Interest		13,721
Total noncurrent	395,237	387,359
Total disbursements	10,143,133	8,982,143
OTHER FINANCING SOURCES (USES)		
Transfers in	605,000	
Transfers out	(2,069,940)	(2,050,668)
Total other financing sources (uses)	(1,464,940)	(2,050,668)
NET CHANGE IN FUND BALANCE	(129,894)	(617,562)
FUND BALANCE, beginning of year		3,129,894
FUND BALANCE, end of year		2,512,332

See accompanying notes to budgetary schedules.

SCOTTS BLUFF COUNTY, NEBRASKA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
CASH BASIS - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual
RECEIPTS		
Motor vehicle taxes	200,000	202,300
Intergovernmental	2,391,631	2,450,533
Local fees, licenses, commissions, and miscellaneous	<u>245,300</u>	<u>91,576</u>
Total receipts	<u>2,836,931</u>	<u>2,744,409</u>
DISBURSEMENTS		
Public works		
Personnel services	1,522,804	1,539,863
Operating expenses	416,835	483,944
Supplies/materials	1,020,000	1,082,962
Equipment rental	5,000	1,581
Capital outlay	1,036,200	232,503
Debt service		
Principal	<u>120,000</u>	<u>119,853</u>
Total disbursements	<u>4,120,839</u>	<u>3,460,706</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	1,155,053	1,155,053
Transfers out	<u>(216,335)</u>	<u>(227,631)</u>
Total other financing sources (uses)	<u>938,718</u>	<u>927,422</u>
NET CHANGE IN FUND BALANCE	<u>(345,190)</u>	211,125
FUND BALANCE, beginning of year		<u>545,190</u>
FUND BALANCE, end of year		<u><u>756,315</u></u>

See accompanying notes to budgetary schedules.

SCOTTS BLUFF COUNTY, NEBRASKA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
CASH BASIS - BUDGET AND ACTUAL
SELF-INSURED MEDICAL INSURANCE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual
RECEIPTS		
Property taxes	203,000	187,543
Intergovernmental		21,602
Local fees, licenses, commissions, and miscellaneous	<u>860,000</u>	<u>1,223,070</u>
Total receipts	<u>1,063,000</u>	<u>1,432,215</u>
DISBURSEMENTS		
General Government		
Personnel services	2,957,604	2,895,098
Operating expenses	<u>820,500</u>	<u>871,356</u>
Total disbursements	<u>3,778,104</u>	<u>3,766,454</u>
OTHER FINANCING SOURCES		
Transfers in	<u>2,050,000</u>	<u>2,184,316</u>
NET CHANGE IN FUND BALANCE	<u>(665,104)</u>	(149,923)
FUND BALANCE, beginning of year		<u>402,321</u>
FUND BALANCE, end of year		<u>252,398</u>

See accompanying notes to budgetary schedules.

SCOTTS BLUFF COUNTY, NEBRASKA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
CASH BASIS - BUDGET AND ACTUAL
DETENTION FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual
RECEIPTS		
Property taxes	2,358,604	2,160,918
Intergovernmental	227,500	274,685
Local fees, licenses, commissions, and miscellaneous	<u>2,364,143</u>	<u>2,431,467</u>
Total receipts	<u>4,950,247</u>	<u>4,867,070</u>
DISBURSEMENTS		
Public Safety		
Personnel services	3,519,561	3,459,110
Operating expenses	1,407,492	1,417,344
Supplies and materials	147,500	156,424
Equipment rental	17,000	17,223
Capital outlay	<u>163,000</u>	<u>166,959</u>
Total disbursements	<u>5,254,553</u>	<u>5,217,060</u>
OTHER FINANCING USES		
Transfers out	<u>(551,419)</u>	<u>(496,999)</u>
NET CHANGE IN FUND BALANCE	<u>(855,725)</u>	(846,989)
FUND BALANCE, beginning of year		<u>1,630,725</u>
FUND BALANCE, end of year		<u><u>783,736</u></u>

See accompanying notes to budgetary schedules.

SCOTTS BLUFF COUNTY, NEBRASKA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
CASH BASIS - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual
RECEIPTS		
Property taxes	910,640	850,369
Intergovernmental		97,394
Proceeds from debt issuance		<u>5,000,000</u>
Total receipts	<u>910,640</u>	<u>5,947,763</u>
 DISBURSEMENTS		
Public Works		
Debt service		
Principal	1,548,273	5,610,804
Interest		460,095
Issue costs	4,000	50,294
Total disbursements	<u>1,552,273</u>	<u>6,121,193</u>
 OTHER FINANCING SOURCES		
Transfers In	<u>138,198</u>	<u>151,855</u>
 NET CHANGE IN FUND BALANCE	<u>(503,435)</u>	(21,575)
 FUND BALANCE, beginning of year		<u>1,003,435</u>
 FUND BALANCE, end of year		<u><u>981,860</u></u>

See accompanying notes to budgetary schedules.

SCOTTS BLUFF COUNTY, NEBRASKA
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
 CASH BASIS - BUDGET AND ACTUAL
 CAPITAL IMPROVEMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual
RECEIPTS		
Property taxes		33
DISBURSEMENTS		
Public works		
Operating expenses		6,243
Capital outlay	1,859,981	70,492
Total disbursements	1,859,981	76,735
OTHER FINANCING SOURCES		
Transfers in	500,000	500,000
NET CHANGE IN FUND BALANCE	(1,359,981)	423,298
FUND BALANCE, beginning of year		1,359,981
FUND BALANCE, end of year		1,783,279

See accompanying notes to budgetary schedules.

SCOTTS BLUFF COUNTY, NEBRASKA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
CASH BASIS - BUDGET AND ACTUAL
NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual
RECEIPTS		
Property taxes	1,007,144	900,528
Other taxes	1,330,429	1,007,706
Intergovernmental	1,328,068	1,333,291
Local fees, licenses, commissions, and miscellaneous	4,459,115	913,129
Investment earnings	6,000	7,496
Total receipts	<u>8,130,756</u>	<u>4,162,150</u>
DISBURSEMENTS		
General Government		
Operating expenses	703,978	28,865
Supplies/materials	<u>39,615</u>	<u>17,569</u>
Total General Government	<u>743,593</u>	<u>46,434</u>
Public Safety		
Personnel services	706,310	732,203
Operating expenses	689,476	429,961
Supplies/materials	9,500	7,923
Equipment rental	<u>12,000</u>	<u>16,512</u>
Total Public Safety	<u>1,417,286</u>	<u>1,186,599</u>
Public Works		
Personnel services	193,284	158,855
Operating expenses	411,398	65,117
Supplies/materials	<u>272,550</u>	<u>75,807</u>
Total Public Works	<u>877,232</u>	<u>299,779</u>
Public Health and Welfare		
Personnel services	100,811	102,619
Operating expenses	338,181	306,035
Supplies/materials	<u>2,400</u>	<u>1,260</u>
Total Public Health and Welfare	<u>441,392</u>	<u>409,914</u>

SCOTTS BLUFF COUNTY, NEBRASKA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
CASH BASIS - BUDGET AND ACTUAL
NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual
DISBURSEMENTS (Continued)		
Public Culture and Recreation		
Personnel services	53,181	53,582
Operating expenses	4,858,500	606,135
Supplies/materials	1,100	1,014
Equipment rental	6,000	6,000
Total Public Culture and Recreation	<u>4,918,781</u>	<u>666,731</u>
Noncurrent		
Capital outlay	<u>3,220,425</u>	<u>1,849,276</u>
Total disbursements	<u>11,618,709</u>	<u>4,458,733</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	304,444	415,533
Transfers out	<u>(1,786,114)</u>	<u>(1,631,459)</u>
Total other financing sources (uses)	<u>(1,481,670)</u>	<u>(1,215,926)</u>
NET CHANGE IN FUND BALANCE	<u>(4,969,623)</u>	(1,512,509)
FUND BALANCE, beginning of year		<u>5,340,545</u>
FUND BALANCE, end of year		<u>3,828,036</u>

See accompanying notes to budgetary schedules.

SCOTTS BLUFF COUNTY, NEBRASKA
NOTES TO BUDGETARY SCHEDULES
YEAR ENDED JUNE 30, 2016

NOTE 1. SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS

Basis of Accounting

The budget is prepared on the same cash basis of accounting as applied to the governmental funds in the basic financial statements. Receipts and expenditures are reported when they result from cash transactions.

Budgets

The County follows these procedures in establishing the budgetary data reflected in the schedules in accordance with the requirements of the Nebraska Budget Act.

On or before August 1, the finance committee or other designated budget-making authority prepares and transmits a budget for each county fund showing the requirements, the outstanding warrants, the operating reserve to be maintained, the cash on hand at the close of the preceding fiscal year, the revenue from sources other than taxation and the amount to be raised by taxation. The budget, like the county financial statements, is prepared on the cash receipts and disbursements basis of accounting.

At least one public hearing must be held by the County Board.

Prior to September 20, after the action of the Tax Equalization and Review Commission has been certified to the County Clerk, the budget, as revised, is adopted and the amounts provided therein are appropriated.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, revisions that alter the total expenditures of any fund require that an additional public hearing be held. Appropriations lapse at year-end.

Budget Law

The County is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. Total expenditures for each fund may not exceed the total budgeted expenditures. Any revisions to the adopted budget of total expenditures to any fund require a public hearing.

Budget Compliance

The actual expenditures in the Debt Service Fund for the fiscal year exceeded the budget amount by \$4,568,920.

SCOTTS BLUFF COUNTY, NEBRASKA
SCHEDULE OF DISBURSEMENTS - CASH BASIS -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual
GENERAL GOVERNMENT		
Board of Commissioners		
Personnel services	99,723	98,786
Operating expenses	4,250	3,753
Supplies/materials	350	55
Total Board of Commissioners	<u>104,323</u>	<u>102,594</u>
County Clerk		
Personnel services	200,118	199,517
Operating expenses	3,300	1,276
Supplies/materials	3,400	2,326
Capital outlay	1,000	
Total County Clerk	<u>207,818</u>	<u>203,119</u>
County Treasurer		
Personnel services	469,579	457,733
Operating expenses	10,020	4,343
Supplies/materials	12,000	14,716
Equipment rental	900	1,125
Capital outlay	10,000	10,196
Total County Treasurer	<u>502,499</u>	<u>488,113</u>
Register of Deeds		
Personnel services	176,039	166,621
Operating expenses	6,420	6,898
Supplies/materials	8,000	8,421
Equipment rental	500	
Capital outlay	7,800	7,710
Total Register of Deeds	<u>198,759</u>	<u>189,650</u>
County Assessor		
Personnel services	271,896	268,264
Operating expenses	143,404	143,481
Supplies/materials	10,000	13,215
Equipment rental	3,500	2,637
Capital outlay	4,000	5,664
Total County Assessor	<u>432,800</u>	<u>433,261</u>

SCOTTS BLUFF COUNTY, NEBRASKA
SCHEDULE OF DISBURSEMENTS - CASH BASIS -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual
GENERAL GOVERNMENT (Continued)		
Election Commissioner		
Personnel services	29,809	17,992
Operating expenses	40,750	36,425
Supplies/materials	33,600	24,885
Capital outlay	1,000	
Total Election Commissioner	<u>105,159</u>	<u>79,302</u>
Building and Zoning		
Personnel services	55,984	55,878
Operating expenses	29,843	24,013
Supplies/materials	6,000	2,618
Total Building and Zoning	<u>91,827</u>	<u>82,509</u>
Clerk of the District Court		
Personnel services	209,679	203,910
Operating expenses	131,725	100,929
Supplies/materials	6,000	12,073
Capital outlay	200	4,450
Total Clerk of the District Court	<u>347,604</u>	<u>321,362</u>
County Court System		
Operating expenses	363,750	360,824
Supplies/materials	16,000	17,514
Capital outlay		1,306
Total County Court System	<u>379,750</u>	<u>379,644</u>
District Judge		
Personnel services	48,077	46,260
Operating expenses	84,950	88,578
Supplies/materials	3,550	3,364
Capital outlay	4,000	803
Total District Judge	<u>140,577</u>	<u>139,005</u>

SCOTTS BLUFF COUNTY, NEBRASKA
SCHEDULE OF DISBURSEMENTS - CASH BASIS -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual
GENERAL GOVERNMENT (Continued)		
Public Defender		
Personnel services	415,606	409,636
Operating expenses	56,895	57,839
Supplies/materials	3,500	5,477
Capital outlay	3,000	4,478
Total Public Defender	<u>479,001</u>	<u>477,430</u>
 Buildings and Grounds		
Personnel services	215,808	207,216
Operating expenses	278,940	251,132
Supplies/materials	69,450	57,199
Equipment rental	1,100	574
Capital outlay	11,000	7,884
Total Building and Grounds	<u>576,298</u>	<u>524,005</u>
 Agriculture Extension Agent		
Personnel services	79,144	78,819
Operating expenses	72,745	61,014
Supplies/materials	6,000	4,807
Capital outlay	2,000	2,562
Total Agriculture Extension Agent	<u>159,889</u>	<u>147,202</u>
 Purchasing Agent		
Supplies/materials	<u>37,000</u>	<u>35,224</u>
 Information Systems		
Personnel services	170,958	169,002
Operating expenses	3,600	1,124
Supplies/materials		5
Capital outlay	189,000	188,312
Total Information Systems	<u>363,558</u>	<u>358,443</u>
 Management Accountant and Personnel Department		
Personnel services	120,807	120,365
Operating expenses	16,025	14,848
Supplies/materials	1,000	1,226
Total Management Account and Personnel Department	<u>137,832</u>	<u>136,439</u>

SCOTTS BLUFF COUNTY, NEBRASKA
SCHEDULE OF DISBURSEMENTS - CASH BASIS -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual
GENERAL GOVERNMENT (Continued)		
Administration General		
Personnel services	44,115	28,915
Operating expenses	1,659,684	824,189
Supplies/materials	400	773
Equipment rental	12,300	17,415
Capital outlay	3,428	3,428
Debt service - principal	22,200	8,479
Debt service - interest		13,721
Total Administration General	<u>1,742,127</u>	<u>896,920</u>
 PUBLIC SAFETY		
County Sheriff		
Personnel services	1,570,955	1,543,968
Operating expenses	123,028	126,456
Supplies/materials	120,500	145,097
Capital outlay	79,260	81,511
Total County Sheriff	<u>1,893,743</u>	<u>1,897,032</u>
 County Attorney		
Personnel services	743,663	731,912
Operating expenses	97,345	79,843
Supplies/materials	15,000	20,245
Equipment rental	1,900	1,863
Capital outlay	10,300	9,595
Total County Attorney	<u>868,208</u>	<u>843,458</u>
 Child Support		
Personnel services	266,984	269,840
Operating expenses	25,980	16,550
Supplies/materials	2,300	1,907
Equipment rental	3,100	1,863
Capital outlay	1,450	3,016
Total Child Support	<u>299,814</u>	<u>293,176</u>

SCOTTS BLUFF COUNTY, NEBRASKA
SCHEDULE OF DISBURSEMENTS - CASH BASIS -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual
PUBLIC SAFETY (Continued)		
District No. 10 Probation		
Personnel services		
Operating expenses	26,325	20,356
Supplies/materials	17,580	20,259
Equipment rental	3,940	3,832
Capital outlay	13,640	16,874
Total District No. 10 Probation	<u>61,485</u>	<u>61,321</u>
Emergency Management		
Operating expenses	<u>15,000</u>	<u>10,186</u>
PUBLIC WORKS		
County Surveyor		
Personnel services	2,696	2,696
Operating expenses	31,285	30,785
Supplies/materials	500	
Total County Surveyor	<u>34,481</u>	<u>33,481</u>
GIS Mapping		
Personnel services	135,072	117,127
Operating expenses	87,575	74,343
Supplies/materials	2,100	2,352
Capital outlay	500	3,430
Total GIS Mapping	<u>225,247</u>	<u>197,252</u>
Veterans Service Officer		
Personnel services	114,789	114,610
Operating expenses	9,342	8,090
Supplies/materials	3,300	3,349
Capital outlay	2,000	2,000
Total Veterans Service Officer	<u>129,431</u>	<u>128,049</u>

SCOTTS BLUFF COUNTY, NEBRASKA
SCHEDULE OF DISBURSEMENTS - CASH BASIS -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual
PUBLIC WELFARE AND SOCIAL SERVICES		
Handi-bus		
Personnel services	234,771	227,215
Operating expenses	54,915	44,611
Supplies/materials	62,900	39,644
Equipment rental	550	557
Capital outlay	11,300	
Total Handi-bus	364,436	312,027
Handyman		
Personnel services	44,485	43,746
Operating expenses	47,806	29,460
Supplies/materials	1,200	142
Equipment rental	600	557
Total Handyman	94,091	73,905
Administration		
Operating expenses	130,917	125,738
Supplies/materials	1,300	356
Capital outlay	18,159	11,940
Total Administration	150,376	138,034
 TOTAL DISBURSEMENTS	 10,143,133	 8,982,143

SCOTTS BLUFF COUNTY, NEBRASKA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Highway Bridge Buyback Fund	Road and Bridge Construction Fund	Inheritance Holding Fund	Inheritance Tax Fund	Keno Fund	E-911 Emergency Management Fund	Wireless Holding Fund	Drain Sinking Fund	Central Comm. Fund	Other Nonmajor Funds	Total Nonmajor Funds
RECEIPTS											
Property taxes									587,532	312,996	900,528
Other taxes			26,379	392,625					156,620	432,082	1,007,706
Intergovernmental	322,577	146,483				176,678			68,282	619,271	1,333,291
Local fees, licenses, commissions, and miscellaneous					553,663				90,699	268,767	913,129
Investment earnings				7,496							7,496
Total receipts	<u>322,577</u>	<u>146,483</u>	<u>26,379</u>	<u>400,121</u>	<u>553,663</u>	<u>176,678</u>			<u>903,133</u>	<u>1,633,116</u>	<u>4,162,150</u>
DISBURSEMENTS											
Personnel services									686,217	361,042	1,047,259
Operating expenses			2,582	14	193,011	11,437			126,849	1,102,220	1,436,113
Supplies and materials									5,585	97,988	103,573
Equipment rental									14,592	7,920	22,512
Capital outlay		1,792,115				9,385			4,164	43,612	1,849,276
Total disbursements		<u>1,792,115</u>	<u>2,582</u>	<u>14</u>	<u>193,011</u>	<u>20,822</u>			<u>837,407</u>	<u>1,612,782</u>	<u>4,458,733</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>322,577</u>	<u>(1,645,632)</u>	<u>23,797</u>	<u>400,107</u>	<u>360,652</u>	<u>155,856</u>			<u>65,726</u>	<u>20,334</u>	<u>(296,583)</u>
OTHER FINANCING SOURCES (USES)											
Operating transfers in				147,697	24,070	49,500	65,000	25,000		104,266	415,533
Operating transfers out	(151,855)		(147,697)	(1,000,000)	(69,500)				(88,545)	(173,862)	(1,631,459)
Total other financing sources (uses)	<u>(151,855)</u>		<u>(147,697)</u>	<u>(852,303)</u>	<u>(45,430)</u>	<u>49,500</u>	<u>65,000</u>	<u>25,000</u>	<u>(88,545)</u>	<u>(69,596)</u>	<u>(1,215,926)</u>
NET CHANGE IN FUND BALANCES	<u>170,722</u>	<u>(1,645,632)</u>	<u>(123,900)</u>	<u>(452,196)</u>	<u>315,222</u>	<u>205,356</u>	<u>65,000</u>	<u>25,000</u>	<u>(22,819)</u>	<u>(49,262)</u>	<u>(1,512,509)</u>
FUND BALANCES, beginning of year	<u>288,909</u>	<u>1,953,729</u>	<u>371,739</u>	<u>738,450</u>	<u>565,779</u>	<u>234,832</u>	<u>221,354</u>	<u>297,960</u>	<u>143,603</u>	<u>524,190</u>	<u>5,340,545</u>
FUND BALANCES, end of year	<u>459,631</u>	<u>308,097</u>	<u>247,839</u>	<u>286,254</u>	<u>881,001</u>	<u>440,188</u>	<u>286,354</u>	<u>322,960</u>	<u>120,784</u>	<u>474,928</u>	<u>3,828,036</u>



**DANA F. COLE
& COMPANY LLP**
CERTIFIED PUBLIC ACCOUNTANTS

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 County Board of Commissioners
Scotts Bluff County, Nebraska
Gering, 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, each major fund, and the aggregate remaining fund information of Scotts Bluff County, Nebraska, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Scotts Bluff County, Nebraska's basic financial statements and have issued our report thereon dated January 23, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Scotts Bluff County, 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 Scotts Bluff County, Nebraska's internal control. Accordingly, we do not express an opinion on the effectiveness of Scotts Bluff County, Nebraska's internal control.

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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency as described in the accompanying schedule of findings and questioned costs as item 2016-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scotts Bluff County, Nebraska's financial statements are free from 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 one instance of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2016-002.

Management's Response to Findings

Scotts Bluff County, Nebraska's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Scotts Bluff County, Nebraska's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

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 F Cole + Company, LLP

Scottsbluff, Nebraska
January 23, 2017



**DANA F. COLE
& COMPANY_{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the County Board of Commissioners
Scotts Bluff County, Nebraska
Gering, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Scotts Bluff County, Nebraska's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Scotts Bluff County, Nebraska's major federal programs for the year ended June 30, 2016. Scotts Bluff County, Nebraska's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Scotts Bluff County, Nebraska's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Scotts Bluff County, Nebraska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Scotts Bluff County, Nebraska's compliance.

Opinion on Each Major Federal Program

In our opinion, Scotts Bluff County, Nebraska, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Scotts Bluff County, Nebraska, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Scotts Bluff County, Nebraska's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Scotts Bluff County, Nebraska's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-001 to be a material weakness.

Scotts Bluff County, Nebraska's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Scotts Bluff County, Nebraska's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dana F Cole + Company, LLP

Scottsbluff, Nebraska
January 23, 2017

SCOTTS BLUFF COUNTY, NEBRASKA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2016

SECTION I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported
Noncompliance matter to the financial statements disclosed:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Federal Awards

Internal control over major programs:	
Material weakness identified:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a):	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Identification of major programs:	
Edward Byrne Memorial Justice Assistance Grant Program	16.738
Formula Grants for Rural Areas	20.509
Child Support Enforcement	93.563
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

SCOTTS BLUFF COUNTY, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

SECTION II. FINANCIAL STATEMENT FINDINGS

FINDING 2016-001 SEGREGATION OF ACCOUNTING FUNCTIONS

Criteria

Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.

Condition

There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.

Cause of the Condition

The County does not employ sufficient office personnel to properly segregate accounting functions.

Effect of the Condition

This lack of segregation of duties results in an inadequate overall internal control structure design.

Recommendation

The County should be aware of the inherent risks associated with improper segregation of accounting functions. The County should also develop mitigating controls to reduce the risk of errors or fraud associated with improper segregation of accounting functions.

Views of Responsible Officials and Planned Corrective Action

The County has assessed the benefits and costs associated with proper segregation of duties for all County departments and offices and has determined that cost would outweigh any benefits received. The County understands the inherent risks associated with improper segregation of accounting functions. The County requires monthly reporting to the Board of Commissioners for various department officials to ensure transactions are recorded, and potential errors and irregularities are identified on a timely basis.

SCOTTS BLUFF COUNTY, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

SECTION II. FINANCIAL STATEMENT FINDINGS (Continued)

FINDING 2016-002 EXCESS DISBURSEMENTS OVER BUDGET

Criteria

Nebraska statutes require the County to adopt a budget each year and limit actual expenditures to budgeted amounts.

Condition and Context

The Debt Service Fund expenditures exceeded budgeted expenditures in the amount of \$4,568,920.

Cause of the Condition

The County issued bonds for the purpose of advance refunding a previous bond issue. This refunding was anticipated by the County during the budgeting process. However, the County did not consider the proceeds of debt issuance as receipt, nor the payment of the previous debt issue as a disbursement, and therefore, did not budget for this activity.

Effect of the Condition

Actual expenditures exceeded budgeted expenditures. As such, the County has violated Nebraska statutes governing expenditures.

Recommendation

The County should consider all county activities, including activities and transactions conducted by an agent for the County, when considering the necessary budget of disbursements during the budget preparation.

Views of Responsible Officials and Planned Corrective Action

We understand the requirement of limiting expenditures to approved budget amounts. We have noted this finding and plan to make modifications to budget preparation process and, when necessary, make amendments to the budget.

SCOTTS BLUFF COUNTY, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 2016-001 SEGREGATION OF ACCOUNTING FUNCTIONS

16.738 Edward Byrne Memorial Justice Assistance
Grant Program

20.509 Formula Grants for Rural Areas

93.563 Child Support Enforcement

Internal control reportable condition described in Section II,
Finding 2016-001.

SCOTTS BLUFF COUNTY, NEBRASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2016

FINDING 2015-001 SEGREGATION OF ACCOUNTING FUNCTIONS

Condition: As described in Section II - Finding 2016-001.

Status: Ongoing.

FINDING 2015-002 EXCESS DISBURSEMENTS OVER BUDGET

Condition: As described in Section II - Finding 2016-002.

Status: Ongoing.

FINDING 2015-003 COLLATERALIZATION OF DEPOSITS WITH FINANCIAL INSTITUTIONS

Condition: Deposits with financial institutions were not insured or collateralized in the amount of \$1,283,380.

Status: Corrected.

FINDING 2015-004 REPORTING PROGRAM INCOME

Condition: The County Handi-bus program income had been determined and limited to amounts remitted to the County Treasurer and excluded amounts accumulated in a separate checking utilized for Handi-bus operations.

Status: Corrected.