

CITY OF BEATRICE, NEBRASKA

COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT

for the year ended

September 30, 2013

Prepared by
Management & Budget
Department

Tobias J. Tempelmeyer
City Administrator

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CITY OF BEATRICE, NEBRASKA
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SECTION 1

INTRODUCTORY SECTION



City of Beatrice, Nebraska

400 ELLA STREET – BEATRICE, NE 68310
PHONE (402) 228-5200 – FAX (402) 228-2312

March 24, 2014

To the Honorable Mayor, City Council and
Citizens of the City of Beatrice, Nebraska:

The Revised Statutes of Nebraska, Chapter 19, require that all cities of the first-class publish within six months of the close of each fiscal year a complete set of financial statements. These financial statements shall be audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants and shall be presented in conformity with accounting principles generally accepted in the United States of America. Therefore, we hereby issue the comprehensive annual financial report of the City of Beatrice for the fiscal year ended September 30, 2013.

This report consists of management's representation concerning the finances of the City of Beatrice. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Beatrice has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Beatrice's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Hayes & Associates, LLC, a firm of licensed certified public accountants, has audited the City of Beatrice's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Beatrice for the fiscal year ended September 30, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Beatrice's financial statements for the fiscal year ended September 30, 2013 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Beatrice was a part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These

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ASST. TREASURER
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LIBRARY DIRECTOR
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BRUCE E. LANG
CHIEF OF POLICE
201 NORTH 5TH STREET
(402) 223-4080

MARK PETHOUD
DIRECTOR OF
PUBLIC PROPERTIES
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(402) 228-5248



www.beatrice.ne.gov

reports can be found immediately following the statistical section of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussions and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Beatrice's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Beatrice, founded in 1857 and incorporated in 1873, is located in Southeast Nebraska, just 39 miles south of Lincoln, the State Capital. The City of Beatrice is the county seat for Gage County and provides some county-wide services. The City of Beatrice currently occupies a land area of eight square miles and serves a population of 12,469. The City of Beatrice is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Beatrice, is a City of the First-Class, and operates under the Mayor-Council form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and eight council members. The governing council is responsible for legislative and policy making decisions including passing ordinances, adopting the budget and approving appointments by the Mayor for those positions of the city whom he is directed to appoint by ordinance, resolution or general law. The council members are elected on a nonpartisan basis and serve four-year staggered terms with four council members elected every two years. The Mayor is elected to serve a four-year term. A City Administrator is appointed by the Mayor and confirmed by the governing council.

The City provides a full range of municipal services including police and fire protection; rescue, including confined space and hazardous materials, and ambulance services; construction and maintenance of streets and infrastructure; electric, water and water pollution control utilities; a free public library; a system of parks; solid waste management; planning and zoning; and administrative services. The governing body oversees the City's various employee retirement systems and these activities are included in this report. The City also provides for a municipal airport which is governed by a separately elected board.

The annual budget serves as the foundation for the City of Beatrice's financial planning and control. All departments of the City of Beatrice are required to submit requests for appropriation to the City Administrator by June 1st of each year. Management uses these requests as the starting point for developing the proposed budget. The proposed budget is then presented to the Mayor and City Council for review prior to August 31st. The Council is required to hold a public hearing on the proposed budget and to adopt the final budget by September 20th. The appropriated budget is adopted on a per fund basis and budgetary control for internal purposes is exercised at the department level. Budget-to-actual comparisons are provided in this report for each fund for which an appropriated annual budget has been adopted. This information can be found in the attached schedules for each fund starting on page 88.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Beatrice operates.

Local Economy

The City of Beatrice is located on a four-lane expressway just 39 miles south of Nebraska's state capital, Lincoln, and is the site of the Homestead National Monument of America. Beatrice continues to provide a diverse economical mix of agriculture, light industry, health-related services, and general government for the retail area of Southeast Nebraska. The City unemployment rate at September 30, 2013 dropped from 4.2% in 2012 to 4.1%, which is higher than the State of Nebraska rate of 3.6% and continued to be lower than the national rate of 7.2%.

Tax revenues received in 2013 were nearly the same as 2012. The property tax levy for fiscal year 2013 was the same as 2012, a slight increase in property valuations resulted in a property tax revenue increase of 1%. Sales tax revenues reflect a slight decrease of 0.5% from 2012, however it can be noted that the first five months of fiscal year 2014 are showing an increase of 7% from the previous year, a result of an up-turn in the economy and annexations. Occupation tax revenue increased slightly in 2013.

The City Council continues to support economic development efforts to promote and market the industrial climate for Beatrice and Gage County. The City of Beatrice maintains a Local Economic Development Plan, funded with one-half of the proceeds from an additional half-cent sales and use tax, up to a maximum of \$250,000, as approved by the voters. This plan was extended to 2023 by a vote of the citizens of Beatrice in May 2012.

The City has been active in developing the Gage County Industrial Park which provided for 17 manufacturing and commercial industries employed approximately 900 employees in 2013. Four other major industries are located in the City and employ an additional 700 people.

Beatrice is also the home to numerous non-manufacturing entities including the Beatrice State Developmental Center, the Beatrice School systems and the Beatrice Community Hospital. Total non-manufacturing employment in Beatrice totaled 2,400 employees in 2013.

In 2010 developers began construction on the new Northgate development project on the north edge of the city. This project will include the site of a new Beatrice Community Hospital as well as offer 28 additional sites for commercial use. The new hospital facility opened for business on February 15, 2012.

Financial Planning and Initiatives

The City Council annually prepares the financial budget which includes projected annual capital improvements for the succeeding 5 year period. The Council participates in goal-setting sessions and sets strategic objectives for the coming year. The goals and objectives relate to the organization structure, services being provided to the patrons of the City, examining revenue changes, public communications and capital projects.

Honorable Mayor, City Council and
Citizens of the City of Beatrice, Nebraska
March 24, 2014
Page 4

The City of Beatrice approves and submits a one and six year street improvement plan to the State of Nebraska. This plan has enabled the City to maintain an excellent infrastructure of streets, bridges and storm sewers. Thirty percent (30%) of the City's 1% sales tax is allocated each year to the Street fund to be combined with state highway allocation dollars for funding these improvements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beatrice, Nebraska, for its comprehensive annual financial report for the fiscal year ended September 30, 2012. This was the 22nd consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation and completion of this report on a timely basis could not have been accomplished without the dedication and efficiency of the entire staff of the Management and Budget Department. I would also like to thank the Mayor and City Council for their support in planning and conducting the financial operations of the City of Beatrice in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Tobias J. Tempelmeyer', with a long horizontal flourish extending to the right.

Tobias J. Tempelmeyer
City Administrator



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Beatrice
Nebraska**

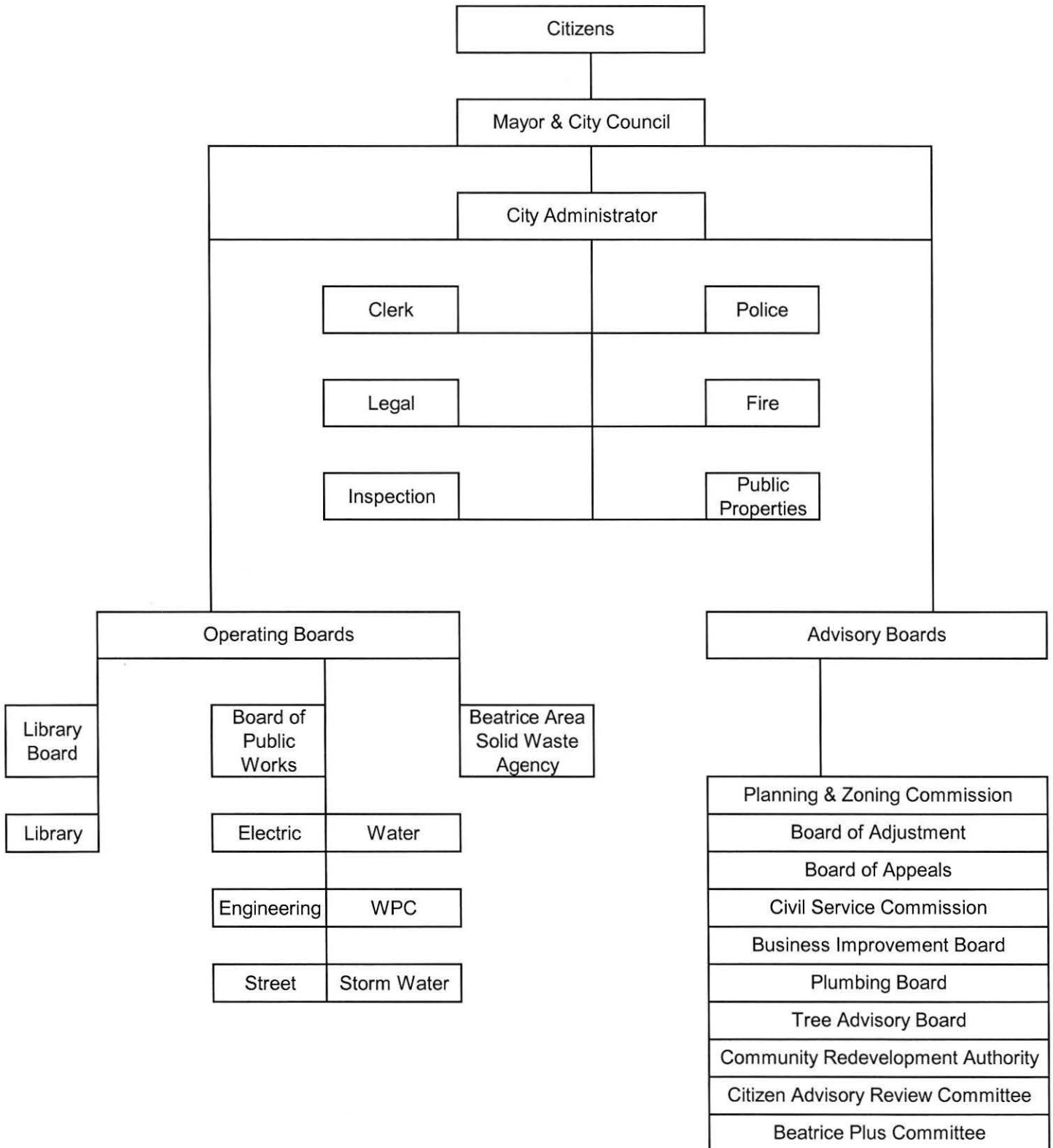
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

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CITY OF BEATRICE, NEBRASKA ORGANIZATIONAL CHART



**CITY OF BEATRICE, NEBRASKA
OFFICIALS
2013**

MAYOR
Dennis Schuster

CITY COUNCILMEMBERS

Phil Cook	Calvin Carey
Ted Fairbanks	Erich Tiemann
Jason Moore	Dwight Parde
David "Pede" Catlin	Allen Langdale

CITY ADMINISTRATOR
Tobias Tempelmeyer

CITY OFFICIALS

Linda Koch	City Clerk/Asst. Treasurer
Bruce Lang	Police Chief
Brian Daake	Fire Chief
Mark Pethoud	Director of Public Properties
Laureen Riedesel	Library Director
Gregory Butcher	City Attorney
Vacant	Building Inspector
Rex Behrends	City Engineer
Pat Feist	Electric Superintendent
Steve Kelley	Water Superintendent
Dean Kelch	WPC Chief Plant Operator
Ron Baete	Street Superintendent

SECTION 2

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable and Members
of the City Council
City of Beatrice

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, discretely presented component units, and aggregate remaining fund information of City of Beatrice, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Beatrice, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Beatrice's basic financial statements. The introductory section and accompanying data for the current year included in Schedules B-1 through Table 18 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying data in Schedule B-1 through L-3 is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2014, on our consideration of the City of Beatrice's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Beatrice's internal control over financial reporting and compliance.

Hayes & Associates L.L.C.

Hayes & Associates, L.L.C.
Omaha, Nebraska
March 21, 2014

CITY OF BEATRICE MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Beatrice, Nebraska, we offer readers of the City of Beatrice's financial statements this narrative overview and analysis of the financial activities of the City of Beatrice for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory Section on pages ix to xvi of this report.

FINANCIAL HIGHLIGHTS

The City of Beatrice Net Position exceeded its liabilities at the close of the most recent year by \$65,191,580. Of this amount, \$9,873,950 may be used to meet the City's ongoing obligations to citizens and creditors. The City of Beatrice total net position increased \$1,443,226 or 2.3%.

As of the close of the current fiscal year, the City of Beatrice's governmental funds reported combined ending fund balances of \$5,608,324, an increase of \$779,649 in comparison with the prior year. At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$1,892,297, or 25% of total General Fund expenditures.

The City of Beatrice's total debt, not including component units, decreased \$14,216 during the current fiscal year. Annual debt obligations, including refunded bonds, of \$2,574,216 were paid and proceeds were received in the amount of \$2,040,000 in the form of a Combined Utilities Advance Revenue Refunding issue plus \$520,000 in new Public Safety Tax Anticipation Bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Beatrice's basic financial statements. The City of Beatrice's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Beatrice's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Beatrice's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator whether the financial position of the City of Beatrice is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City of Beatrice that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Beatrice include general government, public safety, highways and streets, storm water, economic development, and culture and recreation. The business-type activities of the City of Beatrice include electric distribution, water pumping and distribution, sewage collection and treatment, solid waste management, and sanitation.

The government-wide financial statements include not only the City of Beatrice itself (known as the primary government), but also a legally separate entity the Beatrice Area Solid Waste Agency. The Beatrice Area Solid Waste Agency, although legally separate, functions for all practical purposes as a department of the City of Beatrice, and therefore has been included as an integral part of the primary government. The Beatrice Airport Authority and the Community Redevelopment Authority are determined to be discretely presented component units and included due to the fiscal dependency on the City for any allocation of tax revenues; the Beatrice Library Foundation, also a discretely presented component unit, is included due to the financial support it provides the Beatrice Public Library. The government-wide financial statements can be found on pages 13 to 15 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

The City of Beatrice maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Street Fund, both of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Beatrice adopts an annual appropriated budget using the General All-Purpose Fund tool for all governmental funds. A budgetary comparison statement has been provided for to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 16 to 19 of this report.

Proprietary Funds

The City of Beatrice maintains six different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Beatrice uses enterprise funds to account for its electric, water and water pollution control utilities, and also the solid waste management and sanitation services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Beatrice's various functions. The City of Beatrice uses internal service funds to account for its' self-insured employee benefits. Because this service predominately benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric Fund, Water Fund, Water Pollution Control, and Beatrice Area Solid Waste Agency, which are considered to be major funds of the City

of Beatrice. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 20 to 24 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Beatrice's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 25 to 26 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 to 79 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 81 and 82 of this report, followed by Other Supplementary Information including nonmajor combining balance sheet and statements and schedules of individual fund information in further detail.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Beatrice, assets exceeded liabilities by \$65,191,580 at the close of the most recent fiscal year. By far the largest portion of the City of Beatrice's net position (78.4%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Beatrice uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Beatrice's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Beatrice's Net Position (expressed in thousands) September 30, 2013 and 2012

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
ASSETS						
Current and other assets	6,816	5,988	13,722	14,150	20,538	20,138
Capital assets	29,368	28,507	27,578	27,293	56,946	55,800
TOTAL ASSETS	<u>36,184</u>	<u>34,495</u>	<u>41,300</u>	<u>41,443</u>	<u>77,484</u>	<u>75,938</u>
LIABILITIES						
Long-term liabilities outstanding	722	443	7,710	7,840	8,432	8,283
Other liabilities	1,294	1,330	2,566	2,577	3,860	3,907
TOTAL LIABILITIES	<u>2,016</u>	<u>1,773</u>	<u>10,276</u>	<u>10,417</u>	<u>12,292</u>	<u>12,190</u>
NET POSITION						
Net Investment in capital assets	28,703	28,221	22,413	22,190	51,116	50,411
Restricted	3,152	2,494	635	637	3,787	3,131
Committed	415	438			415	438
Unrestricted	1,898	1,569	7,976	8,199	9,874	9,768
TOTAL NET POSITION	<u>34,168</u>	<u>32,722</u>	<u>31,024</u>	<u>31,026</u>	<u>65,192</u>	<u>63,748</u>

An additional portion of the City of Beatrice's net position (6.4%) represents resources that are subject to external restrictions on how they may be used or committed for specific purposes. The remaining balance of unrestricted net position \$9,873,950 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Beatrice is able to report positive balances in all three categories of net position, for the government as a whole.

There was an increase of \$1,445,187 in net position reported in connection with the City of Beatrice's governmental activities. Business-type activities increased the City of Beatrice's net position by \$96,210. A breakdown of these activities is as follows:

City of Beatrice's Changes in Net Position
(expressed in thousands)
For the year ended September 30, 2013 and 2012

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program Revenues						
Charges for services	2,591	2,469	20,969	20,840	23,560	23,309
Operating grants and contributions	1,073	1,183	-	-	1,073	1,183
Capital grants and contributions	1,695	2,332	-	-	1,695	2,332
General revenues						
Taxes	5,583	5,460			5,583	5,460
Unrestricted intergovernmental	660	394			660	394
Other revenue	304	146	163	778	467	924
TOTAL REVENUES	<u>11,906</u>	<u>11,984</u>	<u>21,132</u>	<u>21,618</u>	<u>33,038</u>	<u>33,602</u>
EXPENSES						
General Government	1,543	1,850			1,543	1,850
Public Safety	5,687	5,711			5,687	5,711
Highways and Streets	1,857	1,866			1,857	1,866
Culture and Recreation	1,349	1,270			1,349	1,270
Interest on long-term debt	24	22			24	22
Electric			14,753	14,103	14,753	14,103
Water			2,236	1,970	2,236	1,970
Water Pollution Control			1,509	1,511	1,509	1,511
Sanitation			1,252	1,234	1,252	1,234
Solid Waste Management			1,286	1,384	1,286	1,384
TOTAL EXPENSES	<u>10,460</u>	<u>10,719</u>	<u>21,036</u>	<u>20,202</u>	<u>31,496</u>	<u>30,921</u>
CHANGE IN NET POSITION	1,446	1,265	96	1,416	1,542	2,681
NET POSITION, beginning of year	32,722	31,457	31,026	29,610	63,748	61,067
change in accounting principles			(98)		(98)	
NET POSITION, end of year	<u>34,168</u>	<u>32,722</u>	<u>31,024</u>	<u>31,026</u>	<u>65,192</u>	<u>63,748</u>

Governmental Activities

Tax revenues increased 2.2% in 2013 from the previous year. This includes property tax, sales tax and occupation tax revenues. The property tax levy to fund the necessary operations of the government remained the same in 2013; the increase shown is due to an accounting principle change to record the deferred portion of taxes as unavailable revenues. Sales tax revenues collected were slightly less (0.5%) in 2013 from 2012. Occupation taxes from utilities are based upon gross sales and reflect a small increase of 0.3% in 2013 as compared to 2012. The lodging occupation tax brought in \$82,238 in 2013 as compared to \$82,224 in 2012, to help with tourism related projects. More information on tax revenue history can be found in Table 3 of the Statistical Section.

Unrestricted intergovernmental revenues, which include county motor vehicle taxes, state aid to cities and municipal equalization funding, increased \$265,904 in 2013 from 2012, largely due to an increase in municipal equalization funds (MEF) of \$262,718. The formula to calculate MEF aid figures the city's need, based upon population, less resources and then that aid is reduced 20% for each cent the city's non-bond levy is less than the state-wide average levy, making this a funding source that can vary greatly from year to year.

Operating grants continued to fund important public safety programs, culture and recreation programs, and provide for street maintenance and storm water management. State highway allocation dollars, which are a major funding source to maintain the street fund, increased 2.6% in 2013 from 2012. The police department operates a victim assistance program and an area drug task force with grant funding and matching dollars coming from interlocal agreements. Interlocal agreements also provide funding for County-wide 911 services and ambulance services. The library continues to receive funding assistance from the county and state aid.

Capital Grants and contributions vary from year to year. During 2013 the City continued to receive grant funding for various public safety equipment, including a generator for the fire station and new extrication equipment. Grant funding provided phase II of the downtown revitalization project to reconstruct and beautify 5th Street. A federal energy grant provided funding to improve the city auditorium lighting and a recreational grant funded improvements at the Riverside Park campground area. Private contributions assisted towards other park improvements and library materials, including the design stage of the Library Renovation project.

Expenses, which had decreased 3.7% in 2012 from 2011, decreased another 2.4% in 2013. Changes in General Government can vary from year to year due to changes in economic development and grant expenses; public safety and streets changes were minor at 0.5%; culture and recreation increased 6.3% due to capital outlay projects.

Business-Type Activities

Charges for services for business-type activities increased just 0.6% in 2013 from 2012. The Electric fund, which distributes purchased power, implemented an average rate increase of 3% in 2013 to cover the increased cost of purchased power from Nebraska Public Power District and establish a rate stabilization fund however revenues increased just 1.3% due to usage. Revenues from the Water and Water Pollution Control funds decreased 1.4%, even with a 5% rate increase, due to less water usage as compared to the dry summer of 2012. Garbage Service fees, which are accounted for in the Sanitation fund, increased 1.4% to fund the cost of the hauler contract and landfill disposal fee which increased in July 2013. The Beatrice Area Solid Waste Agency fund revenues decreased 4% from 2012.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Beatrice uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Beatrice's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Beatrice's financing

requirements. In particular, unrestricted fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Beatrice's governmental funds reported combined ending fund balances of \$5,608,324 an increase of \$779,649 in comparison with the prior year. A large portion of this fund balance is reserved to indicate that it is not available for new spending because it has already been restricted or committed due to the nature of the fund's source of income: 1) to pay for CDBG Revolving Loans (\$1,249,361); 2) to pay debt service (\$177,277); 3) for the LB840 Economic Development program (\$1,016,166); 4) for public safety programs and equipment (\$320,210); 5) for Streets (\$546,085); 6) for capital projects (\$211,822); and 7) for other restricted purposes (\$45,772). The remaining balance of \$2,041,631 in fund balance is available for spending at the government's discretion. This is an increase of \$634,072 when compared to 2012.

The General Fund is the chief operating fund of the City of Beatrice. At the end of the current fiscal year, the unrestricted fund balance of the General Fund was \$1,892,297. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance to total fund expenditures. Unrestricted fund balance represents 25% of total General Fund expenditures. The total fund balance of the City of Beatrice's General Fund increased by \$461,234 during the current fiscal year, which is a favorable increase towards replenishing fund balance to 35% by 2019.

General fund revenues increased 5.4% in 2013 from the previous year. Operating tax revenues increased 2.2%. Intergovernmental revenue available to fund general operations increased 30% due to the increase in municipal equalization fund state aid. Charges for services increased 3%. Other revenues decreased \$13,710 from 2012.

General fund operating expenditures in 2013 increased just 1.2% from the previous year. Operating transfers in for 2013 was \$117,044 as compared to \$101,688 in 2012, which is from the 911 Surcharge and E911 Wireless funds collected and distributed to the General fund for the operation of the 911 Communications Center. Operating transfers out to fund capital projects was much lower in 2013 at \$159,931, as compared to 390,107 in 2012; 2012 included a transfer for the Carnegie Renovation project of \$153,000.

The fund balance restricted for the Street Fund at year end was \$546,085, an increase of \$144,844 from 2012; funds are being carried forward for a large state project deferred to 2014. In 2013 revenues increased slightly (0.4%) from 2012; sales tax revenues decreased 0.5% and highway allocation funding increased 2.6%. Expenditures decreased 4% from the previous year; operational expenditures decreased 6% from 2012 due to lower snow removal costs, while capital outlay projects were maintained at the same level.

The Other governmental funds include five Special Revenue funds; the Economic Development fund, the Community Development Block Grant fund, the Keno fund, the 911 Surcharge fund, and the Storm Water Management fund; the Debt Service funds; and the Capital Improvement funds. The combined fund balances for these funds at the end of the fiscal year was \$3,141,142 and restricted or committed for each fund's specific purpose. The Economic Development fund received the maximum sales tax dollars of \$250,000, a \$30,000 CDBG planning grant and other revenues, expenditures included real estate acquisitions and funding towards a joint economic development organization and increased the fund balance by \$119,545 from 2012. The Community Development Block Grant fund balance restricted for Revolving Loans of \$1,249,361 decreased \$41,100 from 2012. Cash increased \$193,077 with the return of revolving loan funds from the state and Loans Receivable decreased to \$949,122 as compared to \$1,183,299 in 2012, through the repayment of certain loans and a \$172,292 loan forgiveness upon completion of terms. The Keno fund proceeds for community betterment decreased to \$62,296 as compared to \$79,132 in 2012; transfers out for community betterment capital projects of \$97,288, resulted in a decrease in fund balance from \$50,355 in 2012 to \$4,046 at the end of 2013. The Storm Water Management fund accounts for the costs associated with the implementation of the plan and the revenue sources, including grant specific funds, and had a fund balance of \$41,726 at year end. The 911 Surcharge fund had a fund balance of \$92,446 at the end of 2013, and accounts for the collection of local 911 surcharge taxes and the collection of State Wireless E911 funds, which must be expended on specific associated costs. In 2013 equipment of \$15,070 was purchased and \$117,044 was transferred to the General fund for support of the 911 Communications Center operations.

The Debt Service fund requirements were funded with special levies and special assessment revenues.

Capital Improvement fund balances at year end are committed for a specific purpose, \$211,822 for library improvements, \$198,964 for public safety equipment, and \$159,728 assigned for a new ambulance ordered but not received at year end. Major capital projects in 2013 include: planning costs for library renovation project; park campground improvements; a new fire pumper and new ambulance; the 5th Street reconstruction project; trails, other facility improvements, and public safety equipment.

Proprietary Funds

The City of Beatrice's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the Electric, Water, Water Pollution Control, Beatrice Area Solid Waste Agency (BASWA) and Other Enterprise funds at the end of the year amounted to \$7,975,780, a decrease of \$222,838 from 2012. The Electric fund increased \$193,973, the Water and Water Pollution Control funds increased \$271,242, and the BASWA fund decreased \$688,053. Restricted Net position for debt service was \$635,176 at year end as compared to \$636,926 in 2012. Net Investment in Capital Assets increased from \$22,190,417 in FY2012 to \$22,413,044 in FY2013. Extension and replacement of capital assets is discussed later in this report. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Beatrice's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget for governmental funds amounted to an increase in appropriations of \$56,000 and can be briefly summarized as follows: increased keno transfer for capital park road and street bridge sidewalks, and increased E911 funds transfer to fund 911 service agreements in the General Fund. The increase was funded with 911 fees and keno proceeds on hand. Additional information can be found in Note B on page 50 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Beatrice's investment in capital assets for its governmental and business type activities as of September 30, 2013, amounts to \$54,191,373 (net of accumulated depreciation) and land of \$2,754,417. This investment in capital assets includes land, buildings and park facilities, improvements other than buildings, machinery and equipment, a system of roads, highways, bridges, storm sewers, sanitary sewers, water mains, and an electrical system. The total increase in the City of Beatrice's investment in capital assets for the current fiscal year was 2 percent (a 3% increase for governmental activities and a 1% increase for business-type activities).

City of Beatrice's Capital Assets (net of depreciation, except land) (expressed in thousands)

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	2,636	2,578	118	118	2,754	2,696
Buildings and system	6,986	6,883	10,273	10,262	17,259	17,145
Improvements other than Bldgs	4,182	4,012	56,532	54,508	60,714	58,520
Machinery & Equipment	9,437	8,629	6,863	6,497	16,300	15,126
Infrastructure	27,513	26,646	-	-	27,513	26,646
Construction in progress	123	-	-	-	123	-
Less accumulated depreciation	(21,509)	(20,241)	(46,208)	(44,092)	(67,717)	(64,333)
TOTAL	<u>29,368</u>	<u>28,507</u>	<u>27,578</u>	<u>27,293</u>	<u>56,946</u>	<u>55,800</u>

Major changes in Capital Assets in the Governmental Activities during fiscal year 2013 included infrastructure improvements for street projects and trails, the 5th Street Reconstruction project, ball field fencing and improvements, and campground area improvements; building improvements were done at the fire station and design work on the library renovation project; equipment purchases included a new fire pumper, a new ambulance, new extrication equipment, a new patrol vehicle, a wheel loader and crack sealing machine for the streets, computer equipment, other necessary public safety equipment, playground equipment, and a mower.

Major changes in Capital Assets in the Business-type Activities include: in the Electric fund continuation of 12.5 KV conversions, new transformers, replacement of underground cable, meters, street lights, new services, and accounting software; in the Water fund water main distribution projects in 2013 included the areas of High Street from 9th to 19th, High Street from 19th to 21st and High to Grant, and 5th Street from Court to Elk, Scada software, pump replacement and VFD's at the well field; in the Water Pollution Control fund projects included installation of trenchless pipe lining, lift station improvements and a duplex grinder; and in the BASWA fund construction of the Construction and Demolition Site was completed and a new Baler was purchased.

Additional information on the City of Beatrice's capital assets can be found in Note E on pages 56 to 58 of this report.

Long-Term Debt

At the end of the current fiscal year, the City of Beatrice had total bonded debt outstanding of \$5,726,178. Of this amount, \$665,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Beatrice's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Beatrice's Outstanding Debt
General Obligation and Revenue Bonds
(expressed in thousands)
September 30, 2013 and 2012

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	665	285	-	-	665	285
General notes	-	-	-	-	-	-
Special assessment debt with governmental commitment	-	-	-	-	-	-
Revenue bonds and notes	-	-	5,061	5,455	5,061	5,455
TOTAL	665	285	5,061	5,455	5,726	5,740

During the current fiscal year, the City of Beatrice issued \$2,040,000 in Combined Utilities Advance Revenue Refunding Bonds with an average interest rate of 1.25% to advance refund \$1,970,000 of outstanding bonds that had an average interest rate of 3.62%. The proceeds were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the bonds. The refunding decreases debt service payments over the next 11 years resulting in an economic gain of \$367,412. In 2013 the City also issued \$520,000 in Public Safety Tax Anticipation bonds. With the payment of annual bond maturities during the fiscal year, the net change in debts decreased \$14,216.

The Beatrice Airport Authority, a component unit of the City of Beatrice, had outstanding debt of \$225,000 at September 30, 2013; this amount comprises bonded debt paid through a special levy approved by the City of Beatrice. During the current fiscal year, with the payment of annual maturities, the net change is a decrease of \$40,000.

The Community Redevelopment Authority, a component unit of the City of Beatrice, had outstanding debt at September 30, 2013, of \$635,000, a decrease of \$220,000. The revenue bonds are repaid solely through proceeds from tax increment financing.

Additional information on the City of Beatrice's long-term debt can be found in Note G on pages 59 to 61 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate for the City of Beatrice is currently 4.1 percent, a slight decrease from a rate of 4.2 percent a year ago. While higher than the state's average unemployment rate of 3.6 percent, this compares favorably to the national average of 7.2 percent.

Sales tax revenues can be affected year to year by tax incentives offered to local business that receive tax credits, thereby reducing the sales tax remitted to the City. As a measure of the economy, you would compare sales tax revenues prior to the reduction in tax incentives, which during fiscal year 2013 decreased just slightly 0.7% from 2012, which had recognized a 5.3% increase over 2011. Economic Development efforts continue to try and attract more new companies. In 2012 City and County officials combined efforts and formed a new economic development organization Gage Area Growth Enterprises (NGage) to promote Beatrice and the surrounding area.

During the current fiscal year, the total fund balance in the General Fund increased from \$1,495,042 to \$1,921,097 at the end of fiscal year 2013. In preparing the budget for fiscal year 2014, the City of Beatrice presented a balanced budget that included a contingency of \$86,000 which if not needed will further increase fund balance and replenish cash reserves. Tax revenue projections include a conservative increase in sales tax revenues, and the total property tax levy remained the same, however the general fund levy was decreased from .318511 to .313212 and the debt service levy increased from .027329 to .032495. The City was fortunate to receive an increase of \$52,000 in Municipal Equalization funding from the State for 2014. Major capital projects in 2014 include: the purchase of an ambulance, defibrillator, and patrol car; police facility HVAC improvements; a \$2,000,000 library building renovation funded entirely with private funds; and grant funded trail improvements. Revenue projections will be sufficient to maintain the City's operating expenditures and personnel staffing. Costs associated with the EPA cleanup at a former gas plant site on property acquired by the City have not been determined or fully funded.

Electric fund revenue projections and expenses will not require a rate increase in the 2014 since purchase power rates are not increasing and projected revenues are sufficient to fund capital costs and maintain prudent reserves for cash flow and emergencies. An increase in rates was budgeted in the Water fund of 3% on consumption, plus a new infrastructure fee to set aside reserves to fund replacement of aging water mains. No rate increase was proposed for the Water Pollution Control fund. The Beatrice Area Solid Waste Agency had increased residential rates in July of 2013; the proposed budget for 2014 includes commercial rate increases over the next two years to increase funding of the closure and post closure reserves and begin studying future solid waste disposal options as the current landfill has an expected 8-9 years of life remaining.

For planning purposes the City approved a balanced budget for the next upcoming fiscal year 2015, which will require a 2.5 cent property tax increase.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Beatrice's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Beatrice, 400 Ella Street, Beatrice, NE 68310.

EXHIBIT 1

City of Beatrice, Nebraska
 STATEMENT OF NET POSITION
 September 30, 2013
 With comparative totals for September 30, 2012

	Primary Government				2013
	Governmental Activities	Business-Type Activities	2013 Total	2012 Total	Component Units
Assets					
Current Assets					
Cash and cash equivalents	\$ 3,542,732	\$ 6,338,299	\$ 9,881,031	\$ 7,671,413	\$ 865,439
Certificates of deposit - unrestricted	605,131	-	605,131	605,131	-
Investments	-	-	-	-	967,884
Cash on deposit - County Treasurer	112,387	-	112,387	112,413	149,003
Accounts receivable	999,462	1,354,208	2,353,670	2,737,304	24,955
Interest receivable	87,903	11,240	99,143	72,753	-
Assessments receivable	267,844	-	267,844	425,499	-
Unbilled and accrued revenues	-	790,860	790,860	713,725	-
Materials and supplies inventories	-	867,443	867,443	826,653	66,496
Prepaid expenses	-	12,909	12,909	12,367	-
In-lieu-of assessments	10,105	-	10,105	10,105	-
Due from other funds	-	-	-	215,242	-
Taxes receivable	142,397	-	142,397	151,430	28,834
Current portion of CRA bonds receivable	-	-	-	-	382,412
Total Current Assets	5,767,961	9,374,959	15,142,920	13,554,035	2,485,023
Noncurrent Assets					
Certificates of deposit - unrestricted	-	2,447,500	2,447,500	2,325,000	-
Restricted Cash and Cash Equivalents					
Employee benefits	-	75,660	75,660	64,114	-
Customer deposits	-	98,360	98,360	62,835	-
Grants and capital projects	19,941	-	19,941	344,490	1,742,205
Restricted Investments					
Debt service reserve account	-	635,176	635,176	636,926	-
Bond construction account	-	-	-	405,899	-
Customer deposits	-	230,000	230,000	230,000	-
Grants and capital projects	79,389	-	79,389	79,349	116,830
Closure/postclosure maintenance	-	860,630	860,630	1,153,595	-
Total Restricted Assets	99,330	1,899,826	1,999,156	2,977,208	1,859,035
Capital Assets					
Land	2,636,341	118,076	2,754,417	2,695,917	1,321,356
Construction in progress	122,678	-	122,678	-	20,729
Capital assets, net of accumulated depreciation	26,608,698	27,459,997	54,068,695	53,104,574	1,493,184
Net Capital Assets	29,367,717	27,578,073	56,945,790	55,800,491	2,835,269
Other Assets					
Loans receivable, net of current portion	949,122	-	949,122	1,183,299	2,142,918
Total Noncurrent Assets	30,416,169	31,925,399	62,341,568	62,285,998	6,837,222
Deferred Outflows					
Unamortized bond issuance costs	-	-	-	98,171	-
Total Assets and Deferred Outflows	\$ 36,184,130	\$ 41,300,358	\$ 77,484,488	\$ 75,938,204	\$ 9,322,245

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF NET POSITION - CONTINUED
 September 30, 2013
 With comparative totals for September 30, 2012

	Primary Government				2013
	Governmental	Business-Type	2013	2012	Component
	Activities	Activities	Total	Total	Units
Liabilities					
Current Liabilities					
Accounts payable	\$ 436,508	\$ 1,176,194	\$ 1,612,702	\$ 1,400,673	\$ 4,724
Registered warrants payable	262,815	-	262,815	390,471	-
Claims incurred but not reported	51,365	-	51,365	47,632	-
Accrued compensated absences	235,367	223,647	459,014	435,065	-
Sales tax payable	-	91,747	91,747	101,750	-
Employee insurance payable	-	78,488	78,488	66,942	-
Accrued interest payable	18,311	32,747	51,058	85,726	3,903
Accrued expenses	-	90,679	90,679	89,906	14,132
Customer deposits	-	328,360	328,360	292,835	-
Due to other funds	-	-	-	215,242	-
Unearned rent - current portion	-	-	-	127,498	13,636
Current maturities of TIF payable	-	-	-	-	147,412
Current maturities of lease obligation	-	44,830	44,830	48,915	-
Current maturities of bonds and notes	290,000	499,303	789,303	604,218	280,000
Total Current Liabilities	1,294,366	2,565,995	3,860,361	3,906,873	463,807
Noncurrent Liabilities, Net of Current Portion					
Compensated absences	347,184	451,467	798,651	756,863	34,282
Unearned rent	-	-	-	-	7,956
Revenue bonds	-	4,480,000	4,480,000	4,905,000	-
General obligation bonds	375,000	-	375,000	145,000	580,000
Notes payable	-	81,875	81,875	86,176	-
Lease obligation	-	59,021	59,021	103,938	-
TIF payable	-	-	-	-	1,742,918
Closure and postclosure cost	-	2,638,000	2,638,000	2,286,000	-
Total Noncurrent Liabilities	722,184	7,710,363	8,432,547	8,282,977	2,365,156
Total Liabilities	2,016,550	10,276,358	12,292,908	12,189,850	2,828,963
Net Position					
Net investment in capital assets	28,702,717	22,413,044	51,115,761	50,411,314	2,610,269
Restricted net position					
Restricted for economic development	1,016,166	-	1,016,166	896,621	-
Restricted for debt service	177,277	635,176	812,453	808,908	22,156
Restricted for grant expenses	28,800	-	28,800	63,979	-
Restricted loan fund	1,249,361	-	1,249,361	1,290,461	-
Restricted for E911 public safety	92,446	-	92,446	71,336	-
Restricted for streets	546,085	-	546,085	-	-
Restricted for storm water management	41,726	-	41,726	-	-
Restricted for runway expansion	-	-	-	-	438,439
Restricted for Library Foundation	-	-	-	-	1,623,677
Committed net position					
Committed for library capital improvement	211,822	-	211,822	145,349	-
Committed for public safety equipment	198,964	-	198,964	292,892	-
Committed for Community betterment	4,046	-	4,046	-	-
Unrestricted net position	1,898,170	7,975,780	9,873,950	9,767,494	1,798,741
Total Net Position	\$ 34,167,580	\$ 31,024,000	\$ 65,191,580	\$ 63,748,354	\$ 6,493,282

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
STATEMENT OF ACTIVITIES
For the year ended September 30, 2013
With comparative totals for the year ended September 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				2013 Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Primary Government Total	2012 Total	
Primary Government:									
Governmental Activities									
General government	\$ 1,543,513	\$ 418,743	\$ -	\$ 47,523	\$ (1,077,247)	\$ -	\$ (1,077,247)	\$ (1,564,957)	
Public safety	5,686,678	1,914,393	426,985	279,688	(3,065,612)	-	(3,065,612)	(3,158,811)	
Highways and streets	1,856,508	28,795	619,032	1,110,133	(98,548)	-	(98,548)	404,852	
Culture and recreation	1,349,132	228,792	26,680	257,529	(836,131)	-	(836,131)	(393,447)	
Interest on long-term debt	24,120	-	-	-	(24,120)	-	(24,120)	(21,945)	
Total Governmental Activities	10,459,951	2,590,723	1,072,697	1,694,873	(5,101,658)	-	(5,101,658)	(4,734,308)	
Business-type Activities									
Electric	14,753,172	14,838,324	-	-	-	85,152	85,152	541,257	
Water	2,236,224	2,230,423	-	-	-	(5,801)	(5,801)	311,785	
Water pollution control	1,509,212	1,562,711	-	-	-	53,499	53,499	54,928	
Sanitation	1,252,002	1,252,002	-	-	-	-	-	-	
BASWA	1,285,647	1,086,095	-	-	-	(199,552)	(199,552)	(270,233)	
Total Business-type Activities	21,036,257	20,969,555	-	-	-	(66,702)	(66,702)	637,737	
Total Primary Government	\$ 31,496,208	\$ 23,560,278	\$ 1,072,697	\$ 1,694,873	(5,101,658)	(66,702)	(5,168,360)	(4,096,571)	
Component Units:									
Airport Authority	\$ 883,857	\$ 503,839	\$ -	\$ -					\$ (380,018)
Community Redevelopment Authority	304,477	-	-	-					(304,477)
Beatrice Public Library Foundation	146,707	4,500		1,058					(141,149)
Total Component Units	\$ 1,335,041	\$ 508,339	\$ -	\$ 1,058					(825,644)
General Revenues									
Taxes									
Property tax					1,998,461	-	1,998,461	1,862,937	193,286
Tax Increment Financing					-	-	-	-	504,305
Sales tax					2,848,579	-	2,848,579	2,863,615	-
Occupation tax					736,385	-	736,385	733,894	-
Unrestricted intergovernmental					659,517	-	659,517	393,613	-
Miscellaneous revenues					298,578	368,806	667,384	863,899	4,266
Unrestricted investment earnings					5,325	43,348	48,673	60,302	153,275
Loss on disposal of capital assets						(57,757)	(57,757)	-	-
Special item					-	(191,485)	(191,485)	-	-
Total General Revenues					6,546,845	162,912	6,709,757	6,778,260	855,132
Change in Net Position					1,445,187	96,210	1,541,397	2,681,689	29,488
Net Position, Beginning of Year - as previously stated					32,722,393	31,025,961	63,748,354	61,066,665	3,523,537
Change in accounting principle					-	(98,171)	(98,171)	-	2,940,257
Net Position, Beginning of Year - restated					32,722,393	30,927,790	63,650,183	61,066,665	6,463,794
Net Position, End of Year					\$ 34,167,580	\$ 31,024,000	\$ 65,191,580	\$ 63,748,354	\$ 6,493,282

See accompanying notes and independent auditor's report

City of Beatrice, Nebraska
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2013
With comparative totals for September 30, 2012

	2013				2012
	General	Streets	Other Governmental Funds	Total	Total
Assets					
Cash and investments	\$ 1,442,571	\$ 515,119	\$ 1,934,431	\$ 3,892,121	\$ 2,484,167
Restricted:					
Cash	19,941	-	-	19,941	344,490
Investments	-	-	79,389	79,389	79,349
Cash on deposit - County Treasurer	104,694	-	7,693	112,387	112,413
Accounts receivable	476,757	49,465	455,810	982,032	895,354
Taxes receivable	131,144	-	11,253	142,397	151,430
Interest receivable	-	-	87,903	87,903	66,196
Assessments receivable	-	-	267,844	267,844	425,499
Loans receivable	-	-	949,122	949,122	1,183,299
In-lieu of assessments	-	-	10,105	10,105	10,105
Total Assets	\$ 2,175,107	\$ 564,584	\$ 3,803,550	\$ 6,543,241	\$ 5,752,302
Liabilities, Deferred Inflow, and Fund Balances					
Liabilities					
Accounts payable	\$ 146,258	18,499	\$ 271,751	\$ 436,508	\$ 143,662
Accrued interest payable	-	-	18,311	18,311	43,449
Registered warrants payable	-	-	262,815	262,815	390,471
Total Liabilities	146,258	18,499	552,877	717,634	577,582
Deferred Inflow					
Unavailable revenue	107,752	-	109,531	217,283	346,045
Fund Balances					
Restricted for:					
Economic development	-	-	1,016,166	1,016,166	896,621
Debt service	-	-	177,277	177,277	171,982
Revolving loan fund	-	-	1,249,361	1,249,361	1,290,461
E911 Public Safety	-	-	92,446	92,446	71,336
Police grants and programs	28,800	-	-	28,800	63,979
Streets	-	546,085	-	546,085	401,241
Storm water management	-	-	41,726	41,726	36,900
Committed for:					
Library capital improvements	-	-	211,822	211,822	145,349
Public safety equipment	-	-	198,964	198,964	292,892
Community betterment	-	-	4,046	4,046	50,355
Assigned, for					
subsequent years' expenditures	734,986	-	159,728	894,714	767,122
Unassigned, reported in					
General Fund	1,157,311	-	-	1,157,311	786,619
Debt service funds	-	-	(10,394)	(10,394)	(146,182)
Total Fund Balances	1,921,097	546,085	3,141,142	5,608,324	4,828,675
Total Liabilities, Deferred Inflow, and Fund Balances	\$ 2,175,107	\$ 564,584	\$ 3,803,550		

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
BALANCE SHEET - GOVERNMENTAL FUNDS - CONTINUED
September 30, 2013
With comparative totals for September 30, 2012

	2013			2012 Total
	General	Streets	Other Governmental Funds	
Amounts Reported for Governmental Activities in the Statement of Net position are Different Because:				
Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds.				
			29,367,717	28,507,491
Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			221,807	(27,811)
Unavailable revenues that are not current financial resources but that are recognized in the government-wide statements.			217,283	218,547
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds as follows:				
Bonds payable			(665,000)	(285,000)
Notes and leases payable			-	(1,594)
Compensated absences			(582,551)	(517,915)
Net Position of Governmental Activities			<u>\$ 34,167,580</u>	<u>\$ 32,722,393</u>

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 For the year ended September 30, 2013
 With comparative totals for the year ended September 30, 2012

	2013				2012
	General	Streets	Other Governmental Funds	Total Governmental Funds	Total
Revenues					
Taxes					
Property tax	\$ 1,729,011	\$ -	\$ 152,452	\$ 1,881,463	\$ 1,862,937
Sales tax	2,028,863	569,716	250,000	2,848,579	2,863,615
Occupation tax	736,385	-	-	736,385	733,894
Licenses and permits	78,920	-	-	78,920	105,128
Intergovernmental	1,137,650	1,322,279	731,104	3,191,033	2,419,729
Charges for services	2,205,572	28,796	153,224	2,387,592	2,344,477
Keno proceeds	-	-	62,296	62,296	79,132
Special assessments	-	-	118,261	118,261	133,879
Interest	2,298	-	41,366	43,664	34,114
Grants	-	-	-	-	10,368
Miscellaneous	128,745	1,031	334,965	464,741	644,084
Total Revenues	8,047,444	1,921,822	1,843,668	11,812,934	11,231,357
Expenditures					
Current					
General government	1,029,445	-	374,027	1,403,472	1,823,715
Public safety	5,428,573	-	-	5,428,573	5,234,146
Highways and streets	-	1,086,835	-	1,086,835	1,154,538
Culture and recreation	926,500	-	-	926,500	942,577
Debt Service					
Principal	-	-	140,000	140,000	270,000
Interest	-	-	18,140	18,140	21,945
Bond issuance costs	-	-	5,980	5,980	-
Capital outlay	193,984	729,415	1,511,463	2,434,862	2,485,269
MFO payments - other entities	-	-	108,923	108,923	113,445
Total Expenditures	7,578,502	1,816,250	2,158,533	11,553,285	12,045,635
Excess (Deficiency) of Revenues Over (Under) Expenditures	468,942	105,572	(314,865)	259,649	(814,278)
Other Financing Sources (Uses)					
Proceeds from long-term debt	-	-	520,000	520,000	-
Transfers in	117,044	39,272	217,947	374,263	715,163
Transfers out	(159,931)	-	(214,332)	(374,263)	(715,163)
Total Other Financing Sources (Uses)	(42,887)	39,272	523,615	520,000	-
Net Change in Fund Balances	426,055	144,844	208,750	779,649	(814,278)
Fund Balances, Beginning of Year	1,495,042	401,241	2,932,392	4,828,675	5,642,953
Fund Balances, End of Year	\$ 1,921,097	\$ 546,085	\$ 3,141,142	\$ 5,608,324	\$ 4,828,675

See accompanying notes and independent auditor's report

City of Beatrice, Nebraska
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
 THE STATEMENT OF ACTIVITIES
 For the year ended September 30, 2013
 With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Net change in fund balances - total governmental funds	\$ 779,649	\$ (814,278)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period as follows:		
Capital Outlays	2,310,616	2,485,269
Depreciation Expense	(1,457,929)	(1,542,369)
Change in unavailable revenues that are not current financial resources but that are recognized in the government-wide statements	(1,262)	218,547
The issuance of long-term debt provides current financial resources to governmental fund, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt.	(378,406)	273,133
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This includes the (increase) decrease in compensated absences.	(57,099)	65,861
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position.	-	533,847
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>249,618</u>	<u>45,322</u>
Change in Net Position of Governmental Activities	<u>\$ 1,445,187</u>	<u>\$ 1,265,332</u>

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2013
With comparative totals for September 30, 2012

	2013							
	Business-Type Activities Enterprise Funds					Governmental Activities		
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	Totals	Internal Service Funds	2012 Total
Current Assets								
Cash and cash equivalents	\$ 4,051,494	\$ 862,109	\$ 1,182,108	\$ 236,677	\$ 5,911	\$ 6,338,299	\$ 255,742	\$ 5,772,299
Accounts receivable, net	1,030,442	131,772	75,205	94,591	22,198	1,354,208	17,430	1,626,965
Due from other funds	-	-	-	-	-	-	-	215,242
Unbilled and accrued revenues	589,684	116,187	84,989	-	-	790,860	-	713,725
Materials and supplies inventories	646,074	221,369	-	-	-	867,443	-	826,653
Prepaid expenses	4,881	5,453	2,575	-	-	12,909	-	12,367
Interest receivable	7,176	2,082	1,982	-	-	11,240	-	6,557
Total Current Assets	6,329,751	1,338,972	1,346,859	331,268	28,109	9,374,959	273,172	9,173,808
Noncurrent Assets								
Certificates of deposit - unrestricted	2,282,875	7,875	156,750			2,447,500	-	2,325,000
Restricted Cash and Cash Equivalents								
Employee benefits	75,660	-	-	-	-	75,660	-	64,114
Customer deposits	98,360	-	-	-	-	98,360	-	62,835
Restricted Investments								
Debt service reserve account	71,400	127,290	177,810	258,676	-	635,176	-	636,926
Bond construction account	-	-	-	-	-	-	-	405,899
Customer deposits	230,000	-	-	-	-	230,000	-	230,000
Closure/postclosure maintenance and care	-	-	-	860,630	-	860,630	-	1,153,595
Total Restricted Cash, Cash Equivalents and Investments	475,420	127,290	177,810	1,119,306	-	1,899,826	-	2,553,369
Capital Assets								
Land and land rights	46,030	55,458	16,588	-	-	118,076	-	118,076
Buildings and improvements	1,142,733	84,285	9,045,632	-	-	10,272,650	-	10,262,390
Improvements other than buildings	27,801,024	14,965,604	8,444,409	5,320,711	-	56,531,748	-	54,507,778
Machinery and equipment	2,906,616	928,586	1,722,716	1,305,451	-	6,863,369	-	6,497,186
Total Capital Assets	31,896,403	16,033,933	19,229,345	6,626,162	-	73,785,843	-	71,385,430
Less accumulated depreciation	(19,203,479)	(10,428,615)	(12,724,112)	(3,851,564)	-	(46,207,770)	-	(44,092,430)
Net Capital Assets	12,692,924	5,605,318	6,505,233	2,774,598	-	27,578,073	-	27,293,000
Other Assets								
Unamortized bond issuance cost	-	-	-	-	-	-	-	98,171
Total Noncurrent Assets	15,451,219	5,740,483	6,839,793	3,893,904	-	31,925,399	-	32,269,540
Total Assets	\$ 21,780,970	\$ 7,079,455	\$ 8,186,652	\$ 4,225,172	\$ 28,109	\$ 41,300,358	\$ 273,172	\$ 41,443,348

See accompanying notes and independent auditor's report

City of Beatrice, Nebraska
STATEMENT OF NET POSITION - CONTINUED
PROPRIETARY FUNDS
September 30, 2013
With comparative totals for September 30, 2012

	2013							
	Business-Type Activities Enterprise Funds					Governmental Activities		
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	Totals	Internal Service Funds	2012 Total
Liabilities								
Current Liabilities								
Accounts payable	\$ 1,063,459	\$ 7,664	\$ 1,289	\$ 75,673	\$ 28,109	\$ 1,176,194	\$ -	\$ 1,257,011
Claims incurred but not reported	-	-	-	-	-	-	51,365	-
Accrued compensated absences	118,303	76,735	21,235	7,374	-	223,647	-	215,003
Accrued payroll	51,611	23,627	12,214	3,227	-	90,679	-	89,906
Sales tax payable	91,340	407	-	-	-	91,747	-	101,750
Employee insurance payable	78,488	-	-	-	-	78,488	-	66,942
Accrued interest	5,110	4,226	2,931	20,480	-	32,747	-	42,277
Customer deposits	328,360	-	-	-	-	328,360	-	292,835
Current maturities of lease obligation	-	-	-	44,830	-	44,830	-	47,321
Current maturities of bonds and notes payable	63,000	113,220	163,083	160,000	-	499,303	-	464,218
Total Current Liabilities	1,799,671	225,879	200,752	311,584	28,109	2,565,995	51,365	2,577,263
Noncurrent Liabilities, Net of Current Portion								
Compensated absences	240,769	172,718	31,870	6,110	-	451,467	-	459,010
Revenue bonds	651,000	1,111,080	1,517,920	1,200,000	-	4,480,000	-	4,905,000
Notes payable	-	-	81,875	-	-	81,875	-	86,176
Lease obligation	-	-	-	59,021	-	59,021	-	103,938
Closure and postclosure cost	-	-	-	2,638,000	-	2,638,000	-	2,286,000
Total Noncurrent Liabilities	891,769	1,283,798	1,631,665	3,903,131	-	7,710,363	-	7,840,124
Total Liabilities	2,691,440	1,509,677	1,832,417	4,214,715	28,109	10,276,358	51,365	10,417,387
Net Position								
Net investment in capital assets	11,978,924	4,381,018	4,742,355	1,310,747	-	22,413,044	-	22,190,417
Restricted for debt service	71,400	127,290	177,810	258,676	-	635,176	-	636,926
Unrestricted	7,039,206	1,061,470	1,434,070	(1,558,966)	-	7,975,780	221,807	8,198,618
Total Net Position	\$ 19,089,530	\$ 5,569,778	\$ 6,354,235	\$ 10,457	\$ -	\$ 31,024,000	\$ 221,807	\$ 31,025,961

See accompanying notes and independent auditor's report

City of Beatrice, Nebraska
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the year ended September 30, 2013
With comparative totals for the year ended September 30, 2012

	2013							
	Business-Type Activities Enterprise Funds						Governmental Activities	
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	Totals	Internal Service Funds	2012 Total
Operating Revenues								
Charges for services	\$ 14,838,324	\$ 2,230,423	\$ 1,562,711	\$ 1,086,095	\$ 1,252,002	\$ 20,969,555	\$ 1,305,605	\$ 20,839,872
Reinsurance coverage reimbursements	-	-	-	-	-	-	80,895	-
Total Operating Revenues	14,838,324	2,230,423	1,562,711	1,086,095	1,252,002	20,969,555	1,386,500	20,839,872
Operating Expenses								
Electric energy purchased	11,010,727	-	-	-	-	11,010,727	-	10,461,042
Operating and maintenance expenses	1,059,689	1,042,900	507,842	-	1,252,002	3,862,433	-	3,813,514
Customer accounting expenses	254,222	134,156	67,899	-	-	456,277	-	490,523
Engineering services	141,401	16,000	16,000	-	-	173,401	-	170,511
Administrative and general expense	780,229	426,164	280,002	551,153	-	2,037,548	-	1,759,331
Depreciation and amortization	960,029	493,670	547,325	260,700	-	2,261,724	-	2,297,121
Municipal expenses	485,890	55,410	21,602	-	-	562,902	-	569,889
Landfill operating contracts	-	-	-	449,102	-	449,102	-	413,950
Health insurance claims paid	-	-	-	-	-	-	820,842	-
Health and life insurance premiums	-	-	-	-	-	-	182,981	-
Payflex expenses	-	-	-	-	-	-	108,537	-
Workers' compensation claims paid	-	-	-	-	-	-	209	-
Other services and charges	-	-	-	-	-	-	24,437	-
Total Operating Expenses	14,692,187	2,168,300	1,440,670	1,260,955	1,252,002	20,814,114	1,137,006	19,975,881
Operating Income (Loss)	146,137	62,123	122,041	(174,860)	-	155,441	249,494	863,991
Nonoperating Revenues (Expenses)								
Interest income	34,818	1,151	(3,377)	10,756	-	43,348	124	50,857
Merchandising, etc.	53,546	38,634	40,532	-	-	132,712	-	292,962
Loss on disposal of capital asset	-	-	-	(57,757)	-	(57,757)	-	-
Miscellaneous	186,628	28,823	20,136	507	-	236,094	-	434,801
Interest expense	(52,064)	(59,003)	(60,884)	(24,692)	-	(196,643)	-	(168,033)
Bond issuance cost	(8,921)	(8,921)	(7,658)	-	-	(25,500)	-	(4,697)
Total Nonoperating Revenues (Expenses)	214,007	684	(11,251)	(71,186)	-	132,254	124	605,890
Special item	(191,485)	-	-	-	-	(191,485)	-	-
Contributed capital assets	-	-	-	-	-	-	-	(53,524)
Change in Net Position	168,659	62,807	110,790	(246,046)	-	96,210	249,618	1,416,357
Net Position, Beginning of Year - as previously stated	18,930,428	5,527,281	6,271,511	296,741	-	31,025,961	(27,811)	29,609,604
Restatement of Equity for Implementation of GASB 62	(9,557)	(20,310)	(28,066)	(40,238)	-	(98,171)	-	-
Net Position, Beginning of Year - restated	18,920,871	5,506,971	6,243,445	256,503	-	30,927,790	(27,811)	29,609,604
Net Position, End of Year	\$ 19,089,530	\$ 5,569,778	\$ 6,354,235	\$ 10,457	\$ -	\$ 31,024,000	\$ 221,807	\$ 31,025,961

See accompanying notes and independent auditor's report

City of Beatrice, Nebraska
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the year ended September 30, 2013
 With comparative totals for September 30, 2012

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Funds	2012 Totals
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	2013 Totals	
Cash Flows From Operating Activities:							
Cash received from customers	\$ 15,263,412	\$ 2,309,810	\$ 1,621,519	\$ 1,082,889	\$ 1,256,356	\$ 21,533,986	\$ 21,235,846
Cash paid to suppliers for goods and services	(12,244,592)	(713,936)	(289,952)	(340,999)	(1,251,613)	(14,841,092)	(13,853,122)
Cash paid to employees for services	(1,625,056)	(938,949)	(646,015)	(232,486)	-	(3,442,506)	(3,258,325)
Net Cash Provided by Operating Activities	1,393,764	656,925	685,552	509,404	4,743	3,250,388	4,124,399
Cash Flows from Noncapital Financing Activities:							
Cash paid on behalf of other funds - employee benefits	23,757	-	-	-	-	23,757	(191,485)
Cash Flows from Capital and Related Financing Activities:							
Principal payments on long-term debt and leases payable	(52,500)	(101,100)	(150,617)	(207,408)	-	(511,625)	(1,909,300)
Payment on refunded bond	(689,500)	(689,500)	(591,000)	-	-	(1,970,000)	-
Proceeds from long-term debt	714,000	714,000	612,000	-	-	2,040,000	1,725,000
Contributed capital assets	-	-	-	-	-	-	(53,524)
Bond issuance cost paid	-	-	-	-	-	-	(32,983)
Interest paid on revenue bond maturities	(63,870)	(70,809)	(71,014)	(25,980)	-	(231,673)	(180,091)
Purchases of capital assets	(914,590)	(520,326)	(231,433)	(938,206)	-	(2,604,555)	(2,641,839)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,006,460)	(667,735)	(432,064)	(1,171,594)	-	(3,277,853)	(3,092,737)
Cash Flows From Investing Activities:							
Interest received	30,504	403	(2,998)	10,756	-	38,665	49,934
Net Increase (Decrease) in Cash and Cash Equivalents	441,565	(10,407)	250,490	(651,434)	4,743	34,957	890,111
Cash and Cash Equivalents, Beginning of Year	6,368,224	1,007,681	1,266,178	2,007,417	1,168	10,650,668	9,760,557
Cash and Cash Equivalents, End of Year	<u>\$ 6,809,789</u>	<u>\$ 997,274</u>	<u>\$ 1,516,668</u>	<u>\$ 1,355,983</u>	<u>\$ 5,911</u>	<u>\$ 10,685,625</u>	<u>\$ 10,650,668</u>
Cash, Cash Equivalents, and Investments consist of:							
Cash	\$ 4,051,494	\$ 862,109	\$ 1,182,108	\$ 236,677	\$ 5,911	\$ 6,338,299	\$ 5,772,299
Certificates of deposit	2,282,875	7,875	156,750	-	-	2,447,500	2,325,000
Employee benefits cash	75,660	-	-	-	-	75,660	64,114
Bond construction account	-	-	-	-	-	-	405,899
Debt service reserve account	71,400	127,290	177,810	258,676	-	635,176	636,926
Customer deposits	328,360	-	-	-	-	328,360	292,835
Closure/postclosure maintenance and care	-	-	-	860,630	-	860,630	1,153,595
Total Cash and Cash Equivalents	<u>\$ 6,809,789</u>	<u>\$ 997,274</u>	<u>\$ 1,516,668</u>	<u>\$ 1,355,983</u>	<u>\$ 5,911</u>	<u>\$ 10,685,625</u>	<u>\$ 10,650,668</u>

See accompanying notes and independent auditor's report

City of Beatrice, Nebraska
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	Business-Type Activities Enterprise Funds						Governmental Activities	
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	2013 Totals	Internal Service Funds	2012 Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities								
Operating income (loss)	\$ 146,137	\$ 62,123	\$ 122,041	\$ (174,860)	\$ -	\$ 155,441	\$ 249,494	\$ 863,991
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities								
Depreciation and amortization	960,029	493,670	547,325	260,700	-	2,261,724	-	2,297,121
Merchandise and miscellaneous revenue	240,174	67,457	60,668	507	-	368,806	-	727,763
Increase in estimated cost of closure and postclosure	-	-	-	352,000	-	352,000	-	309,000
(Increase) decrease in unbilled and accrued revenues	(90,155)	12,769	251	-	-	(77,135)	-	8,883
(Increase) decrease in accounts receivable	275,067	(839)	(2,111)	(3,713)	4,354	272,758	(13,954)	(340,672)
(Increase) decrease in inventory	(58,672)	17,882	-	-	-	(40,790)	-	115,042
(Increase) decrease in prepaid insurance	738	(692)	(587)	-	-	(541)	-	909
Increase (decrease) in accounts payable	(141,073)	(5,082)	(9,505)	74,454	389	(80,817)	-	43,673
Increase (decrease) in sales tax payable	(10,290)	(5)	(1,559)	-	-	(11,854)	-	1,909
Increase (decrease) in employee insurance payable	11,546	287	-	-	-	11,833	-	43,732
Increase (decrease) in accrued payroll	2,947	-	-	316	-	3,263	-	(6,085)
Increase (decrease) in accrued compensated absences	21,791	9,355	(30,971)	-	-	175	-	16,058
Increase (decrease) in customer deposits	35,525	-	-	-	-	35,525	-	43,075
Total Adjustments	1,247,627	594,802	563,511	684,264	4,743	3,094,947	(13,954)	3,260,408
Net Cash Provided by Operating Activities	\$ 1,393,764	\$ 656,925	\$ 685,552	\$ 509,404	\$ 4,743	\$ 3,250,388	\$ 235,540	\$ 4,124,399

See accompanying notes and independent auditor's report

City of Beatrice, Nebraska
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 For the years ended September 30, 2013
 With comparative totals for September 30, 2012

	Pension Trust Fund	
	2013	2012
Assets		
Investments with fiscal agent:		
Guaranteed interest accounts	\$ 8,606,273	\$ 7,348,493
Publicly traded equities	<u>10,118,341</u>	<u>9,398,266</u>
Total Assets	<u>\$ 18,724,614</u>	<u>\$ 16,746,759</u>
Net Position		
Held in trust for pension benefits	<u>\$ 18,724,614</u>	<u>\$ 16,746,759</u>

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 For the years ended September 30, 2013
 With comparative totals for September 30, 2012

	Pension Trust Fund	
	2013	2012
Additions		
Contributions		
Employer	\$ 455,628	\$ 448,705
Employee	385,935	382,354
Total Contributions	<u>841,563</u>	<u>831,059</u>
Investment Earnings		
Net appreciation in the fair value of investments	<u>1,726,741</u>	<u>1,679,095</u>
Total Additions	2,568,304	2,510,154
Deductions		
Benefits	576,168	194,471
Administrative expenses	14,281	16,825
Transfers to another plan	-	25
Total Deductions	<u>590,449</u>	<u>211,321</u>
Change in Net Position	1,977,855	2,298,833
Net Position, Beginning of Year	<u>16,746,759</u>	<u>14,447,926</u>
Net Position, End of Year	<u>\$ 18,724,614</u>	<u>\$ 16,746,759</u>

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). On October 1, 2012, the City of Beatrice implemented the provisions of GASB Statement No. 62, Codification of Accounting and Financial Reporting guidance Contained in pre-November 30, 1989, FASB and AICPA Pronouncements. GASB No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Boards (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee of Accounting Procedure.

This summary of significant accounting policies of the City of Beatrice is presented to assist in understanding the City's financial statements. The financial statements and notes are representations of the City's management, which is responsible for their integrity and objectivity. The accounting policies of the City of Beatrice, Nebraska, conform to generally accepted accounting principles as applicable to governments. The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note.

1. Financial Reporting Entity

The City of Beatrice was founded in 1857, incorporated as a first-class city in 1893, and since 1957 has operated under the Mayor-Council form of government to provide the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, parks, recreation, public improvements, planning and zoning, electric service, water service, water pollution control, and general administrative services.

The City is a municipal corporation governed by an elected mayor and eight-member council. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1. Financial Reporting Entity - Continued

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, Statement No. 39, and Statement No. 61, and has included all organizations that make up the City's legal entity and all component units. Consistent with applicable guidance, the criteria used by the City to include component units within its reporting entity are financial accountability and the nature and significance of the relationship. The City includes organizations as component units under the following financial accountability criteria:

- (1) Organizations for which the City Council appoints a voting majority of the organization's governing body and for which (a) the City is able to impose its will on the organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City.
- (2) Organizations that are fiscally dependent on the City. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the City.

Blended Component Unit

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. Each blended component unit has a September 30 fiscal period end. These component units' funds are blended into those of the City by appropriate activity type to compose the primary government presentation. Currently, the City has the following blended component unit:

Beatrice Area Solid Waste Agency – The Beatrice Area Solid Waste Agency (BASWA) is a joint entity between the City of Beatrice, the County of Gage, Nebraska, and seven smaller communities. BASWA is the operator of a solid waste disposal facility. BASWA is governed by the Mayor, eight Council members of the City, and two Gage County Board members. The City appoints the voting majority of BASWA's board and has significant influence over the programs, projects, activities, and services of BASWA.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1. Financial Reporting Entity – Continued

The City's financial reporting entity comprises the following:

Primary Government:	City of Beatrice
Discretely Presented Component Units:	Beatrice Airport Authority Community Redevelopment Agency

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The following are the discretely presented component units:

Brief Description of Activities and
Relationship to the City:

Beatrice Airport Authority	Established to provide for the operations of the Beatrice Airport. The City is financially accountable for the Airport as a result of fiscal dependency in the form of the City's approval of the Airport Authority's request for tax levies and debt issuances. Information included in this financial statement is from the entity's fiscal year end of September 30.
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Community Redevelopment
Authority

The Community Redevelopment Authority (CRA) Fund receives and distributes tax increment financing funds. Information included in this financial statement is from the entity's fiscal year end of September 30. The CRA has a separate governing body and the City does not have fiduciary responsibility for the CRA.

Beatrice Public Library
Foundation

The Beatrice Public Library Foundation has a separate governing body and is not fiscally dependent upon the City. However, the sole purpose is to provide funds for financial support for the Beatrice Public Library.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1. Financial Reporting Entity – Continued

Complete financial statements for the Beatrice Airport Authority and Beatrice Public Library Foundation may be obtained from the City Clerk, City of Beatrice, 400 Ella Street, Beatrice, NE 68310. The Community Redevelopment Authority does not issue separate financial statements.

2. Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basis of Presentation – Continued

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

Fund Financial Statements

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 constitute its assets, liabilities, fund equity, revenues, 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 City or meets the following criteria:

- a. Total assets, liabilities, revenues, 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, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City and always classified as a major fund. It is used to account for all financial resources except those legally or administratively required to be accounted for in another fund.

Special Revenue - Street Fund – The Street Fund is used to account for operation of the street department. Revenues are provided by the City's share of state gasoline taxes, in addition to the required match from the City. State law requires these taxes to be used to maintain streets.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basis of Presentation – Continued

Governmental Funds – Continued

Additionally, the City reports the following non-major fund types:

Special Revenue Funds – The Special Revenue Funds account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. These nonmajor funds consist of Community Development Block Grant Fund, Economic Development, Keno, 911 surcharges, and storm water management.

Debt Service Funds – The Debt Service Funds account for the servicing of general long-term debt not being financed by proprietary funds. These nonmajor funds consist of general obligation, bonded districts, and unbonded assessment debt service fund.

Capital Projects Funds – The Capital Projects Funds account for acquisition of fixed assets or construction of major capital facilities not being financed by proprietary funds. These nonmajor funds consist of library capital improvements and capital improvements.

Proprietary Funds

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises; or (b) where the governing body has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Internal Service Funds – Internal Service Funds account for operations that provide services to other departments of the City, or to other governmental units on a cost reimbursement basis. The City's internal service fund consists of a self-insured health care fund which provides insurance to the employees of the City's other departments.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basis of Presentation – Continued

Proprietary Funds – Continued

The City reports the following major proprietary funds:

Electric Fund – The Electric Fund accounts for the revenues and expenses of the electric utility. The electric utility purchases electricity wholesale from Nebraska Public Power and retails it to the residents of the City.

Water Fund – The Water Fund accounts for the revenues and expenses of the water utility. The water utility pumps, transmits, stores and distributes water to the residents of the City.

Water Pollution Control Fund – The Water Pollution Control Fund is used to account for the revenues and expenses of the water pollution control utility. The water pollution control utility provides for the collection and treatment services of waste water for the residents of the City.

Beatrice Area Solid Waste Agency Fund – The Beatrice Area Solid Waste Agency Fund accounts for revenues and expenses for maintenance and operation of a solid waste facility servicing Beatrice, Gage County, and surrounding cities and villages that enter into service agreements with the Agency. The City of Beatrice undertakes to operate and manage the facilities, as agent acting on behalf of the Agency. The City contracts with a private contractor for operation of the recycling center.

Additionally, the City reports the following nonmajor enterprise fund:

Sanitation Fund – This enterprise fund accounts for the sanitation activities of the City.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basis of Presentation – Continued

Fiduciary Funds

Trust Funds – Trust funds account for assets held by the City for the members and beneficiaries of defined benefit and contribution pension plans. The reporting entity includes the following trust funds:

Firefighters Pension	Accounts for the administration for the firefighters' pension funds under the defined benefit and contribution plans. This also accounts for the pensioners (firemen) nonqualified benefit plan.
Police Pension	Accounts for the administration of the police pension fund under the defined benefit and defined contribution plans.
General Government Pension	Accounts for the administration of the non- uniformed employees' pension funds under the defined contribution plan.
Board of Public Works Pension	Accounts for the administration of the Board of Public Works employees' pension funds under the defined contribution plan.

Prior-Year Summarized Financial Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended September 30, 2012, from which the summarized information was derived.

3. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded, regardless of the measurement focus applied.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Measurement Focus and Basis of Accounting – Continued

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b, below.

In the fund financial statements, the "current financial resources" measurements focus or the "economic resources" measurement focus is used as appropriate:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as the eligibility requirements imposed by the provider have been met.

- a. All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Fiduciary funds utilize the "economic resources" measurement focus.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type activities and the discretely presented component units are presented using the accrual basis of accounting.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Measurement Focus and Basis of Accounting – Continued

Basis of Accounting – Continued

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

All proprietary funds, fiduciary funds, and discretely presented component units utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used.

4. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Income Taxes

The internal Revenue Service has determined that the Beatrice Public Library Foundation is exempt from federal income taxes under Section 501(c)(3) of the Code. The Code imposes an excise tax of 2% on net investment income of private foundations.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Income Taxes - Continued

The Beatrice Public Library Foundation has adopted the provisions of FASB ASC 740-10, Accounting for Uncertain Tax Positions. The Beatrice Public Library Foundation continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax laws, and new authoritative rulings. The federal information returns for tax years 2009 and after are subject to examination.

6. Cash and Investments

For the purpose of the Statement of Net Position, “cash and cash equivalents” include all demand accounts and savings accounts. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all cash on hand, demand accounts, savings accounts, and equity in pooled cash which has an original maturity of three months or less. The County Treasurer’s cash represents revenues collected not yet remitted to the City.

Investments are carried at fair value. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note C.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

7. Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include ambulance billings, CDBG loans, special assessments, sales tax, and property taxes. Business-type activities report utility billings as their major receivable.

In the fund financial statements, receivables in governmental funds include revenue accruals such as special assessments and property taxes, since they are usually both measurable and available. Proprietary fund receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Inventories

Inventories are stated at cost. Cost is determined by the first-in, first-out (FIFO) method. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in proprietary funds when used.

9. Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets are related to debt service and proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

10. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, capital assets are capitalized, whether owned by governmental activities or business-type activities, and depreciated in the government-wide financial statements. Capital assets, including infrastructure are defined as assets with an initial cost of \$500 or more and an estimated useful life of more than one year.

Capital assets are stated at cost or at estimated fair value at time of donation. The accounting for property, plant and equipment and accumulated depreciation in the Electric, Water, and Water Pollution Control Enterprise Funds is recorded at cost less retirements in the manner prescribed by the Federal Power Commission and/or the National Association of Railroad and Utility Commissioners.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Capital Assets – Continued

The City's policy is to capitalize interest on proprietary funds and construction projects until substantially completed. Major expenditures for property and those which substantially increased useful lives are capitalized. Maintenance, repairs and minor renewals are expensed when incurred. When capital assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Property, plant and equipment are depreciated in the proprietary fund of the City using the straight-line method over the following estimated useful lives:

Vehicles	5 - 10 years
Office equipment	5 years
Tools and work equipment	5 - 10 years
Communication equipment	5 years
Electric load management system	10 years
Electric distribution system	25 years
Water wells and transmission	25 year
Water storage system	25 years
Water distribution system	25 years
Water pollution control disposal plant	25 years
Lift station	25 years
Sewer collection lines	25 years
Buildings	15 - 25 years
Infrastructure	5 - 40 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

11. Unavailable Revenues

Deferred revenues consist of property taxes expected to be collected after 60 days and special assessments expected to be collected beyond one year.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

12. Compensated Absences

City employees earn sick leave at the rate of one day per month. They earn various hours of vacation per pay period based on years of service. Vacation and sick leave accumulate on a monthly basis and are fully vested when earned. There is no limitation on accumulated vacation leave, however, at the calendar year end police and fire employees cannot carryover more than the amount earned in the previous year; Board of Public Works employees cannot carry over more than 240 hours; all other employees cannot carry over more than 160 hours. Sick leave hours cannot exceed 1,460 hours for firefighters and 1,040 for all other employees. All accumulated vacation is paid upon the employee's termination.

Upon retirement or death, firefighters are paid 50% up to a maximum of 540 hours; police officers are paid 50% up to a maximum of 720; and all other employees are paid 75% of their accumulated sick leave. For other termination of employment, firefighters are not paid any hours; police officers are paid 50% up to a maximum of 360 hours; and all other employees are paid 50% of their accumulated sick leave. Compensatory time rather than overtime compensation may be given. No employee shall accrue more than 80 hours of compensatory time for hours worked, with the exception of employees covered by the Fraternal Order of Police Union Contract who may accrue up to 120 hours. All accumulated compensatory time is paid to the employee upon his termination.

The amounts of unpaid vacation and compensatory time accumulated by City employees are accrued as expenses when incurred in proprietary funds, and reported as a fund liability. In the governmental funds the amount expected to be liquidated with expendable available financial resources is reported as an expenditure, and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources, are reported as long-term liabilities in the Statement of Net Position only if they have matured. The expenditure is reported as an expense in the Statement of Activities for these amounts.

13. Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

13. Long-Term Debt - Continued

Government-wide Statements

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, accrued compensated absences, and bonds payable.

Fund Financial Statements

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

14. Equity Classification

Government-wide Statements

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

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

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

14. Equity Classification – Continued

Fund Financial Statements

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 City 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 – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified inventories as nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted – This classification includes amounts 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 or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to ordinances adopted by the City Council. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same action employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the Council delegating this responsibility to the City Treasurer through the budgetary process.

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

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

14. Equity Classification – Continued

Fund Financial Statements – Continued

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

The City records encumbrances in the form of an approved purchase order when the item is ordered or a contract is entered into. Those encumbrances outstanding at year end are included in restricted, committed, or assigned fund balances, as appropriate. Encumbrances can be made in any fund and do not lapse at year end. Encumbrances of \$159,728 are shown as committed fund balance for the Capital Outlay fund. Encumbrances of \$31,595 are shown as restricted fund balance for the Economic Development fund.

Beatrice Public Library Foundation Restricted Assets

At July 31, 2013, the restricted assets consisted of the following:

	2013	2012
Maurice S. Hevelone and Dorothy G. Hevelone Fund	\$ 121,589	\$ 122,267
Hevelone Bequest	1,086,215	1,180,419
Gallery Fund	415,873	412,484
Total restricted assets	<u>\$ 1,623,677</u>	<u>\$ 1,715,170</u>

15. Interfund Transactions

During the course of normal operations the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by City management. Quasi-external transactions and reimbursements are appropriately accounted for as fund revenues and expenditures/expenses, or adjustments thereto, in the funds involved.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

15. Interfund Transactions – Continued

The General Fund and enterprise funds provide services for each other. Amounts charged for these services are recorded as revenue and expenditures/operating expenses in the respective funds. All lease transactions are interfund, so no further disclosure is deemed necessary.

16. Property Taxes

Property taxes are recorded as a receivable when levied. Based on past experience, the uncollected portion has been immaterial. The portion of the taxes not collected within 60 days after fiscal period end is recorded as deferred revenue in the governmental fund financials.

Property tax revenue are recognized in the accounting period when they become susceptible to accrual; that is, when they become both "measurable" and "available" to finance expenditures.

Property tax calendar:

Lien date	January 1, 2012
Levy date	October 15, 2012
Tax bills mailed	December 1, 2012
Due date	December 31, 2012
First installment payment delinquent	May 1, 2013
Second installment payment delinquent	September 1, 2013

Property taxes are billed and collected by the County Treasurer of Gage County, Nebraska.

The City is permitted to levy taxes up to \$0.499934 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt. The tax rate to finance general government services other than the payment of principal and interest on long-term debt for the year ended September 30, 2013 was \$.318511 per \$100 of assessed valuation. The City has a tax margin of \$.181423 per \$100 of assessed valuation and could raise taxes by \$987,242, based on the present assessed valuation of \$544,166,006, before the limit is reached.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

17. Sales and Use Tax

On November 4, 1986, the citizens of the City voted in favor of a 1% city sales tax, effective April 1, 1987. A resolution adopted by the City Council stated that 30% of the sales tax revenue was to be used for street improvements and maintenance and 70% for property tax relief.

On November 3, 1992, the Citizens of the City voted in favor of an additional 1/2% City sales tax, effective April 1, 1993. A resolution adopted by the City Council stated that 50% of the proceeds up to a maximum annual amount of \$250,000 was to be used for the purpose of financing the economic development program to create jobs and ensure the economic stability and vitality for a ten-year period ending March 31, 2003, and the remainder of the proceeds derived on and before March 30, 2003, and 100% of the proceeds derived after March 31, 2003, was to be used for property tax relief.

The citizens of the City voted on November 3, 1998, to extend the effective dates of this resolution by ten years to March 31, 2013. On May 15, 2012, voters approved to continue the economic development program, to be funded \$250,000 annually from the General Fund. The 1/2 cent sales tax collected after May 31, 2013 is 100% for property tax relief. As of October 1, 2006, sales tax collected on the sale of motor vehicles is reserved for street fund expenditures as required by LB904. The local merchants collect the sales tax and remit it to the Nebraska Department of Revenue by the 25th of the following month. The Department of Revenue remits the sales tax to the City of Beatrice (net of a collection fee) within 30 days after they receive it. The City sales tax is recorded as revenue by the City of Beatrice when it is in the hands of the intermediary collecting agent.

18. Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Non-operating

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

18. Expenditures/Expenses - Continued

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

19. Contributions in Aid of Construction

Contributions in aid of construction are development projects constructed and contributed by developers. These contributions are recorded at fair value when the development is complete and are considered imposed non-exchange transactions. This would also include special assessments to property owners for water and water pollution control improvements, as well as federal and state grants.

20. Recently Adopted Accounting Pronouncements

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans* an amendment of GASB Statements No. 25. GASB No. 67 replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for periods beginning after June 15, 2013. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* an amendment of GASB Statements No. 27. GASB No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows:

1. Fund Accounting Requirements

The City complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include: Special Revenue, Capital Projects, Debt Service, and Trust Funds.

2. Deposit Laws and Regulations

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance or with U.S. Treasury and U.S. agency securities having an aggregate value at least equal to the amount of the deposits. Any cash deposits or certificates of deposit in excess of the FDIC limits are insured by collateral held by the pledging institution in the City's name.

Statutes authorize the City Treasurer to deposit all money collected, received or held by the Treasurer in state and national banks of approved and responsible standing. Statutes also authorize the City Treasurer to purchase certificates of deposit from banks selected as depositories of City funds.

For the security of the funds so deposited, the City Treasurer shall require each depository bank to give bond for the safekeeping and payment of such deposits and the accretions thereof, which bond shall run to the City and be approved by the Mayor. Such bond shall be deposited with the City Clerk.

In-lieu-of the bond requirement, any bank making application to become a depository of the City may deposit security with the City Clerk as provided in State Statute 16-715. Provided, that the penal sum of said bond of the sum of said pledge of assets shall be of the value equal to or greater than the amount of the deposit in excess of that portion of said deposit insured by the Federal Deposit Insurance Corporation.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2. Deposit Laws and Regulations – Continued

The City Treasurer shall not have on deposit in any bank at any time more than either (1) the maximum amount of the bond given by said bank if the bank gives a surety bond, nor in any bank giving a personal bond, more than one-half of the amount of the bond of such bank, and the amounts on deposit any time with any such bank shall not in either case exceed the paid-up capital stock and surplus of such bank; or (2) ninety percent of the par value of the securities furnished by said bank in cases where the bank deposits securities approved by the City Treasurer in-lieu-of a bond.

The Statutes in the preceding four paragraphs do not apply to Pension Trust Funds of the City.

3. Revenue Restrictions

The City has various restrictions placed over certain revenue sources by state or local requirements.

4. Debt Restrictions and Covenants

Bonds Payable – The various bond ordinances relating to the bonds payable contain some restrictions or covenants that are financial-related. These include covenants such as debt service coverage requirements and required reserve account balances. The City is in compliance with the bond restrictions and covenants.

5. Budgetary Data

An appropriated budget is adopted each fiscal period for the General, Special Revenue, and Capital Projects Funds on the modified accrual basis, further modified by the encumbrance method of accounting to provide a meaningful comparison of actual results with the budgets. Commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. An appropriated budget is adopted each fiscal period for Debt Service Funds on a cash basis. An appropriated budget is adopted each fiscal period for each Enterprise Fund and Internal Service Fund on the accrual basis which is consistent with GAAP.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – CONTINUED

Reconciliation of the budgetary basis and GAAP basis reporting of revenues and expenditures presented below:

	Special Revenue		Debt Service		Capital Outlay
	Streets	Economic Development	General Obligation	Unbonded Districts	Capital Improvements
Revenues					
Revenues on budgetary basis	\$ 1,921,822	\$ 302,917	\$ 158,996	\$ 163,874	\$ 823,280
Cash to accrual adjustments	-	-	(5,958)	(17,689)	-
Revenues on a GAAP basis	<u>1,921,822</u>	<u>302,917</u>	<u>153,038</u>	<u>146,185</u>	<u>823,280</u>
Expenditures					
Expenditures on budgetary basis	1,810,098	214,967	147,743	163,190	1,588,721
Cash to accrual adjustments	-	-	-	(152,793)	-
Change in encumbrances	6,152	(31,595)	-	-	(37,049)
Expenditures on a GAAP basis	<u>1,816,250</u>	<u>183,372</u>	<u>147,743</u>	<u>10,397</u>	<u>1,551,672</u>
Other financing sources					
Bond proceeds	-	-	-	-	520,000
Transfers on budgetary/GAAP basis	<u>39,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,947</u>
Excess (Deficit) of Revenues Over (Under)					
Expenditures on a GAAP basis	<u>\$ 144,844</u>	<u>\$ 119,545</u>	<u>\$ 5,295</u>	<u>\$ 135,788</u>	<u>\$ 9,555</u>

The City follows these procedures in establishing the budgetary date reflected in the financial statements:

1. Prior to September 10, the City Administrator submitted to the Mayor and City Council a proposed operating budget for the fiscal period commencing October 1, 2012, and ending September 30, 2013. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 20, the budget is legally enacted through passage of an ordinance.

The City Council approves, by ordinance, total budget appropriations for the General, Special Revenue, Capital Projects and Debt-Service funds. The City Administrator is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter total appropriations of any fund must be approved by the City Council.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – CONTINUED

5. Budgetary Data – Continued

The City Council adopts the total budget, by resolution, on a per fund basis and budgetary control for internal purposes is exercised at the department level. The City Council must approve any supplemental appropriations to a fund. Unused appropriations lapse at period end.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the fiscal period. Revisions during the period increased the appropriations budget in the following funds:

Keno Fund	45,000
911 Surcharge	<u>11,000</u>
	<u>\$ 56,000</u>

NOTE C. CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds except the Board of Public Works, Beatrice Area Solid Waste Agency, Beatrice Airport Authority, and the Pension Trust Fund. Each fund's portion of this pool is displayed on the combined balance sheet as "Cash and Investments." The deposits and investments of the aforementioned funds are held separately from those of other City funds.

The Board of Public Works maintains certificates of deposits, money market accounts for restricted assets for customer deposits and Bond Payment Account, Debt Service Reserve Account, Renewal and Replacement Account and Retirement and Betterment Account. These accounts are identified on the balance sheet as "Restricted Investments."

The City's funds (other than those mentioned in the previous paragraph) are deposited in non-interest bearing accounts, interest bearing accounts, and non-negotiable certificates of deposit of state and national banks.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE C. CASH AND INVESTMENTS – CONTINUED

1. Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's cash deposits, including certificates of deposit, are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). As of September 30, 2013, all of the City's deposits with financial institutions were fully insured or collateralized by securities held in the City's name in the form of pledged securities.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City's investments at September 30, 2013 are held by the counterparties not in the name of the City. The underlying securities consist of cash, direct obligations of or guaranteed by the full faith and credit of the U.S. Government, and other similar obligations of the U.S. Government or its agencies.

2. Investments

The City's policies and applicable laws regarding investments are discussed in Notes A and B. The table presented below is designed to disclose the types of investments held by the City at September 30, 2013.

	Carrying Amount	Fair Value
Type of Deposits and Investments:		
Demand deposits	\$ 510,069	\$ 510,069
Time deposits	4,347,757	4,347,757
Publicly traded equities	8,606,273	8,606,273
Guaranteed investment securities	10,118,341	10,118,341
	<u>\$ 23,582,440</u>	<u>\$ 23,582,440</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE C. CASH AND INVESTMENTS – CONTINUED

Investments are presented as follows as of September 30, 2013:

Primary Government:	
Unrestricted investments	\$ 3,052,631
Restricted investments	1,805,195
Employee Pension Funds	18,724,614
	<u>\$ 23,582,440</u>

3. Restricted Assets

The restricted assets as of September 30, 2013, are as follows:

	Governmental Activities	Business- Type Activities	Total Primary Government
Type of Restricted Assets:			
Cash and cash equivalents	\$ 19,941	\$ 174,020	\$ 193,961
Investments	79,389	1,725,806	1,805,195
	<u>\$ 99,330</u>	<u>\$ 1,899,826</u>	<u>\$ 1,999,156</u>

4. Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from interest rates, the City's investment policy requires that market conditions and investment securities be analyzed to determine the maximum yield to be obtained and to minimize the impact of rising interest rates. The certificates of deposit maturities are as follows:

Maturities by Month	
October 2013	\$ 205,627
September 2014	1,360,630
May 2017	2,551,500
November 2017	100,000
July 2017	50,000
September 2017	80,000
Total	<u>\$ 4,347,757</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE C. CASH AND INVESTMENTS - CONTINUED

5. Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City of Beatrice controls this risk by adopting a policy that establishes requirements for the investment of City funds that the City invest its surplus funds only in certificates of deposit in local financial institutions, which have a place of business in Beatrice, Nebraska, and in securities of the United States government.

6. Concentration of Credit Risk

The City's investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2013, the City's investments in certificates of deposits consisted of the following:

Financial Institution	
Great Western Bank	\$ 205,627
Pinnacle Bank	426,500
Security First Bank	3,715,630
	<u>\$ 4,347,757</u>

Beatrice Public Library Foundation

At July 31, 2013, the amount the Beatrice Public Library Foundation held in cash and cash certificates of deposits at banks, financial institutions, and brokerage accounts was \$1,809,090; the balance of these accounts that are included in the financial statements is \$1,809,090. The Federal Deposit Insurance Corporation insures amounts up to \$250,000 at each financial institution. At July 31, 2013, all cash and certificates of deposit held at banks, financial institutions, and brokerage accounts were fully insured.

7. Foreign Currency Risk

This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City's investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2013.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE C. CASH AND INVESTMENTS - CONTINUED

8. Pension Trust Fund Investments

The Pension Trust Fund of the City's employees (other than the Board of Public Works) is managed by Ameritas Investment Company. Board of Public Works is managed by Ameritas Investment Company. They are not required to insure the funds entrusted to them. State Statutes require that not more than 50% of the pension funds be held in equity accounts. The City complied with this statute. The investments of the City's pension trust funds are pooled with those of other trust funds and they are separated by bookkeeping entries only. The carrying value and fair value at September 30, 2013, was \$18,724,614. Investment in the Pension Trust Fund is divided among guaranteed interest account, common stock account, money market account, real estate account, private market bond and mortgage account and stock index account. All securities in the Pension Trust Fund are held by Ameritas, not in the City's name. Management plans to hold the investments held by the Pension Trust Fund until maturity.

9. Library Foundation Investments

The carrying amounts, market value, unrealized gains, and unrealized losses for the Beatrice Public Library Foundation at July 31, 2013, were as follows:

	Cost	Gain	Loss	Fair Value
Investments Stated at Fair Value				
Unrestricted				
Government agencies securities	\$ 66,950	\$ -	\$ 7,692	\$ 59,258
Common stock	225,484	56,329	-	281,813
Corporate bonds	134,021	5,663	-	139,684
Mutual funds	370,216	47,955	-	418,171
Preferred stock	70,183	-	1,225	68,958
	<u>866,854</u>	<u>109,947</u>	<u>8,917</u>	<u>967,884</u>
Restricted				
Governmental agencies securities				
Federal Home Loan Mtg. Corp.	15,754	424	-	16,178
Government Asset Backed/CMO Securities	7,590	5,176	-	12,766
Corporate bonds	17,712	1,010	-	18,722
Mutual funds	22,654	-	1,798	20,856
Preferred stock	49,587	-	1,279	48,308
	<u>113,297</u>	<u>6,610</u>	<u>3,077</u>	<u>116,830</u>
Total	<u>\$ 980,151</u>	<u>\$ 116,557</u>	<u>\$ 11,994</u>	<u>\$ 1,084,714</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE D. ACCOUNTS AND NOTES RECEIVABLE

Accounts receivable of the business-type activities consists of utilities accounts receivable. Accounts receivable of the governmental activities consists of ambulance (25.0%), sales tax (27.6%), grants and donations (3.0%), and other (44.35%) receivables. Accounts receivable for the component unit consist of fuel and repair services. Receivables detail at September 30, 2013, is as follows:

	Governmental Activities	Business- Type Activities	Total Primary Government	Component Units
Accounts receivable	\$ 1,054,462	\$ 1,432,745	\$ 2,487,207	\$ 24,955
Allowance for doubtful accounts	(55,000)	(78,537)	(133,537)	-
Net accounts receivable	<u>\$ 999,462</u>	<u>\$ 1,354,208</u>	<u>\$ 2,353,670</u>	<u>\$ 24,955</u>

Assessments receivable consist of the following as of September 30, 2013:

	2013	2012
Current	\$ 20,456	\$ 66,110
Delinquent	157,208	150,947
Deferred	90,180	208,442
	<u>\$ 267,844</u>	<u>\$ 425,499</u>
In-lieu-of assessments	<u>\$ 10,105</u>	<u>\$ 10,105</u>

CDBG notes receivable in the governmental funds consist of the following at September 30, 2013.

Due From	Balance 09/30/13	Terms
5Stat, Inc.	\$ 210,000	0% interest; due in annual payments of \$30,000 through December 2019
5Stat, Inc.	150,000	0% interest; note forgivable upon meeting program requirements
Store Kraft Manufacturing Co.	29,166	0% interest; due in monthly payments of \$4,167 through April 2014
BVA, Inc.	150,000	2% interest; due in semiannual payments of \$13,327 through May 2016
BVA, Inc.	150,000	0% interest; note forgivable upon meeting program requirements
Canned Hams	259,956	3% interest, due in quarterly payments of \$13,660 through July 2018
	<u>\$ 949,122</u>	

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE E. CAPITAL ASSETS AND DEPRECIATION

Components of the City's capital assets at September 30, 2013, are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Land and land rights	\$ 2,636,341	\$ 118,076	\$ 2,754,417
Construction in progress	122,678	-	122,678
Buildings and improvements	6,986,115	10,272,650	17,258,765
Improvements other than buildings	4,181,913	56,531,748	60,713,661
Machinery and equipment	9,437,471	6,863,369	16,300,840
Infrastructure	27,512,503	-	27,512,503
	<u>50,877,021</u>	<u>73,785,843</u>	<u>124,662,864</u>
Accumulated depreciation	(21,509,304)	(46,207,770)	(67,717,074)
	<u>\$ 29,367,717</u>	<u>\$ 27,578,073</u>	<u>\$ 56,945,790</u>

The following table summarizes the changes in the capital assets of the governmental funds:

	Balance 10/01/12	Additions	Deletions	Balance 09/30/13
Buildings and improvements	\$ 6,883,209	\$ 102,906	\$ -	\$ 6,986,115
Improvements other than buildings	4,011,886	170,027	-	4,181,913
Machinery and equipment	8,629,335	997,772	(189,636)	9,437,471
Infrastructure	26,646,231	866,272	-	27,512,503
	<u>46,170,661</u>	<u>2,136,977</u>	<u>(189,636)</u>	<u>48,118,002</u>
Land	2,577,841	58,500	-	2,636,341
Construction in Progress	-	122,678	-	122,678
	<u>\$ 48,748,502</u>	<u>\$ 2,318,155</u>	<u>\$ (189,636)</u>	<u>\$ 50,877,021</u>

The following table summarizes the changes in capital assets of the business-type activities:

	Balance 10/01/12	Additions	Deletions/ Transfers	Balance 09/30/13
Buildings and improvements	\$ 10,262,390	\$ 10,260		\$ 10,272,650
Improvements other than buildings	54,507,778	2,023,970		56,531,748
Machinery and equipment	6,497,186	634,412	(268,229)	6,863,369
	<u>71,267,354</u>	<u>2,668,642</u>	<u>(268,229)</u>	<u>73,667,767</u>
Land and land rights	118,076	-	-	118,076
	<u>\$ 71,385,430</u>	<u>\$ 2,668,642</u>	<u>\$ (268,229)</u>	<u>\$ 73,785,843</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE E. CAPITAL ASSETS AND DEPRECIATION – CONTINUED

The following table summarizes the changes in capital assets of the Airport Authority component unit:

	Balance 10/01/12	Additions	Deletions/ Transfers	Balance 09/30/13
Buildings and improvements	\$ 1,753,354	\$ 9,030	\$ (59,589)	\$ 1,702,795
Improvements other than buildings	5,038,788	56,507	59,589	5,154,884
Machinery and equipment	319,619	-	-	319,619
	7,111,761	65,537	-	7,177,298
Land and land rights	1,321,356	-	-	1,321,356
Construction in progress	20,729	-	-	20,729
	<u>\$ 8,453,846</u>	<u>\$ 65,537</u>	<u>\$ -</u>	<u>\$ 8,519,383</u>

The following table summarizes the changes in the accumulated depreciation of the governmental funds:

	Balance 10/01/12	Additions	Deletions	Balance 09/30/13
Buildings and improvements	\$ 2,423,076	\$ 173,616	\$ -	\$ 2,596,692
Improvements other than buildings	4,563,895	902,366	-	5,466,261
Machinery and equipment	5,329,457	381,947	(189,636)	5,521,768
Infrastructure	7,924,583	-	-	7,924,583
	<u>\$ 20,241,011</u>	<u>\$ 1,457,929</u>	<u>\$ (189,636)</u>	<u>\$ 21,509,304</u>

Depreciation was charged to the following governmental functions in the government-wide statement of activities:

General government	\$ 60,258
Public safety	247,405
Highways and streets	748,161
Culture and recreation	402,105
Total depreciation	<u>\$ 1,457,929</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE E. CAPITAL ASSETS AND DEPRECIATION – CONTINUED

The following table summarizes the changes in the accumulated depreciation of the enterprise funds:

	Balance 10/01/12	Additions	Deletions	Balance 09/30/13
Buildings and improvements	\$ 8,028,607	\$ 236,129	\$ -	\$ 8,264,736
Improvements other than buildings	31,629,945	1,626,224	-	33,256,169
Machinery and equipment	4,433,877	399,371	(146,383)	4,686,865
	<u>\$ 44,092,429</u>	<u>\$ 2,261,724</u>	<u>\$ (146,383)</u>	<u>\$ 46,207,770</u>

The following table summarizes the changes in the accumulated depreciation of the Airport Authority component unit:

	Balance 10/01/12	Additions	Deletions	Balance 09/30/13
Buildings and improvements	\$ 1,254,003	\$ 58,015	\$ -	\$ 1,312,018
Improvements other than buildings	3,925,398	197,939	-	4,123,337
Machinery and equipment	291,003	21,833	-	312,836
	<u>\$ 5,470,404</u>	<u>\$ 277,787</u>	<u>\$ -</u>	<u>\$ 5,748,191</u>

NOTE F. CAPITAL LEASE

Capital leases in the governmental funds consist of:

The City has entered into a lease agreement, as lessee, to finance the acquisition of a copier for the city offices. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception in the General Fund. The gross cost of the equipment obtained through this lease was \$14,475, and is included in machinery and equipment. Lease payments for the year ended September 30, 2013 were \$1,594.

Capital leases in the business-type funds consist of:

The City has entered into a lease agreement, as lessee, to finance the acquisition of a Caterpillar for use by the Beatrice Area Solid Waste Agency. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception in the Beatrice Area Solid Waste Agency Enterprise Fund. The gross cost of the equipment obtained through this lease was \$238,580, and is included in machinery and equipment. Lease payments for the year ended September 30, 2013 were \$51,624.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE F. CAPITAL LEASE - CONTINUED

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the net minimum lease payments at September 30, 2013:

Year Ending September 30,	Business-type Funds
2014	\$ 51,622
2015	51,622
2016	8,604
Total minimum lease payments	111,848
Less: amount representing interest	(7,997)
Present value of future minimum lease payments	<u>\$ 103,851</u>

The capital leases transaction summary for the year ended September 30, 2013, follows:

	Governmental Funds	Business-type Funds	Total
Capital Leases 10/1/12	\$ 1,594	\$ 151,259	\$ 152,853
Capital Leases Additions	-	-	-
Capital Leases Payments	(1,594)	(47,408)	(49,002)
Capital Leases 9/30/13	<u>\$ -</u>	<u>\$ 103,851</u>	<u>\$ 103,851</u>

NOTE G. LONG-TERM LIABILITIES

The summary of bond and note transactions of the City for the year ended September 30, 2013; follows:

	Balance 10/1/12	Additions	Principal Payments	Balance 9/30/13	Amounts Due Within One Year
Governmental Activities:					
Notes and bonds payable	\$ 285,000	\$ 520,000	\$ (140,000)	\$ 665,000	\$ 290,000
Business-type Activities:					
Notes and bonds payable	5,455,394	2,040,000	(2,434,216)	5,061,178	499,303
Component Units:					
Notes and bonds payable	1,120,000	-	(260,000)	860,000	280,000
	<u>\$ 6,860,394</u>	<u>\$ 2,560,000</u>	<u>\$ (2,834,216)</u>	<u>\$ 6,586,178</u>	<u>\$ 1,069,303</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE G. LONG-TERM LIABILITIES - CONTINUED

Bonds payable as of September 30, 2013, are comprised of the following individual issues:

Governmental Activities

Public Safety Tax Anticipation Bonds, issued July 7, 2008, interest rates range from 2.10% to 3.65%. Principal is due in annual installments ranging from \$140,000 to \$145,000.	\$ 145,000
Public Safety Tax Anticipation Bonds, issued June 3, 2013, interest rates range from 0.35% to 0.65%. Principal is due in annual installments ranging from \$145,000 to \$190,000.	520,000
Total long-term debt	<u>\$ 665,000</u>

Business-type Activities

Solid Waste Disposal Facilities Revenue Bonds issued April 18, 2011, interest rates range from 1.00% to 4.70%. Principal is due in annual installments ranging from \$50,000 to \$160,000	\$ 1,360,000
Combined Utilities Revenue Refunding Bond issued November 22, 2011, interest rates range from 0.45% to 2.80%. Interest is due in semiannual installments. Principal is due in annual installments ranging from \$150,000 to \$335,000.	1,575,000
Combined Utilities Advanced Refunding Revenue Bond issued February 21, 2013, interest range from 0.40% to 2.30%. Interest is due in semiannual installments. Principal is due in annual installments ranging from \$175,000 to \$200,000.	2,040,000
Note payable to the State of Nebraska Department of Environmental Quality issued October 8, 2009, interest rate is 2.00%, Interest and principal of \$3,002, plus fees, is due in semiannual installments with the last payment due June 15, 2030.	86,178
Total long-term debt	<u>\$ 5,061,178</u>

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2013, are as follows:

Fiscal Year Ending September 30,	Governmental Activities Notes and Bonds Payable		Business-Type Activities Notes and Bonds Payable		NDEQ Fees
	Principal	Interest	Principal	Interest	
2014	\$ 290,000	\$ 5,050	\$ 495,000	\$ 96,921	\$ 4,305
2015	185,000	2,068	490,000	92,283	4,389
2016	190,000	1,235	500,000	86,348	4,477
2017	-	-	510,000	78,951	4,567
2018	-	-	510,000	69,886	4,659
2019-2023	-	-	2,085,000	189,081	24,739
2024-2028	-	-	385,000	23,918	27,327
2029-2031	-	-	-	-	11,715
	<u>\$ 665,000</u>	<u>\$ 8,353</u>	<u>\$ 4,975,000</u>	<u>\$ 637,388</u>	<u>\$ 86,178</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE G. LONG-TERM LIABILITIES - CONTINUED

Component Unit Bonds and Notes Payable

<u>Airport Authority</u> - Airport Authority Bonds, Series 2010, issued June 8, 2010, interest rates range from 1.00% to 3.35%. Interest is due in semiannual installments. Principal is due in annual installments ranging from \$35,000 to \$45,000.	\$ 225,000
<u>Community Redevelopment Authority</u> - Redevelopment Revenue Bonds issued November 15, 2004, interest rates range from 3.05% to 3.95%. Interest is due in semiannual installments. Principal is due in annual installments ranging from \$125,000 to \$150,000.	150,000
<u>Community Redevelopment Authority</u> - Redevelopment Revenue Bonds issued December 6, 2004, interest rates range from 4.60% to 6.05%. Interest is due in semiannual installments. Principal is due in annual installments ranging from \$70,000 to \$110,000.	485,000
Total long-term debt	<u>\$ 860,000</u>

The outstanding balance as of September 30, 2013, is estimated to be repaid as follows:

Fiscal Year Ending September 30,	Airport Authority Notes and Bonds Payable		Community Redevelopment Authority Notes and Bonds Payable	
	Principal	Interest	Principal	Interest
2014	\$ 45,000	\$ 6,210	\$ 235,000	\$ 34,285
2015	45,000	5,265	90,000	23,643
2016	45,000	4,185	95,000	18,513
2017	45,000	2,925	105,000	12,955
2018	45,000	1,508	110,000	6,655
	<u>\$ 225,000</u>	<u>\$ 20,093</u>	<u>\$ 635,000</u>	<u>\$ 96,051</u>

Bond Refunding

On February 21, 2013, \$2,040,000 million in Board of Public Works combined bonds with an average interest rate of 1.25 percent were issued to advance refund \$1,970,000 million of outstanding bonds with an average interest rate of 3.62 percent. The net proceeds of \$2,014,500 million (after payment of \$25,500 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. This refunding decreases total debt service payments over the next 11 years by almost \$198,080 resulting in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$367,412.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE G. LONG-TERM LIABILITIES – CONTINUED

Compensated Absences

Changes in the liability for compensated absences consist of the following:

	Governmental Activities	Business-type Activities
Compensated absences, September 30, 2012	\$ 517,915	\$ 674,013
Additions	300,792	254,189
Deletions	(236,156)	(253,088)
Compensated absences, September 30, 2013	<u>\$ 582,551</u>	<u>\$ 675,114</u>
Due within one year	235,367	223,647

Governmental activities long-term debt will be liquidated primarily by the Debt Service Funds. Compensated absences of the governmental activities will be liquidated primarily from the General Fund. Business-type and component unit long-term debt and compensated absences will be liquidated from the respective enterprise fund or component unit.

NOTE H. REGISTERED WARRANTS

Registered warrants were issued to finance various projects of the City of Beatrice. There are no specific repayment terms and interest is due upon repayment of the registered warrants. Interest rates range from 3.25% to 6.50%. The following is a summary of registered warrants transactions for the year ended September 30, 2013.

	Governmental Funds
Warrants payable, September 30, 2012	\$ 390,471
Warrants issued	-
Warrants paid	(127,656)
Warrants payable, September 30, 2013	<u>\$ 262,815</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE I. NOTES RECEIVABLE/PAYABLE – TAX INCREMENT FINANCING

Estimated future receivables and payables under TIF agreements were as follows as of September 30, 2013:

	Receivable	Payable
Airport Authority of Beatrice	* \$ 490,634	\$ 490,634
E-6 Investments, Inc.	* 38,222	38,222
E-6 Investments, Inc.	* 106,144	106,144
Fakler Development, LLC	* 50,000	50,000
E-6 Investments, Inc.	* 64,285	64,285
Toby and Teresa Bissegger	* 20,146	20,146
Beatrice Biodiesel, KKC	* 1,473,339	1,473,339
Precise Bldg., LLC	* 91,035	91,035
Southwick Enterprises	* 191,525	191,525
	\$ 2,525,330	\$ 2,525,330
	Receivable	Payable
Current portion	* \$ 235,000	\$ 235,000
Noncurrent portion	* 2,290,330	2,290,330
	\$ 2,525,330	\$ 2,525,330

*Equal to total CRA liabilities

NOTE J. INTERFUND TRANSFERS

Interfund transfers were as follows for the year ended September 30, 2013:

Transfer Out	Transfers In			
	General Fund	Street Fund	Other Gov't Funds	Total
General Fund	\$ -	\$ -	\$ 159,931	\$ 159,931
Other Gov't Funds	117,044	39,272	58,016	214,332
Total	\$ 117,044	\$ 39,272	\$ 217,947	\$ 374,263

During the year ended September 30, 2013, the 911 Surcharge fund transferred \$117,044 to the General Fund. The Keno Fund transferred \$58,016 to the Capital Improvements Fund for community betterment projects and \$39,272 to the Street Fund. The General Fund transferred \$159,931 to the Capital Improvements Fund to fund outlay and improvements for capital assets.

NOTE K. DEFICIT FUND BALANCES AND BUDGET TO ACTUAL

The Debt Service Funds had a deficit fund balance for Unbonded Assessments of \$10,394 at September 30, 2013.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE L. PENSION AND OTHER BENEFIT PLANS

The City participates in the following employee pension plans:

<u>Name of Plan</u>	<u>Type of Plan</u>
Police and Firefighters Pension Plan	Defined Contribution Plan
Non-uniformed Employees	Defined Contribution Plan
Board of Public Works	Defined Contribution Plan
Deferred Compensation Plan	Qualified Deferred Compensation Plan
Pensioners	Nonqualified Benefit Plan

1. Police and Firefighters' Pension

Plan Description – On December 20, 1965, the City of Beatrice adopted a contributory pension plan to provide retirement benefits for regularly employed police officers and firefighters. This was originally a defined benefit plan, but was converted to a defined contribution plan on January 1, 1984.

Members of the Police can retire at age 60 and above with 21 or more years of service if employed prior to November 18, 1965.

Members, aged 55 to 59 and those over the age of 60 employed on or after November 18, 1965, can retire with 25 or more years of service. The plan also provides death and disability benefits. A member is 40% vested after two years of service, 60% after four years, 80% after 5 years, and 100% after 7 years.

Contribution Requirements and Contributions Made – The contribution rate for police employees is 6.0% of gross with the City also contributing 6.0% as adopted by the City. For the year ended September 30, 2013, the City's contributions were based on police payroll of \$1,217,246. Both the City and the covered employees made the required contributions, amounting to \$73,035 (retirement rate of 6.0% of covered payroll) for the City and \$73,035 (6.0%) for the employees.

Firefighters can retire at age 55 with 21 or more years of service. Their plan also provides for death and disability benefits. A member is 40% vested after 4 years of service, plus 20% for each year thereafter up to 100%.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE L. PENSION AND OTHER BENEFIT PLANS – CONTINUED

1. Police and Firefighters' Pension – Continued

The contribution rate for firefighter employees is 6.5% of base pay with the City contributing 13.0% as adopted by the City. For the year ended September 30, 2013, the City's contributions were based on fire payroll of \$1,134,423. Both the City and the covered employees made the required contributions, amounting to \$147,475 (retirement rate of 13.0% of covered payroll) for the City and \$73,737 (6.5%) for the employees.

Plan provisions and contribution requirements are established by and may be amended by the City Council.

The Police and Firefighter's pension is administered by the City. The assets are accounted for in the Pension Trust Fund of the Fiduciary Fund.

Police and Firefighters Plan (Pre-1984)

The City of Beatrice, Nebraska, Police Pension (Police Plan) and the City of Beatrice, Nebraska Firefighters Plan (Firefighters Plan) are administered as follows:

- (1) Employees who were hired by January 1, 1984, the date at which the Police and Firefighters Plans were amended from defined benefit plans to their current status as defined contribution plans, were assured of receiving retirement benefits under the new plan at least as great as those under the old defined benefit plan.
- (2) Employees hired after January 1, 1984, are covered by the defined contribution plan, which is administered by a third party.

The employees hired prior to January 1, 1984, participate in both plans and will receive either their benefit from the defined contribution plan or defined benefit plan, whichever is greater. The City has funded their portion of the respective Plan with the assets being held by a third party other than the administrator of the current defined contribution plan. These assets are recorded on the City's books in the Police Retirement Fund and the Firefighters Retirement Fund, respectively.

Firefighter Plan

Based on the actuarial valuation, it is anticipated that the unallocated account is sufficient to provide the minimum defined benefits for the remaining pre-1984 hires. Therefore, it is anticipated that no additional contribution will be required to be made to the unallocated account.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE L. PENSION AND OTHER BENEFIT PLANS – CONTINUED

1. Police and Firefighters' Pension – Continued

Firefighter Plan – Continued

The projected retirement benefits at January 1, 2002 were determined through an actuarial valuation and no separate audited pension plan report has been available since. The actuarial valuation was performed using the Aggregate Actuarial Cost Method, which determines the total cost of the projected pension benefits to all employees combined. This total cost is then spread over the average future remaining years to retirement for the employees. The cost is spread as a level percentage of compensation.

Significant actuarial assumptions used in the valuation included (a) a rate of return of 8% for pre-retirement and 5% for post-retirement per annum, and (b) projected annual salary increases 3%.

The pension benefit status, a standardized disclosure measure of the present value of pension benefits intended to help assess the funding status of pensions, is as follows:

Fair value of plan assets at September 30, 2013	\$	626,285
Benefit liability at January 1, 2003, plus an inflation factor to September 30, 2013.		<u>359,898</u>
Funded Status	\$	266,387
Prepaid (accrued) benefit cost	\$	<u><u>-</u></u>

Three-year Trend Information for Public Safety Employees Retirement System:

Fiscal Year Ended	Annual Pension Percentage of APC		Net Pension Obligation
	Cost (APC)	Contributed	
9/30/2011	\$ -	N/A	\$ -
9/30/2012	-	N/A	-
9/30/2013	-	N/A	-

The actuarially determined recommended contribution under the defined benefit plan was zero, and no contributions were made for the year ended September 30, 2013.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE L. PENSION AND OTHER BENEFIT PLANS – CONTINUED

1. Police and Firefighters' Pension – Continued

Firefighter Plan – Continued

During the year ended September 30, 2009, two of the remaining three firefighters covered under the plan redeemed their plan assets, so there is only one remaining participant.

2. Non-Uniformed Employees (Other than City of Public Works)

Plan Description – On August 1, 1967, the City of Beatrice adopted a contributory pension plan to provide retirement benefits for regularly employed and appointed employees of the City. This plan also covers employees of the Airport Authority of the City of Beatrice. The plan is a defined contribution plan. The employees are eligible to participate in the plan after completing one year of full-time service and reaching age 21. Members can retire at age 60 and the plan provides death and disability benefits. The employee is always 100% vested in his or her plan contributions, plus any earnings. Employer contributions plus any earnings generated shall be vested with the employee at a rate of 25% each year of plan participation (i.e. less than one year 0%; one year 25%; two years 50%; three years 75%; and upon completion of 4 or more years of plan participation 100%)

Contribution Requirements and Contributions Made – The contribution rate for the non-uniformed employees is 6.0% of base pay with the City contributing 6.0% as adopted by the City.

For the year ended September 30, 2013, the City's contributions were based on non-uniformed employee payroll of \$1,306,533. The City made required contributions amounting to \$74,348 (retirement rate of 6.0% of covered payroll less \$4,043 forfeitures used) and covered employees made required contributions amounting to \$78,392 (6.0%). There were no changes in plan provisions during the period.

Plan provisions and contribution requirements are established by and may be amended by the City Council.

The non-uniformed pension is administered by the City. The assets are accounted for in the Pension Trust Fund of the Fiduciary Fund.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE L. PENSION AND OTHER BENEFIT PLANS – CONTINUED

3. City Deferred Compensation Plan

Plan Description – The City of Beatrice has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all employees and appointed officials. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, unforeseeable emergency, or permanent disability.

As of January 1, 2010, these funds were placed in trust, in accordance with IRS Code Section 457(g)(1). IRS Code Section 457(g)(1), applicable for plan year beginning January 1, 2010, states that “a plan maintained by an eligible employer shall not be treated as an eligible deferred compensation plan unless all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries.” The deferred compensation plan as placed in trust is not subject to any creditors of the City.

3. Board of Public Works

Plan Description – The City of Beatrice Board of Public Works has adopted a defined contribution plan available to all employees with one year of service and who have attained the age of 19. Eligible employees are required to join the Plan on the first day of the month coinciding with or next following the date on which the eligibility requirements are met. Through payroll deductions, the employee is required to make pre-tax contributions of 6% of compensation, as a condition of participating in the Plan. The Board of Public Works will make a contribution of 6% of the employee's annual compensation to the Plan.

The employee is always 100% vested in his or her Plan contributions, plus any earnings generated. Employer contributions to the Plan, plus any earnings generated, are vested as follows:

The vesting schedule on the plan is less than 1 year, 0%; 1 year, 25%; 2 years, 50%; 3 years, 75%; 4 years or more, 100%.

Employees may select funds to invest in for their contribution; including the portion contributed by Board of Public Works.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE L. PENSION AND OTHER BENEFIT PLANS – CONTINUED

4. Board of Public Works – Continued

Contribution Requirements and Contributions Made – For the year ended September 30, 2013, contributions were based on gross regular wages totaling \$2,679,517. Benefits under the plan will be based on accumulated contributions. Both the Board of Public Works and the covered employees made the required contributions, amounting to \$160,771 (retirement rate of 6.0% of covered payroll) for the City and \$160,771 (6.0%) for the employees.

The pension plan is administered by a trustee independent of the Board of Public Works. Administration costs are paid from forfeitures or by the employer. Plan provisions and contribution requirements are established by and may be amended by the Board of Public Works.

5. Board of Public Works Deferred Compensation

Plan Description – The City of Beatrice City of Public Works (BPW) has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all BPW employees and appointed officials. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, unforeseeable emergency, or permanent disability.

As of January 1, 1997, these funds were placed in trust, in accordance with IRS Code Section 457(g)(1). IRS Code Section 457(g)(1), applicable for plan year beginning January 1, 1997, states that “a plan maintained by an eligible employer shall not be treated as an eligible deferred compensation plan unless all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries.” The deferred compensation plan as placed in trust is not subject to any creditors of the BPW.

6. Pensioners

The City provides pension benefits to firefighters who retired prior to January 1, 1984. This plan is administered by the City and payments are funded and budgeted for annually. The estimated benefit obligation at September 30, 2013, is considered fully funded by the unallocated account in the Firefighter Defined Benefit Plan.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE L. PENSION AND OTHER BENEFIT PLANS – CONTINUED

6. Schedule of Progress

Schedule of Progress Police Pension Plan						
Fiscal Year	Total Assets	Contributions Funded 100%		Earnings (Loss)	Withdrawals	Total
		Employer	Employee			
2004	1,813,108	49,010	52,940	109,653	349,807	1,674,904
2005	1,674,904	50,409	58,890	162,317	12,100	1,934,420
2006	1,934,420	117,661	57,873	130,209	403,726	1,836,437
2007	1,836,437	87,177	59,336	204,879	59,883	2,127,946
2008	2,127,946	94,860	59,795	(248,019)	390,627	1,643,955
2009	1,643,955	57,325	64,452	(88,645)	10,375	1,666,712
2010	1,666,712	62,777	66,089	127,263	214,621	1,708,220
2011	1,708,220	68,621	68,620	16	167,528	1,677,949
2012	1,677,949	69,727	69,727	251,198	4,446	2,064,155
2013	2,064,155	73,035	73,035	297,809	211,542	2,296,492

Schedule of Progress Fire Pension Plan						
Fiscal Year	Total Assets	Contributions Funded 100%		Earnings (Loss)	Withdrawals	Total
		Employer	Employee			
2004	4,678,182	112,468	56,234	312,692	140,501	5,019,075
2005	5,019,075	115,771	57,886	469,771	655,511	5,006,992
2006	5,006,992	121,470	60,735	354,584	486,017	5,057,764
2007	5,057,764	122,022	61,011	580,093	648,921	5,171,969
2008	5,171,969	119,755	60,818	(561,219)	1,057,577	3,733,746
2009	3,733,746	126,913	63,456	(195,953)	117,510	3,610,652
2010	3,610,652	124,667	62,333	370,129	124,955	4,042,826
2011	4,042,826	139,700	74,550	101,550	110,319	4,248,307
2012	4,248,307	141,927	70,963	664,201	103,414	5,021,984
2013	5,021,984	147,475	73,737	641,686	102,134	5,782,748

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE L. PENSION AND OTHER BENEFIT PLANS – CONTINUED

7. Schedule of Progress – Continued

Schedule of Progress City General Pension Plan						
Fiscal Year	Total Assets	Contributions Funded 100%		Earnings (Loss)	Withdrawals	Total
		Employer	Employee			
2004	1,601,483	59,430	72,707	95,926	47,406	1,782,140
2005	1,782,140	60,677	70,833	134,269	189,102	1,858,817
2006	1,858,817	62,946	76,414	109,265	19,775	2,087,667
2007	2,087,667	67,594	78,430	171,796	67,702	2,337,785
2008	2,337,785	65,554	76,171	(135,392)	543,366	1,800,752
2009	1,800,752	74,558	78,834	(53,466)	4,239	1,896,439
2010	1,896,439	78,817	81,797	130,100	91,883	2,095,270
2011	2,095,270	80,011	83,424	38,473	173,917	2,123,261
2012	2,123,261	74,645	79,258	224,179	81,141	2,420,202
2013	2,420,202	74,348	78,392	212,400	185,047	2,600,295

Schedule of Progress Board of Public Works Pension Plan						
Fiscal Year	Total Assets	Contributions Funded 100%		Earnings (Loss)	Withdrawals	Total
		Employer	Employee			
2004	4,738,400	135,964	195,410	296,900	390,235	4,976,439
2005	4,976,439	139,353	199,398	306,137	10,129	5,611,198
2006	5,611,198	140,916	202,083	264,820	660,613	5,558,404
2007	5,558,404	154,018	219,382	393,895	278,633	6,047,066
2008	6,047,066	144,975	209,877	6,180	692,451	5,715,647
2009	5,715,647	155,141	220,255	276,163	635,634	5,731,572
2010	5,731,572	166,520	272,966	326,153	36,652	6,460,559
2011	6,460,559	167,637	305,662	144,276	78,378	6,999,756
2012	6,999,756	162,406	162,406	539,517	623,667	7,240,418
2013	7,240,418	160,770	160,771	574,846	91,727	8,045,078

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE L. PENSION AND OTHER BENEFIT PLANS – CONTINUED

8. Pension Fund Financial Activity

Combining financial statements for the pension plans are as follows.

There are no other post-retirement benefit liabilities of the City required to be recorded under GASB Statement No. 45.

PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
COMBINING STATEMENT OF NET POSITION

	Firefighters	Police	General Government	Board of Public Works	Total
Assets					
Investments with fiscal agent:					
Guaranteed interest accounts	\$ 1,483,661	\$ 367,242	\$ 1,046,169	\$ 5,709,201	\$ 8,606,273
Publicly traded equities	<u>4,299,087</u>	<u>1,929,250</u>	<u>1,554,127</u>	<u>2,335,877</u>	<u>10,118,341</u>
Total Assets	\$ 5,782,748	\$ 2,296,492	\$ 2,600,296	\$ 8,045,078	\$ 18,724,614
Net Position					
Reserved for employees' system retirement	<u>\$ 5,782,748</u>	<u>\$ 2,296,492</u>	<u>\$ 2,600,296</u>	<u>\$ 8,045,078</u>	<u>\$ 18,724,614</u>
Total Net Position	<u>\$ 5,782,748</u>	<u>\$ 2,296,492</u>	<u>\$ 2,600,296</u>	<u>\$ 8,045,078</u>	<u>\$ 18,724,614</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE L. PENSION AND OTHER BENEFIT PLANS – CONTINUED

8. Pension Fund Financial Activity – Continued

PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION

	<u>Firefighters</u>	<u>Police</u>	<u>General Government</u>	<u>Board of Public Works</u>	<u>Total</u>
Additions:					
Contributions:					
Employer	\$ 147,475	\$ 73,035	\$ 74,348	\$ 160,770	\$ 455,628
Employee	<u>73,737</u>	<u>73,035</u>	<u>78,392</u>	<u>160,771</u>	<u>385,935</u>
Total Contributions	221,212	146,070	152,740	321,541	841,563
Investment Income:					
Net appreciation in fair value of investments	<u>641,686</u>	<u>297,809</u>	<u>212,400</u>	<u>574,846</u>	<u>1,726,741</u>
Total Additions	862,898	443,879	365,140	896,387	2,568,304
Deductions:					
Benefit payments	98,328	206,898	180,815	90,127	576,168
Administrative costs	<u>3,806</u>	<u>4,644</u>	<u>4,231</u>	<u>1,600</u>	<u>14,281</u>
Total Deductions	<u>102,134</u>	<u>211,542</u>	<u>185,046</u>	<u>91,727</u>	<u>590,449</u>
Net Increase	760,764	232,337	180,094	804,660	1,977,855
Net Position Held in Trust for					
Pension Benefits, Beginning of Year	<u>5,021,984</u>	<u>2,064,155</u>	<u>2,420,202</u>	<u>7,240,418</u>	<u>16,746,759</u>
Net Position Held in Trust for					
Pension Benefits, End of Year	<u>\$ 5,782,748</u>	<u>\$ 2,296,492</u>	<u>\$ 2,600,296</u>	<u>\$ 8,045,078</u>	<u>\$ 18,724,614</u>

NOTE M. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees and the public; or acts of God. These liability exposures continue to be insured through an A+ rated insurance company.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE M. RISK MANAGEMENT – CONTINUED

The City is exposed to various risks of loss related to medical claims of employees and dependents. The City established a Self-Insured Group Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Self-Insured Group Insurance Fund provides coverage for up to a maximum of \$90,000 per person annually for medical claims.

All funds of the City participate in the program and make payments to the Self-Insured Group Insurance Fund based on actuarial estimates of the amounts needed to pay prior- and current-period claims. The claims liability of \$51,365 and \$47,632 reported in the Fund at September 30, 2013, and 2012, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Fund's claims liability amount in fiscal 2013 and 2012 were:

	2013	2012
Beginning Liability	\$ 47,632	\$ 79,801
Charges	1,000,212	1,383,662
Claims Paid and Changes in Estimates	(996,478)	(1,415,831)
Ending Liability	<u>\$ 51,366</u>	<u>\$ 47,632</u>

NOTE N. COMMITMENTS AND CONTINGENCIES

1. Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE N. COMMITMENTS AND CONTINGENCIES – CONTINUED

1. Closure and Postclosure Care Cost – Continued

The \$2,638,000 reported as landfill closure and postclosure care liability at September 30, 2013, represents the cumulative amount reported to date based on the use of 62.41% of the estimated capacity of the landfill, and is an increase of \$352,000 over the previous fiscal year.

These amounts are based on what it would cost to perform all closure and postclosure care in 2013. The City expects to close the landfill in 2018 or 2020. Actual cost of closure and postclosure may be higher than anticipated due to inflation, changes in technology, or changes in laws or regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The City is in compliance with these requirements, and at September 30, 2013, investments of \$860,630 are held for these purposes. These are reported as restricted assets on the balance sheet. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

2. Loss Contingency

The City of Beatrice is identified as a Potential Responsible party as defined by the Comprehensive Environmental Compensation and Liability Act of 1980 by reason of current ownership of property with the presence of contamination. The City's potential exposure to the clean-up costs may be up to 25% of the total costs, which the City will try to recover from the previous owner and the engineering firm that performed the environmental assessment prior to purchase of the property. The City will participate in studies to evaluate the best course of action to clean up the site in the future.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE N. COMMITMENTS AND CONTINGENCIES – CONTINUED

3. Animal Control

The City of Beatrice has an agreement with the Beatrice Humane Society on a year to year basis to provide and maintain an animal shelter and kennel facility, which will be accessible to the citizens of the City of Beatrice to display impounded animals so citizens can claim lost animals and to find suitable placement for animals not reclaimed. The City will pay them \$20,000 per year for the term of the agreement, agreement expiring October 31, 2015.

The City of Beatrice has an agreement with R. Steve Bragg for animal control services for a term beginning June 1, 2011 and ending September 30, 2015. Mr. Bragg is an independent contractor to provide comprehensive animal control services to the City and enforce City ordinances governing the care and keeping of animals within the City. He receives \$60,000 per year for the term of the contract.

4. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2013:

Parties to Agreement	Agreement Period	Description
City of Beatrice Beatrice Rural Fire District City of Blue Springs Blue Springs Rural Fire District Village of Clatonia Clatonia Fire District Village of Adams Adams Rural Fire District Village of Barneston Barneston Rural Fire District Village of Cortland Cortland Rural Fire District Filley Rural Fire District Village of Odell Odell Rural Fire District Village of Pickrell Pickrell Rural Fire District City of Wymore Wymore Rural Fire District	July 1, 2013 through June 30, 2014	To create a mutual finance organization as authorized by Neb. Rev. Stat. 35-1201 known as the Gage County Fire Protection Mutual Finance Organization

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE N. COMMITMENTS AND CONTINGENCIES – CONTINUED

4. Interlocal Agreements – Continued

Parties to Agreement	Agreement Period	Description
City of Beatrice County of Gage	July 1, 2013 through June 30, 2014	To provide emergency medical services to certain areas of Gage County located outside the city limits of Beatrice.
Beatrice Area Solid Waste Agency City of Beatrice	Sep. 1, 1996 until 30 years after the closure of the Facility	To provide for integrated solid waste management facilities and services
City of Beatrice County of Gage	July 1, 2012 through June 30, 2015	To provide the funding of a local development corporation to be used for the purposes of encouraging immigration, new industries, and investment, and to conduct and carry on a publicity campaign.
City of Beatrice County of Gage	August 1, 2013 through July 31, 2016	To provide for administration of 911 services
City of Beatrice City of Wymore	August 1, 2003 perpetually	To provide for administration of 911 services
Southeast Area Drug Enforcement City of Beatrice County of Gage County of Johnson City of Nebraska City City of Wymore City of Tecumseh County of Pawnee County of Richardson City of Falls City	April 1, 2012 until exhaustion of funds provided by the Nebr Crime Commission	To identify, investigate, apprehend and facilitate the prosecution of drug dealers and offenders through cooperative law enforcement activities.
City of Beatrice State of Nebraska	April 15, 2010 until June 30, 2014	To establish Beatrice Fire & Rescue as a service provider to provide hazardous materials response services
City of Beatrice County of Gage	Nov 17, 1997 until exhaustion of funds provided by the Nebr Crime Commission	To provide victim assistance services to victims of crime occurring in Gage County.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE N. COMMITMENTS AND CONTINGENCIES – CONTINUED

4. Interlocal Agreements – Continued

Parties to Agreement	Agreement Period	Description
Nebraska Energy Services Company City of Beatrice	July 15, 1999 until July 14, 2024	To provide products and services, coordinate the development and marketing of products and services and to jointly develop and market products and services
City of Beatrice Beatrice Rural Fire District	February 22, 1993 perpetually	To provide fire protection and service to the district in accordance with the agreement and to house fire vehicles and equipment in the City fire station
City of Beatrice Beatrice School Dist. #15	September 1, 2011 through August 31, 2014	To provide personnel for the protection of students and school property and for the education and counseling of students on problems ranging from domestic to substance abuse
City of Beatrice City of Wymore	perpetual	To permit the Beatrice Police Dept to issue handgun certificates to all residents of Gage County.
City of Beatrice County of Gage	4/20/2009 until program is completed	To allocate the award of JAG program funds to the Southeast Area Drug Enforcement Task Force
City of Beatrice County of Gage	perpetual	To work cooperatively to control the spread of noxious weeds
City of Beatrice Nebr Dept of Environmental Quality	October 1, 2013 and ending on June 30, 2015	The implementation of activities identified in the City's National Pollutant Discharge Elimination System

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2013

NOTE O. CHANGE IN ACCOUNTING PRINCIPLE

In March 2012, GASB issued Statement 65, which addressed *Items Previously Reported as Assets and Liabilities*, and clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Statement 65 was issued effective for financial statements for periods beginning after December 15, 2012; however, early application was encouraged. On October 1, 2012, the City of Beatrice elected to early adopt GASB Statement 65.

The restatement of net position shown on the face of the *Statement of Activities; Revenues, Expenses, and Changes in Net Position*, is related to prior years' unamortized bond issuance costs which were capitalized in accordance with GAAP prior to the City adopting GASB Statement 65, but which are now being expensed in accordance with this standard.

NOTE P. SPECIAL ITEM

During the year ended September 30, 2012, the City and Board of Public Works each met their aggregate self-insurance limits. The Board of public Works paid certain health claims on behalf of the City for claims incurred after meeting the aggregate self-insurance limit that were expected to be reimbursed by insurance policies. The City and Board of Public Works reported interfund balances of \$191,485 at September 30, 2012, representing City claims paid by the Board of Public Works. During the year ended September 30, 2013, these claims reimbursements were settled. Upon Settlement, the City and Board of Public Works determined that the reimbursement amount received under insurance policies were adequate to offset the outstanding interfund balances. The City balance due to the Board of Public Works was offset by receivable amounts due under insurance policies. For the year ended September 30, 2013, the Board of Public Works, has recorded a special item in the amount of \$191,485 to eliminate the outstanding balance due from the City.

REQUIRED SUPPLEMENTARY INFORMATION

City of Beatrice, Nebraska
GENERAL FUND
MAJOR FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2012 Totals
Revenues					
Taxes					
Property tax	\$ 1,722,068	\$ 1,722,068	\$ 1,729,011	\$ 6,943	\$ 1,622,701
Sales tax	1,982,000	1,982,000	2,028,863	46,863	2,040,891
Occupation tax	799,075	799,075	736,385	(62,690)	733,894
Licenses and permits	98,300	98,300	78,920	(19,380)	105,128
Intergovernmental	1,149,608	1,149,608	1,137,650	(11,958)	876,545
Charges for services	2,176,900	2,176,900	2,205,572	28,672	2,140,011
Interest	12,000	12,000	2,298	(9,702)	5,166
Miscellaneous	117,000	117,000	128,745	11,745	113,349
Total Revenues	8,056,951	8,056,951	8,047,444	(9,507)	7,637,685
Expenditures					
General government	1,223,697	1,223,697	1,032,789	190,908	1,161,150
Public safety	5,508,097	5,508,097	5,471,974	36,123	5,263,226
Culture and recreation	1,103,157	1,103,157	1,073,739	29,418	1,066,762
Total Expenditures	7,834,951	7,834,951	7,578,502	256,449	7,491,138
Excess of Revenues Over Expenditures	222,000	222,000	468,942	246,942	146,547
Other Financing Sources (Uses)					
Transfers from other funds	106,500	117,500	117,044	(456)	101,688
Transfers to other funds	(178,000)	(178,000)	(159,931)	18,069	(390,107)
Total Other Financing Sources (Uses)	(71,500)	(60,500)	(42,887)	17,613	(288,419)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 150,500	\$ 161,500	\$ 426,055	\$ 264,555	\$ (141,872)

See independent auditor's report.

City of Beatrice, Nebraska
STREETS SPECIAL REVENUE FUND
MAJOR FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2012 Totals
Revenues					
Taxes					
Sales tax	\$ 561,000	\$ 561,000	\$ 569,716	\$ 8,716	\$ 572,724
Intergovernmental:					
Local shared revenue	25,000	25,000	25,000	-	-
State shared revenue	1,220,019	1,220,019	1,297,270	77,251	1,266,248
Federal grants	-	-	9	9	1,274
Total Intergovernmental	1,245,019	1,245,019	1,322,279	77,260	1,267,522
Charges for services	22,000	22,000	28,796	6,796	68,552
Miscellaneous	32,000	32,000	1,031	(30,969)	6,152
Total Revenues	1,860,019	1,860,019	1,921,822	61,803	1,914,950
Expenditures					
Personal services	764,820	764,820	781,024	(16,204)	771,470
Supplies	321,000	321,000	229,854	91,146	285,711
Other services and charges	151,575	151,575	75,957	75,618	97,357
Capital outlay	916,220	916,220	723,263	192,957	737,190
Total Expenditures	2,153,615	2,153,615	1,810,098	343,517	1,891,728
Other Financing Sources					
Transfers from other funds	-	39,272	39,272	-	-
Total Other Financing Sources	-	39,272	39,272	-	-
Excess (Deficiency) of Revenues and Other Sources Over (Under)					
Expenditures	<u>\$ (293,596)</u>	<u>\$ (254,324)</u>	150,996	<u>\$ 405,320</u>	<u>\$ 23,222</u>
Reconciliation to GAAP basis:					
Change in encumbrances			(6,152)		
Excess (Deficiency) of Revenues Over (Under) Expenditures on a GAAP basis			<u>\$ 144,844</u>		

See independent auditor's report.

SUPPLEMENTARY INFORMATION

City of Beatrice, Nebraska
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
September 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 1,428,773	\$ 172,742	\$ 332,916	\$ 1,934,431
Restricted:				
Investments	-	-	79,389	79,389
Cash on deposit - County Treasurer	-	7,693	-	7,693
Accounts receivable	30,000	-	425,810	455,810
Taxes receivable	-	11,253	-	11,253
Interest receivable	-	87,903	-	87,903
Assessments receivable	-	267,844	-	267,844
Loans receivable	949,122	-	-	949,122
In-lieu-of assessments	-	10,105	-	10,105
Total Assets	<u>\$ 2,407,895</u>	<u>\$ 557,540</u>	<u>\$ 838,115</u>	<u>\$ 3,803,550</u>
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	\$ 4,150	\$ -	\$ 267,601	\$ 271,751
Accrued interest payable	-	18,311	-	18,311
Registered warrants payable	-	262,815	-	262,815
Total Liabilities	<u>4,150</u>	<u>281,126</u>	<u>267,601</u>	<u>552,877</u>
Deferred Inflows				
Unavailable revenue	-	109,531	-	109,531
Fund Balances				
Restricted for:				
Economic development	1,016,166	-	-	1,016,166
Debt service	-	177,277	-	177,277
Revolving loan fund	1,249,361	-	-	1,249,361
Storm water management	41,726	-	-	41,726
E-911 public safety	92,446	-	-	92,446
Committed for:				
Library capital improvements	-	-	211,822	211,822
Public safety equipment	-	-	198,964	198,964
Community betterment	4,046	-	-	4,046
Assigned for:				
Subsequent years' expenditures	-	-	159,728	159,728
Unassigned	-	(10,394)	-	(10,394)
Total Fund Balances	<u>2,403,745</u>	<u>166,883</u>	<u>570,514</u>	<u>3,141,142</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 2,407,895</u>	<u>\$ 557,540</u>	<u>\$ 838,115</u>	<u>\$ 3,803,550</u>

See independent auditor's report.

City of Beatrice, Nebraska
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the year ended September 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes				
Property tax	\$ -	\$ 152,452	\$ -	\$ 152,452
Sales tax	250,000	-	-	250,000
Intergovernmental	48,996	586	681,522	731,104
Charges for services	153,224	-	-	153,224
Keno proceeds	62,296	-	-	62,296
Special assessments	-	118,261	-	118,261
Interest	13,402	27,924	40	41,366
Donations and other revenue	193,207	-	141,758	334,965
Total Revenues	721,125	299,223	823,320	1,843,668
Expenditures				
General government	374,027	-	-	374,027
Public safety	-	-	-	-
Capital outlay	74,694	-	1,436,769	1,511,463
Debt Service:				
Principal	-	140,000	-	140,000
Interest	-	18,140	-	18,140
Bond issuance cost	-	-	5,980	5,980
MFO payments - other entities	-	-	108,923	108,923
Total Expenditures	448,721	158,140	1,551,672	2,158,533
Excess (Deficiency) of Revenues Over (Under) Expenditures	272,404	141,083	(728,352)	(314,865)
Other Financing Sources (Uses)				
Proceeds from long-term debt	-	-	520,000	520,000
Transfers from other funds	-	-	217,947	217,947
Transfers to other funds	(214,332)	-	-	(214,332)
Total Other Financing Sources (Uses)	(214,332)	-	737,947	523,615
Net Change in Fund Balances	58,072	141,083	9,595	208,750
Fund Balances, Beginning of Year	2,345,673	25,800	560,919	2,932,392
Fund Balances, End of Year	\$ 2,403,745	\$ 166,883	\$ 570,514	\$ 3,141,142

See independent auditor's report.

City of Beatrice, Nebraska
 NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 September 30, 2013

	Economic Development	Community Development Block Grant	Keno	911 Surcharge	Storm Water Management	Total
Assets						
Cash and investments	\$ 986,166	\$ 300,239	\$ 4,046	\$ 96,596	\$ 41,726	\$ 1,428,773
Accounts receivable	30,000	-	-	-	-	30,000
Loans receivable	-	949,122	-	-	-	949,122
Total Assets	<u>\$ 1,016,166</u>	<u>\$ 1,249,361</u>	<u>\$ 4,046</u>	<u>\$ 96,596</u>	<u>\$ 41,726</u>	<u>\$ 2,407,895</u>
Liabilities and Fund Balance						
Accounts Payable	\$ -	\$ -	\$ -	\$ 4,150	\$ -	\$ 4,150
Fund Balance						
Restricted for:						
Economic development	\$ 1,016,166	\$ -	\$ -	\$ -	\$ -	\$ 1,016,166
Revolving Loan Fund	-	1,249,361	-	-	-	1,249,361
Storm water management	-	-	-	-	41,726	41,726
E911 public safety	-	-	-	92,446	-	92,446
Committed for:						
Community Betterment	-	-	4,046	-	-	4,046
Total Fund Balance	<u>1,016,166</u>	<u>1,249,361</u>	<u>4,046</u>	<u>92,446</u>	<u>41,726</u>	<u>2,403,745</u>
Total Liabilities and Fund Balance	<u>\$ 1,016,166</u>	<u>\$ 1,249,361</u>	<u>\$ 4,046</u>	<u>\$ 96,596</u>	<u>\$ 41,726</u>	<u>\$ 2,407,895</u>

See independent auditor's report.

City of Beatrice, Nebraska
 NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 For the year ended September 30, 2013

	Economic Development	Community Development Block Grant	Keno	911 Surcharge	Storm Water Management	Total
Revenues						
Taxes						
Sales tax	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Intergovernmental	30,000	-	-	-	18,996	48,996
Charges for services	-	-	-	153,224	-	153,224
Keno proceeds	-	-	62,296	-	-	62,296
Grants	-	-	-	-	-	-
Interest earnings	2,589	10,813	-	-	-	13,402
Other revenue	20,328	172,879	-	-	-	193,207
Total Revenues	<u>302,917</u>	<u>183,692</u>	<u>62,296</u>	<u>153,224</u>	<u>18,996</u>	<u>721,125</u>
Expenditures						
General government	123,748	224,792	11,317	-	14,170	374,027
Capital outlay	59,624	-	-	15,070	-	74,694
Total Expenditures	<u>183,372</u>	<u>224,792</u>	<u>11,317</u>	<u>15,070</u>	<u>14,170</u>	<u>448,721</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	119,545	(41,100)	50,979	138,154	4,826	272,404
Other Financing Uses						
Transfers to other funds	-	-	(97,288)	(117,044)	-	(214,332)
Net Change in Fund Balance	119,545	(41,100)	(46,309)	21,110	4,826	58,072
Fund Balance, Beginning of Year	<u>896,621</u>	<u>1,290,461</u>	<u>50,355</u>	<u>71,336</u>	<u>36,900</u>	<u>2,345,673</u>
Fund Balance, End of Year	<u>\$ 1,016,166</u>	<u>\$ 1,249,361</u>	<u>\$ 4,046</u>	<u>\$ 92,446</u>	<u>\$ 41,726</u>	<u>\$ 2,403,745</u>

See independent auditor's report.

City of Beatrice
COMPARATIVE BALANCE SHEET - GENERAL FUND
September 30, 2013
With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Unrestricted cash	\$ 1,442,571	\$ 861,651
Restricted cash	19,941	53,308
Cash on deposit - County Treasurer	104,694	99,812
Accounts receivable	476,757	584,063
Taxes receivable	<u>131,144</u>	<u>132,083</u>
Total Assets	<u>\$ 2,175,107</u>	<u>\$ 1,730,917</u>
Liabilities, Deferred Inflows, and Fund Balance		
Liabilities		
Accounts payable	\$ 146,258	\$ 124,667
Deferred Inflows		
Unavailable revenues	107,752	111,208
Fund Balance		
Restricted for police grants and programs	28,800	63,979
Assigned for subsequent years' expenditures	734,986	644,444
Unassigned	<u>1,157,311</u>	<u>786,619</u>
Total Fund Balance	<u>1,921,097</u>	<u>1,495,042</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 2,175,107</u>	<u>\$ 1,730,917</u>

See independent auditor's report.

City of Beatrice, Nebraska
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS - CONTINUED
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013			Variance Positive (Negative)	2012 Totals
	Original Budget	Final Budget	Actual		
Revenues					
Taxes					
Property tax	\$ 1,722,068	\$ 1,722,068	\$ 1,729,011	6,943	\$ 1,622,701
Sales tax	1,982,000	1,982,000	2,028,863	46,863	2,040,891
Occupation tax	799,075	799,075	736,385	(62,690)	733,894
Licenses and permits	98,300	98,300	78,920	(19,380)	105,128
Intergovernmental	1,149,608	1,149,608	1,137,650	(11,958)	876,545
Charges for services	2,176,900	2,176,900	2,205,572	28,672	2,140,011
Interest	12,000	12,000	2,298	(9,702)	5,166
Miscellaneous	117,000	117,000	128,745	11,745	113,349
Total Revenues	8,056,951	8,056,951	8,047,444	(9,507)	7,637,685
Expenditures					
General government	1,223,697	1,223,697	1,032,789	190,908	1,161,150
Public safety	5,508,097	5,508,097	5,471,974	36,123	5,263,226
Culture and recreation	1,103,157	1,103,157	1,073,739	29,418	1,066,762
Total Expenditures	7,834,951	7,834,951	7,578,502	256,449	7,491,138
Excess of Revenues Over Expenditures	222,000	222,000	468,942	246,942	146,547
Other Financing Sources (Uses)					
Transfers from other funds	106,500	117,500	117,044	(456)	101,688
Transfers to other funds	(178,000)	(178,000)	(159,931)	18,069	(390,107)
Total Other Financing Sources (Uses)	(71,500)	(60,500)	(42,887)	17,613	(288,419)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 150,500</u>	<u>\$ 161,500</u>	426,055	<u>264,555</u>	(141,872)
Fund Balance, Beginning of Year			<u>1,495,042</u>		<u>1,636,914</u>
Fund Balance, End of Year			<u>\$ 1,921,097</u>		<u>\$ 1,495,042</u>

See independent auditor's report.

City of Beatrice, Nebraska
GENERAL FUND
SUPPORTING SCHEDULE - GENERAL FUND EXPENSES
BUDGET AND ACTUAL - BUDGET BASIS
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013			Variance Positive (Negative)	2012 Totals
	Original Budget	Final Budget	Actual		
General Government					
Management and Budget					
Personal services	\$ 571,730	\$ 571,730	\$ 574,335	\$ (2,605)	\$ 480,004
Other services and charges	91,850	91,850	82,348	9,502	95,089
Supplies	5,900	5,900	4,863	1,037	5,817
Capital outlay	1,900	1,900	3,344	(1,444)	6,941
Contingency	115,000	115,000	52,846	62,154	182,311
Contractual services	124,615	124,615	115,989	8,626	112,561
Total Management and Budget	910,995	910,995	833,725	77,270	882,723
Inspection					
Personal services	196,302	196,302	112,960	83,342	176,825
Other services and charges	50,100	50,100	23,517	26,583	34,424
Supplies	6,300	6,300	2,587	3,713	7,178
Contractual services	60,000	60,000	60,000	-	60,000
Total Inspection	312,702	312,702	199,064	113,638	278,427
Total General Government	1,223,697	1,223,697	1,032,789	190,908	1,161,150
Public Safety					
Police					
Personal services	2,356,350	2,356,350	2,320,276	36,074	2,224,739
Other services and charges	218,619	218,619	202,902	15,717	190,163
Supplies	105,289	105,289	86,469	18,820	93,978
Capital outlay	24,425	24,425	24,364	61	17,959
Contingencies	-	-	1,597	(1,597)	2,387
Total Police	2,704,683	2,704,683	2,635,608	69,075	2,529,226
Fire and Ambulance					
Personal services	1,944,890	1,944,890	1,955,072	(10,182)	1,908,825
Other services and charges	720,249	720,249	748,689	(28,440)	689,011
Supplies	126,950	126,950	113,568	13,382	125,043
Capital outlay	11,325	11,325	19,037	(7,712)	11,121
Total Fire	2,803,414	2,803,414	2,836,366	(32,952)	2,734,000
Total Public Safety	\$ 5,508,097	\$ 5,508,097	\$ 5,471,974	\$ 36,123	\$ 5,263,226

See independent auditor's report.

City of Beatrice, Nebraska
GENERAL FUND
SUPPORTING SCHEDULE - GENERAL FUND EXPENSES
BUDGET AND ACTUAL - BUDGET BASIS - CONTINUED
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013			Variance Positive (Negative)	2012 Totals
	Original Budget	Final Budget	Actual		
Culture and Recreation					
Public Properties					
Personal services	\$ 333,573	\$ 333,573	\$ 323,942	\$ 9,631	\$ 355,882
Other services and charges	101,175	101,175	89,208	11,967	81,440
Supplies	139,950	139,950	124,192	15,758	131,931
Capital outlay	37,100	37,100	43,380	(6,280)	29,676
Contractual services	42,492	42,492	35,324	7,168	26,363
Total Public Properties	654,290	654,290	616,046	38,244	625,292
Library					
Personal services	286,840	286,840	302,558	(15,718)	294,751
Other services and charges	49,827	49,827	42,421	7,406	42,366
Supplies	10,600	10,600	8,855	1,745	9,844
Capital outlay	101,600	101,600	103,859	(2,259)	94,509
Total Library	448,867	448,867	457,693	(8,826)	441,470
Total Culture and Recreation	1,103,157	1,103,157	1,073,739	29,418	1,066,762
Total Expenditures	<u>\$ 7,834,951</u>	<u>\$ 7,834,951</u>	<u>\$ 7,578,502</u>	<u>\$ 256,449</u>	<u>\$ 7,491,138</u>

See independent auditor's report.

City of Beatrice, Nebraska
SUPPORTING SCHEDULE - GENERAL FUND REVENUES
BUDGET AND ACTUAL - BUDGET BASIS
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013				2012
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Totals
Taxes					
Property taxes	\$ 1,551,068	\$ 1,551,068	\$ 1,544,693	\$ (6,375)	\$ 1,446,601
Homestead exemption allocation	110,000	110,000	122,820	12,820	114,443
Property tax credit	55,000	55,000	55,336	336	55,168
Interest on delinquent taxes	6,000	6,000	6,162	162	6,489
City sales tax	1,982,000	1,982,000	2,028,863	46,863	2,040,891
Utilities occupation tax	700,000	700,000	629,911	(70,089)	627,735
Beer and liquor occupation tax	20,000	20,000	19,765	(235)	20,265
Insurance company occupation tax	75	75	60	(15)	50
Lodging occupation tax	76,000	76,000	82,239	6,239	82,224
Miscellaneous occupation tax	3,000	3,000	4,410	1,410	3,620
Total Taxes	4,503,143	4,503,143	4,494,259	(8,884)	4,397,486
Licenses and Permits					
Bicycle licenses	100	100	85	(15)	70
Dog licenses	6,500	6,500	5,361	(1,139)	6,215
Plumbers' licenses	200	200	100	(100)	2,134
Building permits	80,000	80,000	61,499	(18,501)	82,667
Plumbing permits	5,000	5,000	5,261	261	5,396
Mechanical permits	1,500	1,500	959	(541)	2,306
Miscellaneous permits	5,000	5,000	5,655	655	6,340
Total Licenses and Permits	98,300	98,300	78,920	(19,380)	105,128
Intergovernmental					
County library aid	24,200	24,200	23,000	(1,200)	22,314
Motor vehicle tax	200,000	200,000	198,784	(1,216)	195,572
County ambulance aid	181,000	181,000	180,000	(1,000)	176,625
Interlocal 911 dispatch aid	68,000	68,000	67,649	(351)	65,950
Crime commission - VAC grants	38,000	38,000	42,050	4,050	37,611
Local match - SEADE	20,272	20,272	-	(20,272)	20,272
Library grants	-	-	1,000	1,000	-
Prorate motor vehicle tax	5,300	5,300	6,064	764	5,779
State library aid	2,705	2,705	2,680	(25)	2,705
Municipal equalization funds	423,321	423,321	454,083	30,762	191,365
Crime commission - SEADE grants	100,000	100,000	43,439	(56,561)	50,000
Federal Grant DOJ	-	-	2,231	2,231	807
JAG Recovery Act - officer retention	-	-	-	-	56,477
JAG Recovery Act for SEADE	-	-	41,036	41,036	-
Police NOHS Grants	5,000	5,000	5,773	773	3,856
FEMA - Hazard Mitigation	29,810	29,810	17,522	(12,288)	-
CDBG Downtown Revitalization	-	-	-	-	2,100
LWCF Grant - Riverside Park	-	-	5,300	5,300	-
Other intergovernmental	52,000	52,000	47,039	(4,961)	45,112
Total Intergovernmental	1,149,608	1,149,608	1,137,650	(11,958)	876,545
Charges for Services					
Publication cost income	500	500	477	(23)	2,056
Management and budget miscellaneous charges	1,500	1,500	2,222	722	2,096
Accounting services	32,200	32,200	32,208	8	31,560
BASWA management services	21,200	21,200	21,200	-	20,600
Administration/legal services	150,500	150,500	144,000	(6,500)	22,779

See independent auditor's report.

City of Beatrice, Nebraska
SUPPORTING SCHEDULE - GENERAL FUND REVENUES
BUDGET AND ACTUAL - BUDGET BASIS - CONTINUED
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013			Variance Positive (Negative)	2012 Totals
	Original Budget	Final Budget	Actual		
Charges for Services (Continued)					
CDBG administration fees	\$ 1,000	\$ 1,000	\$ 2,500	\$ 1,500	\$ 12,468
Legal services	-	-	-	-	32,763
Legal miscellaneous charges	100	100	-	(100)	-
Restitution - fees and damages	3,500	3,500	2,127	(1,373)	252
Inspection miscellaneous charges	1,500	1,500	1,708	208	1,201
Recover demolition charges	5,000	5,000	8,809	3,809	21,866
Police charges	2,800	2,800	3,794	994	3,048
Fire charges	21,800	21,800	22,925	1,125	21,041
Ambulance charges	1,656,000	1,656,000	1,704,376	48,376	1,695,110
Public safety miscellaneous charges	26,000	26,000	25,848	(152)	34,367
Stop program charges	2,000	2,000	1,320	(680)	1,560
Land use agreements	3,500	3,500	5,923	2,423	4,586
Auditorium use fee	30,000	30,000	28,531	(1,469)	27,593
Water Park admissions	93,000	93,000	78,089	(14,911)	87,796
Water Park concessions and sales	30,500	30,500	26,028	(4,472)	31,178
Swim lessons	6,000	6,000	5,895	(105)	6,120
Mowing fees	14,000	14,000	8,751	(5,249)	3,750
Camping receipts	35,000	35,000	34,478	(522)	32,353
Public properties miscellaneous charges	20,500	20,500	28,446	7,946	22,347
BASWA facility maintenance	-	-	-	-	6,302
Library use fees	8,600	8,600	7,736	(864)	7,869
Library copying fees	3,000	3,000	2,961	(39)	2,922
Library miscellaneous charges	2,500	2,500	1,905	(595)	1,748
Interlibrary loan revenue	300	300	50	(250)	275
Parking fines and rents	1,500	1,500	1,265	(235)	1,135
School fines and fees	2,900	2,900	2,000	(900)	1,270
Total Charges for Services	2,176,900	2,176,900	2,205,572	28,672	2,140,011
Interest					
Interest earnings	12,000	12,000	2,298	(9,702)	5,166
Miscellaneous					
Reimbursements	1,000	1,000	2,038	1,038	2,595
Donations - Beatrice Program Plus	9,000	9,000	9,096	96	9,096
Police donations	6,000	6,000	1,043	(4,957)	6,101
Fire donations	1,500	1,500	8,731	7,231	6,300
Public properties donations - Water Park	1,500	1,500	1,984	484	1,866
Parks donations	10,000	10,000	9,156	(844)	30
Library donations	8,000	8,000	7,244	(756)	7,834
Library donations/Foundation	25,000	25,000	28,087	3,087	25,117
Lease income - BASWA	53,000	53,000	53,000	-	51,500
Sales of capital assets	2,000	2,000	8,366	6,366	2,910
Total Miscellaneous	117,000	117,000	128,745	11,745	113,349
Total Revenues	\$ 8,056,951	\$ 8,056,951	\$ 8,047,444	\$ (9,507)	\$ 7,637,685

See independent auditor's report.

City of Beatrice, Nebraska
STREETS SPECIAL REVENUE FUND
BALANCE SHEET
September 30, 2013
With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash	\$ 515,119	\$ 336,700
Accounts receivable	<u>49,465</u>	<u>82,536</u>
Total Assets	<u><u>\$ 564,584</u></u>	<u><u>\$ 419,236</u></u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 18,499	\$ 17,995
Fund Balance		
Restricted	<u>546,085</u>	<u>401,241</u>
Total Liabilities and Fund Balance	<u><u>\$ 564,584</u></u>	<u><u>\$ 419,236</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
STREETS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013			Variance Positive (Negative)	2012 Totals
	Original Budget	Final Budget	Actual		
Revenues					
Taxes					
Sales tax	\$ 561,000	\$ 561,000	\$ 569,716	\$ 8,716	\$ 572,724
Intergovernmental					
Local shared revenue	25,000	25,000	25,000	-	-
State shared revenue	1,220,019	1,220,019	1,297,270	77,251	1,266,248
Federal grants	-	-	9	9	1,274
Total Intergovernmental	1,245,019	1,245,019	1,322,279	77,260	1,267,522
Charges for services	22,000	22,000	28,796	6,796	68,552
Miscellaneous	32,000	32,000	1,031	(30,969)	6,152
Total Revenues	1,860,019	1,860,019	1,921,822	61,803	1,914,950
Expenditures					
Personal Services					
Salaries	528,500	528,500	527,178	1,322	513,158
Social security	32,500	32,500	32,485	15	31,739
Retirement	21,000	21,000	20,182	818	20,815
Health and life insurance	148,320	148,320	173,040	(24,720)	157,920
Workmen's compensation	33,500	33,500	28,139	5,361	47,838
Unemployment Compensation	1,000	1,000	-	1,000	-
Total Personal Services	764,820	764,820	781,024	(16,204)	771,470
Supplies					
Operating supplies	109,000	109,000	103,946	5,054	105,772
Repairs and maintenance supplies	212,000	212,000	125,908	86,092	179,939
Total Supplies	321,000	321,000	229,854	91,146	285,711
Other Services and Charges					
Insurance	15,100	15,100	15,522	(422)	14,281
Outside professional services	-	-	-	-	-
Utilities	600	600	600	-	780
Maintenance and repairs	48,500	48,500	24,503	23,997	35,532
Rentals	72,500	72,500	26,385	46,115	30,308
Data processing costs	-	-	-	-	2,640
Training and transportation	3,800	3,800	1,158	2,642	1,533
Communications	3,100	3,100	2,463	637	4,875
Miscellaneous	7,975	7,975	5,326	2,649	7,408
Total Other Services and Charges	151,575	151,575	75,957	75,618	97,357
Capital Outlay					
Buildings	-	-	-	-	25,968
Improvements other than buildings	661,000	661,000	483,072	177,928	548,631
Machinery and equipment	255,220	255,220	240,191	15,029	162,591
Total Capital Outlay	916,220	916,220	723,263	192,957	737,190
Total Expenditures	2,153,615	2,153,615	1,810,098	343,517	1,891,728

See independent auditor's report.

City of Beatrice, Nebraska
STREETS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS - CONTINUED
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013			2012
	Original Budget	Final Budget	Actual	Variance Positive (Negative) Totals
Other Financing Sources				
Transfers from other funds	\$ -	39,272	\$ 39,272	\$ -
Total Other Financing Sources	<u>-</u>	<u>39,272</u>	<u>39,272</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under)				
Expenditures	<u>\$ (293,596)</u>	<u>\$ (254,324)</u>	150,996	<u>\$ 405,320</u> 23,222
Fund Balance, Beginning of Year			<u>401,241</u>	<u>378,019</u>
Fund Balance, End of Year			552,237	<u>\$ 401,241</u>
Reconciliation to GAAP Basis:				
Change in encumbrances			<u>(6,152)</u>	
Fund Balance, End of Year on GAAP Basis			<u>\$ 546,085</u>	

See independent auditor's report.

City of Beatrice, Nebraska
 ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
 BALANCE SHEET
 September 30, 2013
 With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and investments	\$ 986,166	896,621
Accounts receivable	<u>30,000</u>	<u>-</u>
Total Assets	<u>\$ 1,016,166</u>	<u>\$ 896,621</u>
Fund Balance		
Restricted for economic development	<u>\$ 1,016,166</u>	<u>\$ 896,621</u>
Total Fund Balance	<u>\$ 1,016,166</u>	<u>\$ 896,621</u>

See independent auditor's report.

City of Beatrice, Nebraska
 ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGET BASIS
 For the year ended September 30, 2013
 With comparative totals for September 30, 2012

	2013				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2012 Totals
Revenues					
Taxes					
Sales tax	\$ 250,000	\$ 250,000	\$ 250,000	\$ -	250,000
CDBG Grant	30,000	30,000	30,000	-	-
Interest earnings	3,000	3,000	2,589	(411)	3,028
Loans/rents revenue	20,328	20,328	20,328	-	18,018
Total Revenues	303,328	303,328	302,917	(411)	271,046
Expenditures					
Economic development	205,000	205,000	155,343	49,657	404,576
Capital outlay	2,269,498	2,269,498	59,624	2,209,874	-
Total Expenditures	2,474,498	2,474,498	214,967	2,259,531	404,576
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,171,170)	(2,171,170)	87,950	(2,259,942)	(133,530)
Other Financing Sources					
Sale of capital assets	150,000	150,000	-	(150,000)	-
Bond proceeds	1,000,000	1,000,000	-	(1,000,000)	-
Total Other Financing Sources	1,150,000	1,150,000	-	(1,150,000)	-
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures	<u>\$ (1,021,170)</u>	<u>\$ (1,021,170)</u>	87,950	<u>\$ (3,409,942)</u>	(133,530)
Fund Balance, Beginning of Year			896,621		1,030,151
Fund Balance, End of Year			984,571		<u>\$ 896,621</u>
Reconciliation to GAAP Basis:					
Change in encumbrances			31,595		
Fund Balance, End of Year on GAAP Basis			<u>\$ 1,016,166</u>		

See independent auditor's report.

City of Beatrice, Nebraska
 COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
 BALANCE SHEET
 September 30, 2013
 With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash	\$ 300,239	\$ 69,795
Restricted cash	-	37,367
Loans receivable	<u>949,122</u>	<u>1,183,299</u>
Total Assets	<u>\$ 1,249,361</u>	<u>\$ 1,290,461</u>
Fund Balance		
Restricted for Revolving Loan Fund	<u>\$ 1,249,361</u>	<u>\$ 1,290,461</u>
Total Fund Balance	<u>\$ 1,249,361</u>	<u>\$ 1,290,461</u>

See independent auditor's report.

City of Beatrice, Nebraska
 COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGET BASIS
 For the year ended September 30, 2013
 With comparative totals for September 30, 2012

	2013				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2012 Totals
Revenues					
Grants	\$ 505,000	\$ 505,000	\$ -	\$ (505,000)	\$ 10,368
Reuse funds returned	-	-	172,879	172,879	-
Interest earnings	-	-	274	274	1,036
Loan payments - interest	8,454	8,454	10,539	2,085	1,607
Total Revenues	<u>513,454</u>	<u>513,454</u>	<u>183,692</u>	<u>(329,762)</u>	<u>13,011</u>
Expenditures					
Administration	5,000	5,000	2,500	2,500	23,337
Grant repayments	134,640	134,640	50,000	84,640	222,879
Reuse loans	526,000	526,000	-	526,000	-
Loan forgiveness	-	-	172,292	(172,292)	-
Total Expenditures	<u>665,640</u>	<u>665,640</u>	<u>224,792</u>	<u>440,848</u>	<u>246,216</u>
Deficiency of Revenues Under Expenditures	<u>\$ (152,186)</u>	<u>\$ (152,186)</u>	(41,100)	<u>\$ 111,086</u>	(233,205)
Fund Balance, Beginning of Year			<u>1,290,461</u>		<u>1,523,666</u>
Fund Balance, End of Year			<u>\$ 1,249,361</u>		<u>\$ 1,290,461</u>

See independent auditor's report.

City of Beatrice, Nebraska
 KENO/LOTTERY SPECIAL REVENUE FUND
 BALANCE SHEET
 September 30, 2013
 With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and investments	<u>\$ 4,046</u>	<u>\$ 50,355</u>
Total Assets	<u><u>\$ 4,046</u></u>	<u><u>\$ 50,355</u></u>
Fund Balance		
Committed for community betterment	<u>\$ 4,046</u>	<u>\$ 50,355</u>
Total Fund Balance	<u><u>\$ 4,046</u></u>	<u><u>\$ 50,355</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
 KENO/LOTTERY SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGET BASIS
 For the year ended September 30, 2013
 With comparative totals for September 30, 2012

	2013			Variance	2012
	Original Budget	Final Budget	Actual	Positive (Negative)	Totals
Revenues					
Keno/lottery proceeds	\$ 75,000	\$ 75,000	\$ 62,296	\$ (12,704)	\$ 79,132
Expenditures					
Other services and charges	13,300	13,300	11,317	1,983	15,180
Excess of Revenues Over Expenditures	61,700	61,700	50,979	(10,721)	63,952
Other Financing Uses					
Transfers to other funds	(56,500)	(101,500)	(97,288)	4,212	(223,368)
Deficiency of Revenues Under Expenditures and Other Financing Uses	<u>\$ 5,200</u>	<u>\$ (39,800)</u>	(46,309)	<u>\$ (6,509)</u>	(159,416)
Fund Balance, Beginning of Year			50,355		209,771
Fund Balance, End of Year			<u>\$ 4,046</u>		<u>\$ 50,355</u>

See independent auditor's report.

City of Beatrice, Nebraska
 911 SURCHARGE SPECIAL REVENUE FUND
 BALANCE SHEET
 September 30, 2013
 With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash - 911 Surcharge	\$ 58,102	\$ 54,416
Cash - E911 Wireless	<u>38,494</u>	<u>16,920</u>
Total Assets	<u>\$ 96,596</u>	<u>\$ 71,336</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 4,150	\$ -
Fund Balance		
Restricted for E911 public safety	<u>92,446</u>	<u>71,336</u>
Total Liabilities and Fund Balance	<u>\$ 96,596</u>	<u>\$ 71,336</u>

See independent auditor's report.

City of Beatrice, Nebraska
 911 SURCHARGE SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGET BASIS
 For the year ended September 30, 2013
 With comparative totals for September 30, 2012

	2013			Variance Positive (Negative)	2012 Totals
	Original Budget	Final Budget	Actual		
Revenues					
911 service surcharge	\$ 81,000	\$ 81,000	73,106	\$ (7,894)	79,265
E911 wireless surcharge	48,000	48,000	80,118	32,118	56,649
Total Revenues	<u>129,000</u>	<u>129,000</u>	<u>153,224</u>	<u>24,224</u>	<u>135,914</u>
Expenditures					
Capital outlay	<u>15,250</u>	<u>15,250</u>	<u>15,070</u>	<u>180</u>	<u>4,241</u>
Excess of Revenues Over Expenditures	113,750	113,750	138,154	24,404	131,673
Other Financing Uses					
Transfers to other funds	<u>(106,500)</u>	<u>(117,500)</u>	<u>(117,044)</u>	<u>456</u>	<u>(101,688)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Uses	<u>\$ 7,250</u>	<u>\$ (3,750)</u>	21,110	<u>\$ 24,860</u>	29,985
Fund Balance, Beginning of Year			<u>71,336</u>		<u>41,351</u>
Fund Balance, End of Year			<u>\$ 92,446</u>		<u>\$ 71,336</u>

See independent auditor's report.

City of Beatrice, Nebraska
 STORM WATER MANAGEMENT PLAN SPECIAL REVENUE FUND
 BALANCE SHEET
 September 30, 2013
 With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash	<u>\$ 41,726</u>	<u>\$ 36,900</u>
Total Assets	<u><u>\$ 41,726</u></u>	<u><u>\$ 36,900</u></u>
Fund Balance		
Restricted for storm water management plan	<u>\$ 41,726</u>	<u>\$ 36,900</u>
Total Fund Balance	<u><u>\$ 41,726</u></u>	<u><u>\$ 36,900</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
 STORM WATER MANAGEMENT PLAN SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGET BASIS
 For the year ended September 30, 2013
 With comparative totals for September 30, 2012

	2013				2012 Totals
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	
Revenues					
Intergovernmental	\$ 20,000	\$ 20,000	\$ 18,996	\$ (1,004)	\$ 18,996
Total Revenues	20,000	20,000	18,996	(1,004)	18,996
Expenditures					
Personal services	4,300	4,300	-	4,300	2,349
Other services and charges	27,000	27,000	14,159	12,841	1,160
Supplies	3,685	3,685	11	3,674	25
Capital outlay	5,000	5,000	-	5,000	-
Total Expenditures	39,985	39,985	14,170	25,815	3,534
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (19,985)</u>	<u>\$ (19,985)</u>	4,826	<u>\$ 24,811</u>	15,462
Fund Balance, Beginning of Year			36,900		21,438
Fund Balance, End of Year			<u>\$ 41,726</u>		<u>\$ 36,900</u>

See independent auditor's report.

City of Beatrice, Nebraska
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
September 30, 2013
With comparative totals for September 30, 2012

	2013				2012
	General Obligation	Bonded Districts	Unbonded Assessments	Total	Totals
Assets					
Cash	\$ 169,700	\$ -	\$ 3,042	\$ 172,742	\$ 160,809
Cash on deposit - County Treasurer	7,693	-	-	7,693	12,601
Taxes receivable	11,253	-	-	11,253	19,347
Assessments receivable:					
Current	-	-	20,456	20,456	66,110
Delinquent	-	-	157,208	157,208	150,947
Deferred	-	-	90,180	90,180	208,442
Accrued interest receivable	-	-	87,903	87,903	66,196
In-lieu-of assessments	-	10,105	-	10,105	10,105
Total Assets	<u>\$ 188,646</u>	<u>\$ 10,105</u>	<u>\$ 358,789</u>	<u>\$ 557,540</u>	<u>\$ 694,557</u>
Liabilities, Deferred Inflows, and Fund Balance					
Liabilities					
Accrued interest payable	\$ 2,123	\$ -	\$ 16,188	\$ 18,311	\$ 43,449
Registered warrants payable	-	-	262,815	262,815	390,471
Total Liabilities	<u>2,123</u>	<u>-</u>	<u>279,003</u>	<u>281,126</u>	<u>433,920</u>
Deferred Inflows					
Unavailable revenue	9,246	10,105	90,180	109,531	234,837
Fund Balance					
Restricted for debt service	177,277	-	-	177,277	171,982
Unassigned	-	-	(10,394)	(10,394)	(146,182)
Total Fund Balance (Deficit)	<u>177,277</u>	<u>-</u>	<u>(10,394)</u>	<u>166,883</u>	<u>25,800</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 188,646</u>	<u>\$ 10,105</u>	<u>\$ 358,789</u>	<u>\$ 557,540</u>	<u>\$ 694,557</u>

See independent auditor's report.

City of Beatrice, Nebraska
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013				2012
	General Obligation	Bonded Districts	Unbonded Assessments	Total	Totals
Revenues					
Taxes					
Property taxes	\$ 152,452	\$ -	\$ -	\$ 152,452	\$ 240,236
Intergovernmental revenues	586	-	-	586	897
Special assessments	-	-	118,261	118,261	133,879
Interest on assessments	-	-	27,924	27,924	23,133
Total Revenues	153,038	-	146,185	299,223	398,145
Expenditures					
Capital projects:					
Improvements	-	-	-	-	276,829
Interest on registered warrants	-	-	10,397	10,397	9,949
Debt service:					
Interest	7,743	-	-	7,743	11,996
Principal	140,000	-	-	140,000	270,000
Total Expenditures	147,743	-	10,397	158,140	568,774
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,295	-	135,788	141,083	(170,629)
Fund Balance (Deficit), Beginning of Year	171,982	-	(146,182)	25,800	196,429
Fund Balance (Deficit), End of Year	\$ 177,277	\$ -	\$ (10,394)	\$ 166,883	\$ 25,800

See independent auditor's report.

City of Beatrice, Nebraska
 GENERAL OBLIGATION DEBT SERVICE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL - BUDGET BASIS
 For the year ended September 30, 2013
 With comparative totals for September 30, 2012

	2013				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2012 Totals
Revenues					
Property taxes	\$ 147,243	\$ 147,243	\$ 158,379	\$ 11,136	\$ 259,596
Intergovernmental revenues	500	500	617	117	902
Total Revenues	<u>147,743</u>	<u>147,743</u>	<u>158,996</u>	<u>11,253</u>	<u>260,498</u>
Expenditures					
Debt Service:					
Interest	7,743	7,743	7,743	-	14,918
Principal	140,000	140,000	140,000	-	270,000
Total Expenditures	<u>147,743</u>	<u>147,743</u>	<u>147,743</u>	<u>-</u>	<u>284,918</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	11,253	<u>\$ 11,253</u>	<u>\$ (24,420)</u>
Reconciliation to GAAP Basis:					
Revenue cash to accrual adjustments			(5,958)		
Excess of Revenues Over					
Over Expenditures on GAAP Basis			<u>\$ 5,295</u>		

See independent auditor's report.

City of Beatrice, Nebraska
 UNBONDED DISTRICTS DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGET BASIS
 For the year ended September 30, 2013
 With comparative totals for September 30, 2012

	2013				2012 Totals
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	
Revenues					
Special assessments	\$ 209,436	\$ 209,436	\$ 157,658	\$ (51,778)	\$ 70,364
Interest on assessments	65,619	65,619	6,216	(59,403)	16,640
Total Revenues	<u>275,055</u>	<u>275,055</u>	<u>163,874</u>	<u>(111,181)</u>	<u>87,004</u>
Expenditures					
Interest on registered warrants	51,140	51,140	35,534	15,606	17,133
Principal on registered warrants	211,381	211,381	127,656	83,725	50,000
Improvements	-	-	-	-	276,829
Total Expenditures	<u>262,521</u>	<u>262,521</u>	<u>163,190</u>	<u>99,331</u>	<u>343,962</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 12,534</u>	<u>\$ 12,534</u>	684	<u>\$ (11,850)</u>	<u>\$ (256,958)</u>
Reconciliation to GAAP Basis:					
Revenue cash to accrual adjustments			(17,689)		
Expenditure cash to accrual adjustments			<u>152,793</u>		
Excess of Revenues Over Expenditures on GAAP basis			<u>\$ 135,788</u>		

See independent auditor's report.

City of Beatrice, Nebraska
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
September 30, 2013
With comparative totals for September 30, 2012

	2013			2012
	Library Capital Improvements	Capital Improvements	Total	Totals
Assets				
Cash	\$ -	\$ 332,916	\$ 332,916	\$ 253,815
Investments	79,389	-	79,389	79,349
Accounts receivable	-	425,810	425,810	228,755
Total Assets	<u>79,389</u>	<u>758,726</u>	<u>838,115</u>	<u>561,919</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	-	267,601	267,601	1,000
Fund Balances				
Committed for Library capital improvement	79,389	132,433	211,822	145,349
Committed for public safety equipment	-	198,964	198,964	292,892
Assigned for subsequent years' expenditures	-	159,728	159,728	122,678
Total Fund Balances	<u>79,389</u>	<u>491,125</u>	<u>570,514</u>	<u>560,919</u>
Total Liabilities and Fund Balances	<u>\$ 79,389</u>	<u>\$ 758,726</u>	<u>\$ 838,115</u>	<u>\$ 561,919</u>

See independent auditor's report.

City of Beatrice, Nebraska
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013			2012
	Library Capital Improvements	Capital Improvements	Total	Totals
Revenues				
Intergovernmental	\$ -	\$ 681,522	\$ 681,522	\$ 255,769
Interest	40	-	40	144
Donations and other revenue	-	141,758	141,758	506,565
Total Revenues	40	823,280	823,320	762,478
Expenditures				
Capital projects	-	1,436,769	1,436,769	1,306,803
MFO payments - other entities	-	108,923	108,923	113,445
Debt service				
Interest	-	-	-	-
Bond issuance cost	-	5,980	5,980	-
Total Expenditures	-	1,551,672	1,551,672	1,420,248
Excess (Deficiency) of Revenues Over (Under) Expenditures	40	(728,392)	(728,352)	(657,770)
Other Financing Sources (Uses)				
Proceeds from long-term debt	-	520,000	520,000	-
Transfers from other funds	-	217,947	217,947	613,475
Total Other Financing Sources (Uses)	-	737,947	737,947	613,475
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	40	9,555	9,595	(44,295)
Fund Balances, Beginning of Year	79,349	481,570	560,919	605,214
Fund Balances, End of Year	\$ 79,389	\$ 491,125	\$ 570,514	\$ 560,919

See independent auditor's report.

City of Beatrice, Nebraska
 LIBRARY CAPITAL IMPROVEMENTS FUND - CAPITAL PROJECTS FUND
 BALANCE SHEET
 September 30, 2013
 With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Investments	<u>\$ 79,389</u>	<u>\$ 79,349</u>
Total Assets	<u><u>\$ 79,389</u></u>	<u><u>\$ 79,349</u></u>
Liabilities and Fund Balance		
Fund Balance		
Committed	<u>\$ 79,389</u>	<u>\$ 79,349</u>
Total Liabilities and Fund Balance	<u><u>\$ 79,389</u></u>	<u><u>\$ 79,349</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
 LIBRARY CAPITAL IMPROVEMENTS FUND - CAPITAL PROJECTS FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGET BASIS
 For the year ended September 30, 2013
 With comparative totals for September 30, 2012

	2013				2012
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Totals
Revenues					
Interest	\$ 200	\$ 200	\$ 40	\$ (160)	\$ 144
Total Revenues	200	200	40	(160)	144
Expenditures					
Capital outlay	-	-	-	-	3,200
Total Expenditures	-	-	-	-	3,200
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 200</u>	<u>\$ 200</u>	40	<u>\$ (160)</u>	(3,056)
Fund Balance, Beginning of Year			79,349		82,405
Fund Balance, End of Year			<u>\$ 79,389</u>		<u>\$ 79,349</u>

See independent auditor's report.

City of Beatrice, Nebraska
 CAPITAL IMPROVEMENTS FUND - CAPITAL PROJECTS FUND
 BALANCE SHEET
 September 30, 2013
 With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash	\$ 332,916	\$ 253,815
Accounts receivable	<u>425,810</u>	<u>228,755</u>
Total Assets	<u>\$ 758,726</u>	<u>\$ 482,570</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 267,601	\$ 1,000
Fund Balance		
Committed for Library capital improvement	132,433	66,000
Committed for public safety equipment	198,964	292,892
Assigned for subsequent years' expenditures	<u>159,728</u>	<u>122,678</u>
Total Fund Balance	<u>491,125</u>	<u>481,570</u>
Total Liabilities and Fund Balance	<u>\$ 758,726</u>	<u>\$ 482,570</u>

See independent auditor's report.

City of Beatrice, Nebraska
 CAPITAL IMPROVEMENTS FUND - CAPITAL PROJECTS FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGET BASIS
 For the year ended September 30, 2013
 With comparative totals for September 30, 2012

	2013				2012
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Totals
Revenues					
Intergovernmental	\$ 672,504	\$ 672,504	\$ 681,522	\$ 9,018	255,769
Donations and other revenue	1,008,000	1,008,000	141,758	(866,242)	506,565
Total Revenues	1,680,504	1,680,504	823,280	(857,224)	762,334
Expenditures					
Capital Projects					
Park equipment and improvements	13,500	13,500	17,728	(4,228)	29,519
Prairie playground	-	-	-	-	25,000
Ballfield improvements	8,000	8,000	13,451	(5,451)	25,000
Beatrice Plus	9,000	9,000	-	9,000	10,000
Library renovation	1,000,000	1,000,000	43,567	956,433	-
Building improvements	-	-	-	-	3,412
Police facility improvements	46,000	46,000	-	46,000	-
Auditorium energy improvements	30,000	30,000	20,232	9,768	34,984
Park campground improvements	84,000	84,000	80,576	3,424	-
Carnegie restoration	-	-	-	-	1,017,376
Lodging tax projects	44,000	44,000	48,256	(4,256)	4,629
Downtown revitalization	350,000	350,000	358,935	(8,935)	-
Police equipment	32,500	32,500	31,918	582	45,147
Fire equipment and facilities improvements	822,122	822,122	754,610	67,512	76,637
Trails	24,000	24,000	54,510	(30,510)	126,364
Computer equipment	50,000	50,000	50,035	(35)	28,213
MFO payments - other entities	113,400	113,400	108,923	4,477	113,445
Debt Service					
Interest	-	-	-	-	-
Bond issuance cost	-	-	5,980	-	-
Total Expenditures	2,626,522	2,626,522	1,588,721	1,043,781	1,539,726
Excess (Deficiency) of Revenues Over (Under) Expenditures	(946,018)	(946,018)	(765,441)	(1,901,005)	(777,392)
Other Financing Sources					
Proceeds from long-term debt	506,000	506,000	520,000	(14,000)	-
Transfers from other funds	234,500	240,228	217,947	(22,281)	613,475
Total Other Financing Sources	740,500	746,228	737,947	(36,281)	613,475
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures	<u>\$ (205,518)</u>	<u>\$ (199,790)</u>	(27,494)	<u>\$ (1,937,286)</u>	(163,917)
Fund Balance, Beginning of Year			481,570		522,809
Fund Balance, End of Year			454,076		358,892
Reconciliation to GAAP Basis:					
Changes in encumbrances			37,049		122,678
Fund Balance, End of Year on GAAP basis			<u>\$ 491,125</u>		<u>\$ 481,570</u>

See independent auditor's report.

City of Beatrice, Nebraska
ELECTRIC ENTERPRISE FUND
BALANCE SHEET
September 30, 2013
With comparative totals for September 30, 2012

	2013	2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,051,494	\$ 3,757,000
Accounts receivable, net	1,030,442	1,305,509
Due from other funds	-	215,242
Unbilled and accrued revenues	589,684	499,529
Materials and supplies inventories	646,074	587,402
Prepaid expenses	4,881	5,619
Interest receivable	7,176	2,862
Total Current Assets	<u>6,329,751</u>	<u>6,373,163</u>
Noncurrent Assets		
Certificates of deposit - unrestricted	2,282,875	2,175,000
Restricted Cash		
Employee benefits	75,660	64,114
Customer deposits	<u>98,360</u>	<u>62,835</u>
Total Restricted Cash	<u>174,020</u>	<u>126,949</u>
Restricted Investments		
Debt service reserve account	71,400	79,275
Customer deposits	<u>230,000</u>	<u>230,000</u>
Total Restricted Investments	<u>301,400</u>	<u>309,275</u>
Property, Plant and Equipment		
Land and land rights	46,030	46,030
Buildings and improvements	1,142,733	1,135,114
Improvements other than building	27,801,024	27,016,260
Machinery and equipment	<u>2,906,616</u>	<u>2,784,408</u>
	<u>31,896,403</u>	<u>30,981,812</u>
Less: Accumulated depreciation	<u>(19,203,479)</u>	<u>(18,243,449)</u>
Net Property, Plant and Equipment	<u>12,692,924</u>	<u>12,738,363</u>
Other Assets		
Unamortized bond issuance cost, net of amortization of \$0 and \$14,879 for 2013 and 2012, respectively	<u>-</u>	<u>9,557</u>
Total Noncurrent Assets	<u>15,451,219</u>	<u>15,359,144</u>
Total Assets	<u><u>\$21,780,970</u></u>	<u><u>\$21,732,307</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
ELECTRIC ENTERPRISE FUND
BALANCE SHEET - CONTINUED
September 30, 2013
With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 1,063,459	\$ 1,204,532
Accrued compensated absences	118,303	107,676
Accrued payroll	51,611	48,664
Sales tax payable	91,340	101,630
Employee insurance payable	78,488	66,942
Accrued interest	5,110	7,995
Customer deposits	328,360	292,835
Current portion of revenue bonds	63,000	52,500
Total Current Liabilities	<u>1,799,671</u>	<u>1,882,774</u>
Long-Term Liabilities		
Compensated absences, noncurrent	240,769	229,605
Revenue bonds, net of current portion	651,000	689,500
Total Long-term Liabilities	<u>891,769</u>	<u>919,105</u>
Total Liabilities	<u>2,691,440</u>	<u>2,801,879</u>
Net Position		
Net investment in capital assets	11,978,924	12,005,920
Restricted for debt service	71,400	79,275
Unrestricted	7,039,206	6,845,233
Total Net Position	<u>19,089,530</u>	<u>18,930,428</u>
Total Liabilities and Net Position	<u>\$21,780,970</u>	<u>\$21,732,307</u>

See independent auditor's report.

City of Beatrice, Nebraska
ELECTRIC ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
BUDGET (GAAP) AND ACTUAL
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2012 Totals
Operating Revenues					
Charges for services	\$ 15,869,160	\$ 15,869,160	\$ 14,838,324	\$ (1,030,836)	\$ 14,644,110
Operating Expenses					
Electric energy purchased	11,500,000	11,500,000	11,010,727	489,273	10,461,042
Operating and maintenance expense	1,045,700	1,045,700	1,059,689	(13,989)	1,066,938
Customer accounting expenses	259,450	259,450	254,222	5,228	266,936
Engineering services	157,500	157,500	141,401	16,099	138,511
Administrative and general expense	790,033	790,033	780,229	9,804	663,355
Municipal expenses	461,900	461,900	485,890	(23,990)	495,425
Depreciation and amortization	924,820	924,820	960,029	(35,209)	929,386
Total Operating Expenses	15,139,403	15,139,403	14,692,187	447,216	14,021,593
Operating Income	729,757	729,757	146,137	(583,620)	622,517
Nonoperating Revenues (Expenses)					
Merchandising, etc.	-	-	53,546	53,546	100,790
Interest income	-	-	34,818	34,818	26,744
Miscellaneous	-	-	186,628	186,628	152,424
Interest expense	(26,917)	(26,917)	(52,064)	(25,147)	(26,916)
Special item	-	-	(191,485)	191,485	-
Bond issuance cost	-	-	(8,921)	(8,921)	(820)
Total Nonoperating Revenues (Expenses)	(26,917)	(26,917)	22,522	432,409	252,222
Contributed capital assets	-	-	-	-	(53,524)
Net Income	\$ 702,840	\$ 702,840	\$ 168,659	\$ (151,211)	\$ 821,215
Retained Earnings, Beginning of Year - as previously stated			18,930,428		18,109,213
Restatement of Equity for Implementation of GASB 65			(9,557)		-
Retained Earnings, Beginning of Year - restated			18,920,871		18,109,213
Retained Earnings, End of Year			\$ 19,089,530		\$ 18,930,428

See independent auditor's report.

City of Beatrice, Nebraska
ELECTRIC ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013	2012
Cash Flows From Operating Activities		
Cash received from customers	\$15,263,412	\$14,595,231
Cash paid to suppliers for goods and services	(12,244,592)	(11,526,114)
Cash paid to employees for services	(1,625,056)	(1,430,499)
Net Cash Provided by Operating Activities	<u>1,393,764</u>	<u>1,638,618</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash paid on behalf of other funds - employee benefits	23,757	(191,485)
Cash Flows From Capital and Related Financing Activities		
Principal payments on long-term debt	(52,500)	(50,750)
Payment on refunded bond	(689,500)	
Proceeds from long-term debt	714,000	
Contributed capital assets	-	(53,524)
Interest paid on revenue bond maturities	(63,870)	(26,916)
Purchases of capital assets	(914,590)	(1,307,518)
Net Cash Used in Capital and Related Financing Activities	<u>(1,006,460)</u>	<u>(1,438,708)</u>
Cash Flows From Investing Activities		
Interest received	<u>30,504</u>	<u>28,530</u>
Net Increase in Cash and Restricted Cash	441,565	36,955
Cash and Restricted Cash, Beginning of Year	<u>6,368,224</u>	<u>6,331,269</u>
Cash and Restricted Cash, End of Year	<u>\$ 6,809,789</u>	<u>\$ 6,368,224</u>
Cash, Cash Equivalents, and Investments Consist of:		
Cash and investments	\$ 4,051,494	\$ 3,757,000
Certificates of deposit	2,282,875	2,175,000
Employee benefits cash	75,660	64,114
Debt service reserve account	71,400	79,275
Customer deposits investments	328,360	292,835
Total Cash, Cash Equivalents, and Investments	<u>\$ 6,809,789</u>	<u>\$ 6,368,224</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 146,137	\$ 622,517
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	960,029	929,386
Merchandise and miscellaneous revenue	240,174	253,214
(Increase) decrease in accounts receivable	275,067	(324,068)
(Increase) decrease in unbilled and accrued revenues	(90,155)	21,975
(Increase) decrease in inventory	(58,672)	(53,705)
(Increase) decrease in prepaid expenses	738	797
Increase (decrease) in accounts payable	(141,073)	83,205
Increase (decrease) in accrued payroll	2,947	(5,044)
Increase (decrease) in sales tax payable	(10,290)	8,137
Increase (decrease) in employee insurance payable	11,546	43,732
Increase (decrease) in accrued compensated absences	21,791	15,397
Increase (decrease) in customer deposits	35,525	43,075
Total Adjustments	<u>1,247,627</u>	<u>1,016,101</u>
Net Cash Provided by Operating Activities	<u>\$ 1,393,764</u>	<u>\$ 1,638,618</u>

See independent auditor's report.

City of Beatrice, Nebraska
WATER ENTERPRISE FUND
BALANCE SHEET
September 30, 2013
With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 862,109	\$ 410,502
Accounts receivable, net	131,772	100,865
Unbilled and accrued revenues	116,187	117,600
Materials and supplies inventories	221,369	407,998
Prepaid expenses	5,453	4,733
Interest receivable	2,082	368
Total Current Assets	<u>1,338,972</u>	<u>1,042,066</u>
Noncurrent Assets		
Certificates of deposit - unrestricted	7,875	-
Restricted Investments		
Debt service reserve account	127,290	79,275
Property, Plant and Equipment		
Land and land rights	55,458	55,458
Buildings and improvements	84,285	65,547
Improvements other than building	14,965,604	13,728,593
Machinery and equipment	928,586	874,832
	<u>16,033,933</u>	<u>14,724,430</u>
Less: accumulated depreciation	<u>(10,428,615)</u>	<u>(9,478,263)</u>
Net Property, Plant and Equipment	<u>5,605,318</u>	<u>5,246,167</u>
Other Assets		
Unamortized bond issuance cost, net of amortization of \$0 and \$11,427 for 2013 and 2012, respectively	<u>-</u>	<u>10,376</u>
Total Noncurrent Assets	<u>5,740,483</u>	<u>5,335,818</u>
Total Assets	<u><u>\$ 7,079,455</u></u>	<u><u>\$ 6,377,884</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
 WATER ENTERPRISE FUND
 BALANCE SHEET - CONTINUED
 September 30, 2013
 With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 7,664	\$ 17,373
Accrued compensated absences	76,735	83,597
Accrued payroll	23,627	27,020
Sales tax payable	407	120
Accrued interest	4,226	12,741
Current portion of revenue bonds	113,220	90,981
Total Current Liabilities	<u>225,879</u>	<u>231,832</u>
Long-Term Liabilities		
Compensated absences, noncurrent	172,718	165,011
Revenue bonds, net of current portion	1,111,080	742,000
Notes payable, net of current maturities	-	470,285
Total Long-term Liabilities	<u>1,283,798</u>	<u>1,377,296</u>
Total Liabilities	<u>1,509,677</u>	<u>1,609,128</u>
Net Position		
Net investment in capital assets	4,381,018	3,942,901
Restricted for debt service	127,290	79,275
Unrestricted	1,061,470	746,580
Total Net Position	<u>5,569,778</u>	<u>4,768,756</u>
Total Liabilities and Net Position	<u>\$ 7,079,455</u>	<u>\$ 6,377,884</u>

See independent auditor's report.

City of Beatrice, Nebraska
WATER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
BUDGET (GAAP) AND ACTUAL
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013			Variance Positive (Negative)	2012 Totals
	Original Budget	Final Budget	Actual		
Operating Revenues					
Charges for services	\$ 2,215,150	\$ 2,215,150	\$ 2,230,423	\$ 15,273	\$ 2,281,472
Operating Expenses					
Operating and maintenance expense	977,754	977,754	1,042,900	(65,146)	932,972
Customer accounting expenses	141,950	141,950	134,156	7,794	151,147
Engineering services	-	-	16,000	(16,000)	16,000
Administrative and general expense	476,740	476,740	426,164	50,576	298,390
Municipal expenses	39,500	39,500	55,410	(15,910)	52,719
Depreciation and amortization	445,820	501,737	493,670	8,067	484,300
Total Operating Expenses	<u>2,081,764</u>	<u>2,137,681</u>	<u>2,168,300</u>	<u>(30,619)</u>	<u>1,935,528</u>
Operating Income	133,386	77,469	62,123	(15,346)	345,944
Nonoperating Revenues (Expenses)					
Merchandising, etc.	-	-	38,634	38,634	168,724
Interest income	-	-	1,151	1,151	7,150
Miscellaneous	-	-	28,823	28,823	270,866
Interest expense	(36,875)	(36,875)	(59,003)	(22,128)	(32,577)
Bond issuance cost	-	-	(8,921)	(8,921)	(1,582)
Total Nonoperating Revenues (Expenses)	<u>(36,875)</u>	<u>(36,875)</u>	<u>684</u>	<u>37,559</u>	<u>412,581</u>
Net Income	<u>\$ 96,511</u>	<u>\$ 40,594</u>	<u>\$ 62,807</u>	<u>\$ 22,213</u>	<u>\$ 758,525</u>
Retained Earnings, Beginning of Year - as previously stated			5,527,281		4,768,756
Restatement of Equity for Implementation of GASB 65			(20,310)		-
Retained Earnings, Beginning of Year - restated			<u>5,506,971</u>		<u>4,768,756</u>
Retained Earnings, End of Year			<u>\$ 5,569,778</u>		<u>\$ 5,527,281</u>

See independent auditor's report.

City of Beatrice, Nebraska
WATER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013	2012
Cash Flows From Operating Activities		
Cash received from customers	\$ 2,309,810	\$ 2,679,638
Cash paid to suppliers for goods and services	(713,936)	(333,287)
Cash paid to employees for services	(938,949)	(965,747)
Net Cash Provided by Operating Activities	<u>656,925</u>	<u>1,380,604</u>
Cash Flows From Capital and Related Financing Activities		
Principal payments on long-term debt	(101,100)	(561,266)
Payment on refunded bond	(689,500)	
Proceeds from long-term debt	714,000	558,900
Bond issuance cost paid	-	(11,516)
Interest paid on revenue bond maturities	(70,809)	(38,207)
Purchases of capital assets	(520,326)	(816,795)
Net Cash Used in Capital and Related Financing Activities	<u>(667,735)</u>	<u>(868,884)</u>
Cash Flows From Investing Activities		
Interest received	<u>403</u>	<u>6,184</u>
Net Increase in Cash and Restricted Cash	(10,407)	517,904
Cash and Restricted Cash, Beginning of Year	<u>1,007,681</u>	<u>489,777</u>
Cash and Restricted Cash, End of Year	<u><u>\$ 997,274</u></u>	<u><u>\$ 1,007,681</u></u>
Cash, Cash Equivalents, and Investments Consist of:		
Cash and investments	\$ 862,109	\$ 872,516
Certificates of deposit	7,875	-
Debt service reserve account	<u>127,290</u>	<u>135,165</u>
Total Cash, Cash Equivalents, and Investments	<u><u>\$ 997,274</u></u>	<u><u>\$ 1,007,681</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 62,123	\$ 345,944
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	493,670	484,300
Merchandise and miscellaneous revenue	67,457	439,590
(Increase) decrease in accounts receivable	(839)	(30,068)
(Increase) decrease in unbilled and accrued revenues	12,769	(11,356)
(Increase) decrease in inventory	17,882	168,747
(Increase) decrease in prepaid expenses	(692)	(28)
Increase (decrease) in accounts payable	(5,082)	(4,627)
Increase (decrease) in accrued payroll	(5)	(3,388)
Increase (decrease) in sales tax payable	287	-
Increase (decrease) in accrued compensated absences	9,355	(8,510)
Total Adjustments	<u>594,802</u>	<u>1,034,660</u>
Net Cash Provided by Operating Activities	<u><u>\$ 656,925</u></u>	<u><u>\$ 1,380,604</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
WATER POLLUTION CONTROL ENTERPRISE FUND
BALANCE SHEET
September 30, 2013
With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,182,108	\$ 931,618
Accounts receivable, net	75,205	73,094
Unbilled and accrued revenues	84,989	85,240
Prepaid expenses	2,575	1,987
Interest receivable	1,982	2,361
Total Current Assets	<u>1,346,859</u>	<u>1,094,300</u>
Noncurrent Assets		
Certificates of deposit - unrestricted	156,750	150,000
Restricted Investments		
Debt service reserve account	177,810	184,560
Property, Plant and Equipment		
Land and land rights	16,588	16,588
Buildings and improvements	9,045,632	9,042,991
Improvements other than building	8,444,409	8,244,412
Machinery and equipment	1,722,716	1,693,921
	<u>19,229,345</u>	<u>18,997,912</u>
Less: accumulated depreciation	<u>(12,724,112)</u>	<u>(12,176,787)</u>
Net Property, Plant and Equipment	6,505,233	6,821,125
Other Assets		
Unamortized bond issuance cost, net of amortization of \$0 and \$11,445 for 2013 and 2012, respectively	-	28,066
Total Noncurrent Assets	<u>6,839,793</u>	<u>7,183,751</u>
Total Assets	<u><u>\$ 8,186,652</u></u>	<u><u>\$ 8,278,051</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
WATER POLLUTION CONTROL ENTERPRISE FUND
BALANCE SHEET - CONTINUED
September 30, 2013
With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 1,289	\$ 10,794
Accrued compensated absences	21,235	25,871
Accrued payroll	12,214	13,773
Accrued interest	2,931	5,403
Current portion of note payable	4,303	4,218
Current portion of revenue bonds	158,780	146,400
Total Current Liabilities	<u>200,752</u>	<u>206,459</u>
Long-Term Liabilities		
Compensated absences, noncurrent	31,870	58,205
Revenue bonds, net of current portion	1,517,920	1,655,700
Notes payable, net of current maturities	81,875	86,176
Total Long-term Liabilities	<u>1,631,665</u>	<u>1,800,081</u>
Total Liabilities	<u>1,832,417</u>	<u>2,006,540</u>
Net Position		
Net investment in capital assets	4,742,355	4,956,697
Restricted for debt service	177,810	184,560
Unrestricted	1,434,070	1,130,254
Total Net Position	<u>6,354,235</u>	<u>6,271,511</u>
Total Liabilities and Net Position	<u><u>\$ 8,186,652</u></u>	<u><u>\$ 8,278,051</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
WATER POLLUTION CONTROL ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
BUDGET (GAAP) AND ACTUAL
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013			Variance	2012
	Original Budget	Final Budget	Actual	Positive (Negative)	Totals
Operating Revenues					
Charges for services	\$ 1,681,250	\$ 1,681,250	\$ 1,562,711	\$ (118,539)	\$ 1,566,247
Operating Expenses					
Operating and maintenance expense	585,200	585,200	507,842	77,358	579,755
Customer accounting expenses	74,800	74,800	67,899	6,901	72,440
Engineering services	-	-	16,000	(16,000)	16,000
Administrative and general expense	285,428	285,428	280,002	5,426	247,856
Municipal expenses	13,000	13,000	21,602	(8,602)	21,745
Depreciation and amortization	841,500	841,500	547,325	294,175	534,478
Total Operating Expenses	<u>1,799,928</u>	<u>1,799,928</u>	<u>1,440,670</u>	<u>359,258</u>	<u>1,472,274</u>
Operating Income	(118,678)	(118,678)	122,041	240,719	93,973
Nonoperating Revenues (Expenses)					
Merchandising, etc.	-	-	40,532	40,532	23,448
Interest income	-	-	(3,377)	(3,377)	9,593
Miscellaneous	-	-	20,136	20,136	8,446
Interest expense	(46,559)	(46,559)	(60,884)	(14,325)	(36,750)
Bond issuance cost	-	-	(7,658)	(7,658)	(2,295)
Total Nonoperating Revenues (Expenses)	<u>(46,559)</u>	<u>(46,559)</u>	<u>(11,251)</u>	<u>35,308</u>	<u>2,442</u>
Net Income	<u>\$ (165,237)</u>	<u>\$ (165,237)</u>	\$ 110,790	<u>\$ 276,027</u>	\$ 96,415
Retained Earnings, Beginning of Year - as previously stated			6,271,511		6,175,096
Restatement of Equity for Implementation of GASB 65			(28,066)		-
Retained Earnings, Beginning of Year - restated			<u>6,243,445</u>		<u>6,175,096</u>
Retained Earnings, End of Year			<u>\$ 6,354,235</u>		<u>\$ 6,271,511</u>

See independent auditor's report.

City of Beatrice, Nebraska
WATER POLLUTION CONTROL ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013	2012
Cash Flows From Operating Activities		
Cash received from customers	\$ 1,621,519	\$ 1,586,980
Cash paid to suppliers for goods and services	(289,952)	(331,663)
Cash paid to employees for services	(646,015)	(607,379)
Net Cash Provided by Operating Activities	<u>685,552</u>	<u>647,938</u>
Cash Flows From Capital and Related Financing Activities		
Principal payments on long-term debt	(150,617)	(1,112,631)
Payment on refunded bond	(591,000)	
Proceeds from long-term debt	612,000	1,166,100
Bond issuance cost paid	-	(21,467)
Interest paid on revenue bond maturities	(71,014)	(48,654)
Purchases of capital assets	(231,433)	(324,238)
Net Cash Used in Capital and Related Financing Activities	<u>(432,064)</u>	<u>(340,890)</u>
Cash Flows From Investing Activities		
Interest received	<u>(2,998)</u>	<u>7,850</u>
Net Increase in Cash and Restricted Cash	250,490	314,898
Cash and Restricted Cash, Beginning of Year	1,266,178	951,280
Cash and Restricted Cash, End of Year	<u><u>\$ 1,516,668</u></u>	<u><u>\$ 1,266,178</u></u>
Cash, Cash Equivalents, and Investments Consist of:		
Cash and investments	\$ 1,182,108	\$ 931,618
Certificates of deposit	156,750	150,000
Debt service reserve account	177,810	184,560
Total Cash, Cash Equivalents, and Investments	<u><u>\$ 1,516,668</u></u>	<u><u>\$ 1,266,178</u></u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating income	\$ 122,041	\$ 93,973
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation and amortization	547,325	534,478
Merchandise and miscellaneous revenue	60,668	31,894
(Increase) decrease in accounts receivable	(2,111)	(9,425)
(Increase) decrease in unbilled and accrued revenues	251	(1,736)
(Increase) decrease in prepaid expenses	(587)	140
Increase (decrease) in accounts payable	(9,505)	(7,717)
Increase (decrease) in accrued payroll	(1,559)	(2,840)
Increase (decrease) in accrued compensated absences	(30,971)	9,171
Total Adjustments	<u>563,511</u>	<u>553,965</u>
Net Cash Provided by Operating Activities	<u><u>\$ 685,552</u></u>	<u><u>\$ 647,938</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
 BEATRICE SANITATION ENTERPRISE FUND
 BALANCE SHEET
 September 30, 2013
 With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Cash	\$ 5,911	\$ 1,168
Accounts receivable	<u>22,198</u>	<u>26,552</u>
Total Assets	<u>\$ 28,109</u>	<u>\$ 27,720</u>
Liabilities and Fund Equity		
Liabilities		
Accounts payable	28,109	\$ 27,720
Net Position		
Unrestricted	<u>-</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ 28,109</u>	<u>\$ 27,720</u>

See independent auditor's report.

City of Beatrice, Nebraska
 BEATRICE SANITATION ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
 BUDGET AND ACTUAL - BUDGET BASIS
 For the year ended September 30, 2013
 With comparative totals for September 30, 2012

	2013				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2012 Totals
Operating Revenues					
Garbage service fees	\$ 1,261,100	\$ 1,261,100	1,252,002	\$ (9,098)	\$ 1,233,849
Operating Expenses					
Bad debt expense	1,500	1,500	1,747	(247)	915
Garbage disposal contract	685,600	685,600	682,367	3,233	677,434
Garbage hauler contract	574,000	574,000	567,888	6,112	555,500
Total Operating Expenses	1,261,100	1,261,100	1,252,002	9,098	1,233,849
Change in Net Position	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	-
Net Position, Beginning of Year			-		-
Net Position, End of Year			<u>\$ -</u>		<u>\$ -</u>

See independent auditor's report.

City of Beatrice, Nebraska
 BEATRICE SANITATION ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 For the year ended September 30, 2013
 With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 1,256,356	\$ 1,229,866
Cash paid to supplies for goods and services	<u>(1,251,613)</u>	<u>(1,256,863)</u>
Net Increase (Decrease) in Cash	4,743	(26,997)
Cash, Beginning of Year	<u>1,168</u>	<u>28,165</u>
Cash, End of Year	<u><u>\$ 5,911</u></u>	<u><u>\$ 1,168</u></u>
Reconciliation of Operating Income to Net Cash		
Provided by (Used in) Operating Activities		
Operating income	\$ -	\$ -
Adjustments to Reconcile Operating Income to Net		
Cash Provided by (Used in) Operating Activities:		
(Increase) decrease in accounts receivable	4,354	(3,983)
Increase (decrease) in accounts payable	<u>389</u>	<u>(23,014)</u>
Total Adjustments	<u>4,743</u>	<u>(26,997)</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 4,743</u></u>	<u><u>\$ (26,997)</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
 BASWA ENTERPRISE FUND
 BALANCE SHEET
 September 30, 2013
 With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Cash and investments	\$ 236,677	\$ 209,997
Accounts receivable	94,591	90,877
Total Current Assets	<u>331,268</u>	<u>300,874</u>
Noncurrent Assets		
Restricted Cash		
Debt service reserve account	258,676	237,926
Bond construction account	-	405,899
Restricted Investments		
Closure/postclosure maintenance account	860,630	1,153,595
Total Restricted Assets	<u>1,119,306</u>	<u>1,797,420</u>
Property, Plant and Equipment		
Buildings and improvements	5,320,711	4,782,980
Machinery and equipment	1,305,451	1,109,116
Total Property, Plant and Equipment	<u>6,626,162</u>	<u>5,892,096</u>
Less: accumulated depreciation	<u>(3,851,564)</u>	<u>(3,737,246)</u>
Net Property, Plant and Equipment	<u>2,774,598</u>	<u>2,154,850</u>
Total Noncurrent Assets	<u>3,893,904</u>	<u>3,952,270</u>
Deferred Outflows		
Bond issue costs, net of amortization of \$0 and \$5,550, respectively	<u>-</u>	<u>40,238</u>
Total Assets and Deferred Outflows	<u><u>\$ 4,225,172</u></u>	<u><u>\$ 4,293,382</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
 BASWA ENTERPRISE FUND
 BALANCE SHEET - CONTINUED
 September 30, 2013
 With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 75,673	1,219
Compensated absences	7,374	7,148
Accrued compensation	3,227	3,837
Accrued interest payable	20,480	21,768
Current maturities of lease obligation	44,830	47,321
Current maturities of bonds payable	<u>160,000</u>	<u>160,000</u>
Total Current Liabilities	311,584	241,293
Long-Term Liabilities		
Compensated absences	6,110	5,410
Revenue bonds payable	1,200,000	1,360,000
Lease obligation	59,021	103,938
Estimated current cost of closure and postclosure	<u>2,638,000</u>	<u>2,286,000</u>
Total Long-Term Liabilities	<u>3,903,131</u>	<u>3,755,348</u>
Total Liabilities	<u>4,214,715</u>	<u>3,996,641</u>
Net Position		
Net investment in capital assets	1,310,747	929,728
Restricted for debt service	258,676	237,926
Unrestricted	<u>(1,558,966)</u>	<u>(870,913)</u>
Net Position	<u>10,457</u>	<u>296,741</u>
Total Liabilities and Net Position	<u>\$ 4,225,172</u>	<u>\$ 4,293,382</u>

See independent auditor's report.

City of Beatrice, Nebraska
 BASWA ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 BUDGET AND ACTUAL - BUDGET BASIS
 For the year ended September 30, 2013
 With comparative totals for September 30, 2012

	2013				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2012 Totals
Operating Revenues					
Other government user fees	\$ 94,505	\$ 94,505	\$ 94,505	\$ -	\$ 94,505
Gate fees	305,000	305,000	294,037	(10,963)	306,627
Garbage service fees	705,600	705,600	695,559	(10,041)	711,491
Recycling income	2,000	2,000	1,994	(6)	1,571
Total Operating Revenues	<u>1,107,105</u>	<u>1,107,105</u>	<u>1,086,095</u>	<u>(21,010)</u>	<u>1,114,194</u>
Operating Expenses					
Personal services	269,100	269,100	232,802	36,298	253,659
Other services and charges	269,425	269,425	228,637	40,788	181,541
Supplies	132,700	132,700	89,714	42,986	114,530
Contractual services	103,000	103,000	97,102	5,898	104,950
Depreciation and amortization	315,000	315,000	260,700	54,300	348,957
Landfill closure and postclosure care	125,000	125,000	352,000	(227,000)	309,000
Total Operating Expenses	<u>1,214,225</u>	<u>1,214,225</u>	<u>1,260,955</u>	<u>(46,730)</u>	<u>1,312,637</u>
Operating Income (Loss)	(107,120)	(107,120)	(174,860)	(67,740)	(198,443)
Nonoperating Revenues (Expenses)					
Miscellaneous income	500	500	507	7	3,065
Loss on disposal of capital asset	-	-	(57,757)	(57,757)	-
Interest earnings	5,600	5,600	10,756	5,156	7,370
Interest expense	-	-	(24,692)	(24,692)	(71,790)
Total Nonoperating Revenues (Expenses)	<u>6,100</u>	<u>6,100</u>	<u>(71,186)</u>	<u>(77,286)</u>	<u>(61,355)</u>
Change in Net Position	<u>\$ (101,020)</u>	<u>\$ (101,020)</u>	<u>(246,046)</u>	<u>\$ (145,026)</u>	<u>\$ (259,798)</u>
Net Position, Beginning of Year - as previously stated			296,741		<u>556,539</u>
Change in accounting principle - unamortized bond issuance costs			<u>(40,238)</u>		
Net Position, Beginning of Year - restated			<u>256,503</u>		
Net Position, End of Year			<u>\$ 10,457</u>		<u>296,741</u>

See independent auditor's report.

City of Beatrice, Nebraska
 BASWA ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 For the year ended September 30, 2013
 With comparative totals for September 30, 2012

	2013	2012
Cash Flows from Operating Activities		
Cash received from customers	\$ 1,082,889	\$ 1,144,131
Cash paid to suppliers for goods and services	(340,999)	(405,195)
Cash paid to employees for services	(232,486)	(254,700)
Net Cash Provided by Operating Activities	<u>509,404</u>	<u>484,236</u>
Cash Flows from Capital and Related Financing Activities		
Bond principal repayments	(160,000)	(135,000)
Note payable repayments	(47,408)	(49,653)
Interest expenditures	(25,980)	(66,314)
Capital expenditures	(938,206)	(193,288)
Net Cash Used in Capital and Related Financing Activities	<u>(1,171,594)</u>	<u>(444,255)</u>
Cash Flows from Investing Activities		
Interest received	<u>10,756</u>	<u>7,370</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(651,434)	47,351
Cash and Cash Equivalents, Beginning of Year	<u>2,007,417</u>	<u>1,960,066</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,355,983</u></u>	<u><u>\$ 2,007,417</u></u>
Cash and Cash Equivalents Consist of:		
Cash and investments	\$ 236,677	\$ 209,997
Debt Service Reserve Account	258,676	237,926
Bond Construction Account	-	405,899
Closure/postclosure maintenance account	860,630	1,153,595
Total Cash and Cash Equivalents	<u><u>\$ 1,355,983</u></u>	<u><u>\$ 2,007,417</u></u>
Reconciliation of Net Income to Net Cash		
Provided by Operating Activities		
Operating income	\$ (174,860)	\$ (198,443)
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation and amortization	260,700	348,957
Other revenue	507	3,065
Increase in estimated current cost of closure and postclosure	352,000	309,000
Increase (decrease) in accounts receivable	(3,713)	26,872
Increase (decrease) in accounts payable	74,454	(4,174)
Increase (decrease) in accrued expenses	316	(1,041)
Total Adjustments	<u>684,264</u>	<u>682,679</u>
Net Cash Provided by Operating Activities	<u><u>\$ 509,404</u></u>	<u><u>\$ 484,236</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
INTERNAL SERVICE FUND
SELF-INSURED GROUP INSURANCE FUND
STATEMENT OF NET POSITION
September 30, 2013
With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 255,742	\$ 20,078
Accounts receivable	<u>17,430</u>	<u>214,985</u>
Total Assets	<u>\$ 273,172</u>	<u>\$ 235,063</u>
Liabilities and Net Position		
Liabilities		
Current Liabilities		
Claims incurred but not reported	\$ 51,365	\$ 47,632
Due to other funds	<u>-</u>	<u>215,242</u>
Total Current Liabilities	<u>51,365</u>	<u>262,874</u>
Total Liabilities	51,365	262,874
Net Position		
Unrestricted	<u>221,807</u>	<u>(27,811)</u>
Total Net Position	<u>221,807</u>	<u>(27,811)</u>
Total Liabilities and Net Position	<u>\$ 273,172</u>	<u>\$ 235,063</u>

See independent auditor's report.

City of Beatrice, Nebraska
INTERNAL SERVICE FUND
SELF-INSURED GROUP INSURANCE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL - BUDGET BASIS
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	2013			Variance Positive (Negative)	2012 Totals
	Original Budget	Final Budget	Actual		
Operating Revenues					
Charges for services, including COBRA	\$ 1,358,960	\$ 1,358,960	1,305,605	\$ (53,355)	\$ 1,383,661
Reinsurance coverage reimbursements	-	-	80,895	80,895	262,621
Total Operating Revenues	1,358,960	1,358,960	1,386,500	27,540	1,646,282
Operating Expenses					
Health insurance claims paid	987,460	987,460	820,842	166,618	1,249,461
Insurance premiums	164,700	164,700	182,981	(18,281)	171,535
Payflex expenditures	150,000	150,000	108,537	41,463	114,415
Workers' compensation claims paid	20,000	20,000	209	19,791	29,995
Other services and charges	36,800	36,800	24,437	12,363	35,625
Total Operating Expenses	1,358,960	1,358,960	1,137,006	221,954	1,601,031
Operating Income (Loss)	-	-	249,494	(194,414)	45,251
Nonoperating Revenues (Expenses)					
Interest	100	100	124	24	71
Change in Net Position	100	100	249,618	\$ (194,390)	45,322
Net Position, Beginning of Year			(27,811)		(73,133)
Net Position, End of Year			\$ 221,807		\$ (27,811)

See independent auditor's report.

City of Beatrice, Nebraska
INTERNAL SERVICE FUND
SELF-INSURED GROUP INSURANCE FUND
COMBINING STATEMENT OF CASH FLOWS
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 1,584,055	\$ 1,495,048
Payments to suppliers	<u>(1,348,515)</u>	<u>(1,482,958)</u>
Net Cash Provided by Operating Activities	235,540	12,090
Cash Flows From Investing Activities		
Interest received	<u>124</u>	<u>71</u>
Net Increase in Cash	235,664	12,161
Cash, Beginning of Year	<u>20,078</u>	<u>7,917</u>
Cash, End of Year	<u><u>\$ 255,742</u></u>	<u><u>\$ 20,078</u></u>
Reconciliation of Operating Income (Loss) to Net Cash		
Provided by Operating Activities:		
Operating income	\$ 249,494	\$ 45,251
Adjustments to Reconcile Operating Loss to Net		
Cash Provided by (Used in) Operating Activities:		
(Increase) decrease in accounts receivable	197,555	(151,234)
Increase (decrease) in due to other funds	(215,242)	150,242
Increase (decrease) in claims incurred but not reported	<u>3,733</u>	<u>(32,169)</u>
Total Adjustments	<u>(13,954)</u>	<u>(33,161)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 235,540</u></u>	<u><u>\$ 12,090</u></u>

See independent auditor's report.

City of Beatrice
PENSION TRUST FUND - EMPLOYEE'S RETIREMENT SYSTEM
STATEMENT OF NET POSITION
September 30, 2013
With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Investments with fiscal agent:		
Guaranteed interest accounts	\$ 8,606,273	\$ 7,348,493
Publicly traded equities	<u>10,118,341</u>	<u>9,398,266</u>
Total Assets	\$ 18,724,614	\$ 16,746,759
Net Position		
Reserved for employees' retirement system	<u>\$ 18,724,614</u>	<u>\$ 16,746,759</u>
Total Net Position	<u><u>\$ 18,724,614</u></u>	<u><u>\$ 16,746,759</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
COMBINING STATEMENT OF NET POSITION
September 30, 2013
With comparative totals for September 30, 2012

	2013					2012
	Firefighters	Police	General Government	Board of Public Works	Total	Totals
Assets						
Investments with fiscal agent:						
Guaranteed interest accounts	\$ 1,483,661	\$ 367,242	\$ 1,046,169	\$ 5,709,201	\$ 8,606,273	\$ 7,348,493
Publicly traded equities	4,299,087	1,929,250	1,554,127	2,335,877	10,118,341	9,398,266
Total Assets	\$ 5,782,748	\$ 2,296,492	\$ 2,600,296	\$ 8,045,078	\$ 18,724,614	\$ 16,746,759
Net Position						
Reserved for employees' system retirement	\$ 5,782,748	\$ 2,296,492	\$ 2,600,296	\$ 8,045,078	\$ 18,724,614	\$ 16,746,759
Total Net Position	\$ 5,782,748	\$ 2,296,492	\$ 2,600,296	\$ 8,045,078	\$ 18,724,614	\$ 16,746,759

See independent auditor's report.

City of Beatrice, Nebraska
PENSION TRUST FUND - EMPLOYEE'S RETIREMENT SYSTEM
STATEMENT OF CHANGES IN PLAN NET POSITION
For the year ended September 30, 2013
With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Additions:		
Contributions:		
Employer	\$ 455,628	\$ 448,705
Employee	385,935	382,354
Total Contributions	<u>841,563</u>	<u>831,059</u>
Investment Income:		
Net appreciation in fair value of investments	<u>1,726,741</u>	<u>1,679,095</u>
Total Additions	2,568,304	2,510,154
Deductions:		
Benefit payments	576,168	194,471
Administrative costs	14,281	16,825
Transfers to another plan	<u>-</u>	<u>25</u>
Total Deductions	<u>590,449</u>	<u>211,321</u>
Net Increase	1,977,855	2,298,833
Net Position Held in Trust for Pension Benefits, Beginning of Year	<u>16,746,759</u>	<u>14,447,926</u>
Net Position Held in Trust for Pension Benefits, End of Year	<u><u>\$ 18,724,614</u></u>	<u><u>\$ 16,746,759</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
For the year ended September 30, 2013
With comparative totals for the year ended September 30, 2012

	2013					2012
	Firefighters	Police	General Government	Board of Public Works	Total	Totals
Additions:						
Contributions:						
Employer	\$ 147,475	\$ 73,035	\$ 74,348	\$ 160,770	\$ 455,628	\$ 448,705
Employee	73,737	73,035	78,392	160,771	385,935	382,354
Total Contributions	221,212	146,070	152,740	321,541	841,563	831,059
Investment Income:						
Net appreciation in fair value of investments	641,686	297,809	212,400	574,846	1,726,741	1,679,095
Total Additions	862,898	443,879	365,140	896,387	2,568,304	2,510,154
Deductions:						
Benefit payments	98,328	206,898	180,815	90,127	576,168	194,471
Administrative costs	3,806	4,644	4,231	1,600	14,281	16,825
Transfers to another plan	-	-	-	-	-	25
Total Deductions	102,134	211,542	185,046	91,727	590,449	211,321
Net Increase	760,764	232,337	180,094	804,660	1,977,855	2,298,833
Net Position Held in Trust for Pension Benefits, Beginning of Year	5,021,984	2,064,155	2,420,202	7,240,418	16,746,759	14,447,926
Net Position Held in Trust for Pension Benefits, End of Year	<u>\$ 5,782,748</u>	<u>\$ 2,296,492</u>	<u>\$ 2,600,296</u>	<u>\$ 8,045,078</u>	<u>\$ 18,724,614</u>	<u>\$ 16,746,759</u>

See independent auditor's report.

CITY OF BEATRICE, NEBRASKA
PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CASH FLOWS
For the year ended September 30, 2013
With comparative totals for the year ended September 30, 2012

	2013	2012
Cash Flows From Operating Activities		
Cash contributions received	\$ 841,563	\$ 831,059
Cash terminations/retirements paid	(576,168)	(194,471)
Other operating charges paid	(14,281)	(16,825)
Net Cash Provided by Operating Activities	<u>251,114</u>	<u>619,763</u>
Cash Flows From Investing Activities		
Interest and dividends on investments	(1,726,741)	(1,679,095)
Purchase of investments	1,475,627	1,059,332
Net Cash Used in Investing Activities	<u>(251,114)</u>	<u>(619,763)</u>
Net Increase in Cash	-	-
Cash and Cash Equivalents, Beginning of Year	-	-
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 1,977,855	\$ 2,298,833
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Interest and dividends on investments	(1,726,741)	(1,679,095)
Transfer to another plan	<u>-</u>	<u>25</u>
Net Cash Provided by Operating Activities	<u>\$ 251,114</u>	<u>\$ 619,763</u>

See independent auditor's report.

City of Beatrice, Nebraska
PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
COMBINING SCHEDULE OF CASH FLOWS
For the year ended September 30, 2013
With comparative totals for the year ended September 30, 2012

	2013					2012
	Firefighters	Police	General Government	Board of Public Works	Total	Totals
Cash Flows From Operating Activities						
Cash contributions received	\$ 221,212	\$ 146,070	\$ 152,740	\$ 321,541	\$ 841,563	\$ 831,059
Cash terminations/retirements paid	(98,328)	(206,898)	(180,815)	(90,127)	(576,168)	(194,471)
Other operating charges paid	(3,806)	(4,644)	(4,231)	(1,600)	(14,281)	(16,825)
Net Cash Provided by (Used in) Operating Activities	119,078	(65,472)	(32,306)	229,814	251,114	619,763
Cash Flows From Investing Activities						
Interest and dividends on investments	(641,686)	(297,809)	(212,400)	(574,846)	(1,726,741)	(1,679,095)
Sale (purchase) of investments	522,608	363,281	244,706	345,032	1,475,627	1,059,332
Net Cash Provided by (Used in) Investing Activities	(119,078)	65,472	32,306	(229,814)	(251,114)	(619,763)
Net Increase in Cash	-	-	-	-	-	-
Cash and Cash Equivalents, Beginning of Year	-	-	-	-	-	-
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Operating income (loss)	\$ 760,764	\$ 232,337	\$ 180,094	\$ 804,660	\$ 1,977,855	\$ 2,298,833
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:						
Interest and dividends on investments	(641,686)	(297,809)	(212,400)	(574,846)	(1,726,741)	(1,679,095)
Cash transferred to another plan	-	-	-	-	-	25
Net Cash Provided by (Used In) Operating Activities	<u>\$ 119,078</u>	<u>\$ (65,472)</u>	<u>\$ (32,306)</u>	<u>\$ 229,814</u>	<u>\$ 251,114</u>	<u>\$ 619,763</u>

See independent auditor's report.

City of Beatrice, Nebraska
 COMPONENT UNITS
 COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS
 September 30, 2013

	Beatrice Airport Authority	Beatrice Community Redevelopment Authority	Beatrice Public Library Foundation	Total Component Units
Assets				
Current Assets				
Cash and cash equivalents	\$ 189,239	\$ 170,876	\$ 505,324	\$ 865,439
Investments	-	-	967,884	967,884
Cash on deposit - County Treasurer	9,592	139,411	-	149,003
Accounts receivable	24,955	-	-	24,955
Taxes receivable	28,834	-	-	28,834
Inventories	66,496	-	-	66,496
Current portion of TIF notes receivable	-	382,412	-	382,412
Total Current Assets	319,116	692,699	1,473,208	2,485,023
Noncurrent Assets				
Cash and cash equivalents - restricted	438,439	-	1,303,766	1,742,205
Investments - restricted	-	-	116,830	116,830
Capital Assets				
Land	1,321,356	-	-	1,321,356
Construction in progress	20,729	-	-	20,729
Capital assets, net of accumulated depreciation	1,429,107	-	64,077	1,493,184
Net capital assets	2,771,192	-	64,077	2,835,269
Other Assets				
TIF notes receivable, net of current portion	-	2,142,918	-	2,142,918
Total Noncurrent Assets	\$ 3,209,631	\$ 2,142,918	\$ 1,484,673	\$ 6,837,222
Total Assets	<u>\$ 3,528,747</u>	<u>\$ 2,835,617</u>	<u>\$ 2,957,881</u>	<u>\$ 9,322,245</u>
Liabilities				
Current Liabilities				
Accounts payable	\$ 4,724	\$ -	\$ -	\$ 4,724
Accrued interest payable	2,070	1,833	-	3,903
Accrued compensated absences	12,811	-	-	12,811
Accrued liabilities	-	-	1,321	1,321
Current portion of unearned rent	13,636	-	-	13,636
Current maturities of TIF payable	-	147,412	-	147,412
Current maturities of long-term debt	45,000	235,000	-	280,000
Total Current Liabilities	78,241	384,245	1,321	463,807
Noncurrent Liabilities, Net of Current Portion				
Compensated absences	34,282	-	-	34,282
Unearned rent	7,956	-	-	7,956
Bonds payable	180,000	400,000	-	580,000
TIF payable	-	1,742,918	-	1,742,918
Total Noncurrent Liabilities	222,238	2,142,918	-	2,365,156
Total Liabilities	300,479	2,527,163	1,321	2,828,963
Net Position				
Net investment in capital assets	2,546,192	-	64,077	2,610,269
Restricted for debt service	22,156	-	-	22,156
Restricted for runway expansion	438,439	-	-	438,439
Restricted for Library Foundation	-	-	1,623,677	1,623,677
Unrestricted net position	221,481	308,454	1,268,806	1,798,741
Total Net Position	3,228,268	308,454	2,956,560	6,493,282
Total Liabilities and Net Position	<u>\$ 3,528,747</u>	<u>\$ 2,835,617</u>	<u>\$ 2,957,881</u>	<u>\$ 9,322,245</u>

See independent auditor's report.

CITY OF BEATRICE, NEBRASKA
COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS
For the year ended September 30, 2013

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position Component Units			Totals	
	Expenses	Charges for Services	Capital Grants and Contributions	Beatrice Airport Authority	Beatrice Community Redevelopment Authority		Beatrice Public Library Foundation
Beatrice Airport Authority:							
Airport operations	\$ 877,180	\$ 503,839	\$ -	\$ (373,341)	\$ -	\$ -	\$ (373,341)
Interest on long-term debt	6,677	-	-	(6,677)	-	-	(6,677)
Total Beatrice Airport Authority	883,857	503,839	-	(380,018)	-	-	(380,018)
Beatrice Community Redevelopment Authority:							
Community development	260,482	-	-	-	(260,482)	-	(260,482)
Interest on long-term debt	43,995	-	-	-	(43,995)	-	(43,995)
Total Beatrice Community Redevelopment Authority	304,477	-	-	-	(304,477)	-	(304,477)
Beatrice Public Library Foundation, Inc.:							
Foundation operations	146,707	4,500	1,058	-	-	(141,149)	(141,149)
Total Beatrice Public Library Foundation	146,707	4,500	1,058	-	-	(141,149)	(141,149)
Total Component Units	<u>\$ 1,335,041</u>	<u>\$ 508,339</u>	<u>\$ 1,058</u>	<u>(380,018)</u>	<u>(304,477)</u>	<u>(141,149)</u>	<u>(825,644)</u>
General Revenues							
Property tax				193,286	-	-	193,286
Tax incremental financing				-	504,305	-	504,305
Unrestricted intergovernmental				-	-	-	-
Miscellaneous revenues				4,266	-	-	4,266
Ivestment earnings				325	-	152,950	153,275
Total General Revenues				197,877	504,305	152,950	855,132
Change in Net Position				(182,141)	199,828	11,801	29,488
Net Position, Beginning of Year - As previously stated				3,414,911	108,626	-	3,523,537
Restatement of Net Position				(4,502)	-	2,944,759	2,940,257
Net Position, Beginning of Year - Restated				3,410,409	108,626	2,944,759	6,463,794
Net Position, End of Year				\$ 3,228,268	\$ 308,454	\$ 2,956,560	\$ 6,493,282

See independent auditor's report.

City of Beatrice, Nebraska
 BEATRICE COMMUNITY REDEVELOPMENT AUTHORITY - COMPONENT UNIT
 STATEMENT OF NET POSITION
 September 30, 2013
 With comparative totals for September 30, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Cash	\$ 170,876	\$ 110,459
Cash on deposit - County Treasurer	139,411	-
Current portion of TIF notes receivable	<u>382,412</u>	<u>404,574</u>
Total Current Assets	<u>692,699</u>	<u>515,033</u>
Other Assets		
TIF notes receivable, net of current portion	<u>2,142,918</u>	<u>2,517,617</u>
Total Assets	<u><u>\$ 2,835,617</u></u>	<u><u>\$ 3,032,650</u></u>
Liabilities		
Current Liabilities		
Accrued interest payable	\$ 1,833	\$ 1,833
Current maturities of TIF payable	147,412	184,574
Current maturities of long-term debt	<u>235,000</u>	<u>220,000</u>
Total Current Liabilities	<u>384,245</u>	<u>406,407</u>
Noncurrent Liabilities, Net of Current Portion		
Bonds payable	400,000	635,000
TIF payable	<u>1,742,918</u>	<u>1,882,617</u>
Total Noncurrent Liabilities	<u>2,142,918</u>	<u>2,517,617</u>
Total Liabilities	<u>2,527,163</u>	<u>2,924,024</u>
Net Position		
Unrestricted net position	<u>308,454</u>	<u>108,626</u>
Total Liabilities and Net Position	<u><u>\$ 2,835,617</u></u>	<u><u>\$ 3,032,650</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
 BEATRICE COMMUNITY REDEVELOPMENT AUTHORITY - COMPONENT UNIT
 STATEMENT OF ACTIVITIES
 For the year ended September 30, 2013
 With comparative totals for the year ended September 30, 2012

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Tax incremental financing	\$ 504,305	\$ 666,771
Operating Expenses		
Community development	260,482	591,715
Interest on long-term debt	<u>43,995</u>	<u>52,571</u>
Total Operating Expenses	<u>304,477</u>	<u>644,286</u>
Change in Net Position	199,828	22,485
Net Position, Beginning of Year	<u>108,626</u>	<u>86,141</u>
Net Position, End of Year	<u><u>\$ 308,454</u></u>	<u><u>\$ 108,626</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
 BEATRICE PUBLIC LIBRARY FOUNDATION, INC. - COMPONENT UNIT
 STATEMENT OF NET POSITION
 For the year ended July 31, 2013

Assets	
Current Assets	
Cash and cash equivalents	\$ 505,324
Investments	967,884
Total Current Assets	<u>1,473,208</u>
Noncurrent Assets	
Cash and cash equivalents - restricted	1,303,766
Investments - restricted	116,830
Capital assets (net of accumulated depreciation of \$15,953 in 2013 and \$14,810 in 2012)	64,077
Total Noncurrent Assets	<u>1,484,673</u>
Total Assets	\$ 2,957,881
Liabilities	
Current Liabilities	
Accrued Liabilities	1,321
Total Liabilities	<u>1,321</u>
Net Position	
Net investment in capital assets	64,077
Restricted for Library Foundation	1,623,677
Unrestricted net position	1,268,806
Total Net Position	<u>2,956,560</u>
Total Liabilities and Net Position	<u>\$ 2,957,881</u>

See independent auditor's report.

City of Beatrice, Nebraska
 BEATRICE PUBLIC LIBRARY FOUNDATION, INC. - COMPONENT UNIT
 STATEMENT OF ACTIVITIES
 For the year ended July 31, 2013

Support and Revenue	
Gifts and bequests	\$ 1,058
Investment income	61,352
Gain (loss) on sale of assets	2,357
Unrealized gain (loss) on assets	89,241
Rental income	4,500
Total Support and Revenue	<u>158,508</u>
Expenses	
Professional fees	10,386
Insurance	92
Real estate taxes	1,667
Depreciation	1,143
Income taxes	1,007
Supplies and miscellaneous	363
Library Support	103,962
Income distributions - City	28,087
Total Expenses	<u>146,707</u>
Change in Net Position	11,801
Net Position, Beginning of Year - As previously stated	-
Restatement of Net Position	<u>2,944,759</u>
Net Position, Beginning of Year - Restated	<u>2,944,759</u>
Net Position, End of Year	<u><u>\$ 2,956,560</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
 BEATRICE PUBLIC LIBRARY FOUNDATION, INC. - COMPONENT UNIT
 STATEMENT OF CASH FLOWS
 For the year ended July 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net position	\$ 11,801
Adjustments to change in net position to cash used in operating activities:	
Depreciation	1,143
Gain (loss) on sale of assets	(2,357)
Unrealized gain on assets	(89,241)
Increase in accrued taxes	2
Total adjustments	<u>(90,453)</u>
Net cash used in operating activities	<u>(78,652)</u>

CASH FLOWS FROM INVESTMENT ACTIVITIES

Sale of investments	1,748,292
Purchase of investments	<u>(1,642,472)</u>
Net cash provided by investing activities	105,820

NET INCREASE (DECREASE) IN CASH
AND CASH EQUIVALENTS:

27,168

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

1,781,922

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 1,809,090

CASH AND CASH EQUIVALENTS CONSIST OF:

Cash in bank	\$ 4,681
Temporary cash investments	500,643
Temporary cash investments - restricted	<u>1,303,766</u>
	<u><u>\$ 1,809,090</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULES BY SOURCE
 September 30, 2013
 With comparative totals for September 30, 2012

	2013	2012
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 2,636,341	\$ 2,577,841
Buildings	6,986,115	6,883,209
Improvements other than buildings	4,181,913	4,011,886
Machinery and equipment	9,437,471	8,629,335
Infrastructure	27,512,503	26,646,231
Construction in progress	122,678	-
Total	<u>\$ 50,877,021</u>	<u>\$ 48,748,502</u>
INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE		
General Obligation Bonds	\$ 5,219,976	\$ 4,811,020
Federal and State Grants	9,110,449	8,570,486
General Fund Revenues	33,036,059	31,964,732
Donations	3,510,537	3,402,264
Total Investments in Governmental Funds Capital Assets	<u>\$ 50,877,021</u>	<u>\$ 48,748,502</u>

Note:

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

City of Beatrice, Nebraska
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 September 30, 2013
 With comparative totals for September 30, 2012

Function and Activity	2013						2012 Totals
	Land	Buildings and Improvements	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	CIP	
GENERAL GOVERNMENT							
Management and budget	\$ -	\$ -	\$ -	\$ 243,829	\$ -	\$ -	\$ 215,740
Legal	-	-	-	5,692	-	-	5,692
Inspection	-	-	-	41,688	-	-	41,688
Total General Government	-	-	-	291,209	-	-	263,120
PUBLIC SAFETY							
Police	76,500	-	147,480	2,333,373	-	-	2,470,254
Fire	-	-	-	3,527,172	-	-	3,009,600
Total Public Safety	76,500	-	147,480	5,860,545	-	-	5,479,854
CULTURE AND RECREATION							
Public properties	2,459,264	4,193,505	3,952,229	1,027,020	-	-	11,226,862
Library	100,577	2,413,321	82,204	685,934	-	-	3,279,736
Total Culture and Recreation	2,559,841	6,606,826	4,034,433	1,712,954	-	-	14,506,598
STREETS AND TRAILS	-	379,289	-	1,549,422	26,574,827	122,678	27,537,913
STORM WATER MANAGEMENT	-	-	-	23,341	937,676	-	961,017
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 2,636,341</u>	<u>\$ 6,986,115</u>	<u>\$ 4,181,913</u>	<u>\$ 9,437,471</u>	<u>\$ 27,512,503</u>	<u>\$ 122,678</u>	<u>\$ 48,748,502</u>

See independent auditor's report.

City of Beatrice, Nebraska
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 September 30, 2013

Function and Activity	Governmental Funds Capital Assets 10/1/12	Additions	Deductions	Transfers	Governmental Funds Capital Assets 9/30/13
GENERAL GOVERNMENT					
Management and budget	\$ 215,740	\$ 28,089	\$ -	\$ -	\$ 243,829
Legal	5,692	-	-	-	5,692
Inspection	41,688	-	-	-	41,688
Total General Government	263,120	28,089	-	-	291,209
PUBLIC SAFETY					
Police	2,470,253	108,394	(21,294)	-	2,557,353
Fire	3,009,601	577,716	(60,145)	-	3,527,172
Total Public Safety	5,479,854	686,110	(81,439)	-	6,084,525
CULTURE AND RECREATION					
Public properties	11,226,862	405,156	-	-	11,632,018
Library	3,279,736	2,300	-	-	3,282,036
Total Culture and Recreation	14,506,598	407,456	-	-	14,914,054
STREETS AND TRAILS	27,537,913	1,196,500	(108,197)	-	28,626,216
STORM WATER MANAGEMENT	961,017	-	-	-	961,017
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$48,748,502</u>	<u>\$ 2,318,155</u>	<u>\$ (189,636)</u>	<u>\$ -</u>	<u>\$50,877,021</u>

See independent auditor's report.

SECTION 3

STATISTICAL SECTION

This part of the City of Beatrice's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Tables</u>
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1 – 5
Revenue Capacity These tables contain information to help the reader assess the City's most significant local revenue source, property taxes.	6 – 9
Debt Capacity These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	10 – 13
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	14 – 15
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	16 – 18

**CITY OF BEATRICE, NEBRASKA
NET POSITION BY COMPONENTS
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

Table 1

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net Investment in capital assets	\$ 21,654,093	\$ 19,908,477	\$ 21,437,464	\$ 24,852,789	\$ 24,951,333	\$ 25,645,880	\$ 25,415,415	\$ 26,471,016	\$ 28,220,897	\$ 28,702,717
Restricted	1,876,590	1,718,362	3,733,809	3,560,378	3,486,512	3,184,634	3,323,885	2,860,602	2,494,379	3,151,861
Committed								337,981	438,241	414,832
Unrestricted	(339,060)	1,401,146	1,018,752	1,404,834	1,487,967	1,468,328	1,715,179	1,787,462	1,568,876	1,898,170
Total Governmental Activities Net Position	\$ 23,191,623	\$ 23,027,985	\$ 26,190,025	\$ 29,818,001	\$ 29,925,812	\$ 30,298,842	\$ 30,454,479	\$ 31,457,061	\$ 32,722,393	\$ 34,167,580
Business-type Activities										
Net Investment in capital assets	\$ 22,840,444	\$ 22,943,802	\$ 23,669,489	\$ 24,082,895	\$ 24,456,255	\$ 21,645,203	\$ 21,604,880	\$ 21,153,306	\$ 22,190,417	\$ 22,413,044
Restricted	-	-	732,489	425,387	598,152	643,308	643,769	467,738	636,926	635,176
Unrestricted	3,398,774	3,674,447	1,445,042	1,550,277	1,009,142	4,306,304	5,628,234	7,988,560	8,198,618	7,975,780
Total Business-type Activities Net Position	\$ 26,239,218	\$ 26,618,249	\$ 25,847,020	\$ 26,058,559	\$ 26,063,549	\$ 26,594,815	\$ 27,876,883	\$ 29,609,604	\$ 31,025,961	\$ 31,024,000
Primary Government										
Net Investment in capital assets	\$ 44,494,537	\$ 42,852,279	\$ 45,106,953	\$ 48,935,684	\$ 49,407,588	\$ 47,291,083	\$ 47,020,295	\$ 47,624,322	\$ 50,411,314	\$ 51,115,761
Restricted	1,876,590	1,718,362	4,466,298	3,985,765	4,084,664	3,827,942	3,967,654	3,328,340	3,131,305	3,787,037
Committed								337,981	438,241	414,832
Unrestricted	3,059,714	5,075,593	2,463,794	2,955,111	2,497,109	5,774,632	7,343,413	9,776,022	9,767,494	9,873,950
Total Primary Government Net Position	\$ 49,430,841	\$ 49,646,234	\$ 52,037,045	\$ 55,876,560	\$ 55,989,361	\$ 56,893,657	\$ 58,331,362	\$ 61,066,665	\$ 63,748,354	\$ 65,191,580

2005 - Restatement in 2006 financials

2006 - Restatement due to compensated absences in governmental funds and reclassifying Community Redevelopment Authority as a component unit

CITY OF BEATRICE, NEBRASKA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General Government*	\$ 2,381,834	\$ 2,534,949	\$ 1,534,901	\$ 1,525,313	\$ 2,279,782	\$ 1,427,557	\$ 1,501,214	\$ 2,142,072	\$ 1,850,178	\$ 1,543,513
Public Safety	3,976,443	4,199,255	4,221,570	4,814,618	4,961,626	4,986,635	5,342,184	5,524,713	5,711,024	5,686,678
Highways and Streets	2,234,234	2,068,107	1,322,483	1,583,261	1,890,095	1,800,884	2,055,666	2,025,079	1,865,778	1,856,508
Culture and Recreation	1,382,277	1,164,624	1,337,021	1,661,496	1,625,953	1,423,702	1,494,887	1,418,419	1,269,566	1,349,132
Interest on Long-Term Debt	58,176	141,854	156,582	51,357	49,910	38,318	31,322	23,868	21,945	24,120
Total Governmental Activities Expenses	10,032,964	10,108,789	8,572,557	9,636,045	10,807,366	9,677,096	10,425,273	11,134,151	10,718,491	10,459,951
Business-type Activities										
Electric	9,992,361	10,459,639	10,754,605	11,352,226	11,790,452	11,990,639	12,837,407	13,466,171	14,102,853	14,753,172
Water	1,662,178	1,631,342	1,716,187	1,685,340	1,680,952	1,751,778	1,837,721	1,976,606	1,969,687	2,236,224
Water Pollution Control	1,294,085	1,350,663	1,434,806	1,469,718	1,567,092	1,626,419	1,599,624	1,616,210	1,511,319	1,509,212
Sanitation	1,047,352	1,066,056	1,072,664	1,139,633	1,208,564	1,174,531	1,190,463	1,185,618	1,233,849	1,252,002
Beatrice Area Solid Waste Agency	815,750	882,331	1,048,967	1,075,677	1,649,170	942,608	956,627	1,025,297	1,384,427	1,285,647
Total Business-type Activities Expenses	14,811,726	15,390,031	16,027,229	16,722,594	17,896,230	17,485,975	18,421,842	19,269,902	20,202,135	21,036,257
Total Primary Government Expenses	\$24,844,690	\$25,498,820	\$24,599,786	\$26,358,639	\$28,703,596	\$27,163,071	\$28,847,115	\$30,404,053	\$30,920,626	\$31,496,208
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 959,092	\$ 979,857	\$ 345,007	\$ 371,674	\$ 284,335	\$ 205,377	\$ 311,477	\$ 250,053	\$ 272,753	\$ 418,743
Public Safety	618,717	770,979	1,306,089	1,402,026	1,586,908	1,642,214	1,666,149	1,806,582	1,893,084	1,914,393
Culture and Recreation	356,773	246,427	250,418	192,847	187,454	212,136	234,027	212,851	234,840	228,792
Other Governmental Activities	6,390	26,757	37,492	34,318	38,457	26,790	22,865	50,147	68,552	28,795
Operating Grants and Contributions	1,641,935	2,140,648	1,525,902	1,829,626	1,967,155	1,785,458	1,674,225	1,414,084	1,182,509	1,072,697
Capital Grants and Contributions	458,219	307,453	461,506	1,378,513	597,350	290,637	654,092	2,307,752	2,332,445	1,694,873
Total Governmental Activities Program Revenues	4,041,126	4,472,121	3,926,414	5,209,004	4,661,659	4,162,612	4,562,835	6,041,469	5,984,183	5,358,293
Business-type Activities										
Charges for Services:										
Electric	10,066,889	10,828,533	10,964,847	11,524,236	12,400,570	12,642,133	14,104,065	14,498,621	14,644,110	14,838,324
Water	1,387,434	1,545,380	1,643,628	1,625,956	1,487,231	1,577,016	1,728,981	1,969,342	2,281,472	2,230,423
Water Pollution Control	1,049,083	1,062,860	1,156,364	1,129,261	1,158,511	1,198,716	1,375,951	1,453,143	1,566,247	1,562,711
Sanitation	1,047,352	1,066,056	1,072,664	1,139,633	1,208,564	1,174,531	1,190,463	1,185,618	1,233,849	1,252,002
Beatrice Area Solid Waste Agency	903,927	930,981	923,420	997,495	1,075,120	1,050,149	1,048,397	1,017,931	1,114,194	1,086,095
Other Business-type Activities	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	455,095	214,223	199,650	-	-	-	-	-
Total Business-type Activities Program Revenues	14,454,685	15,433,810	16,216,018	16,630,804	17,529,646	17,642,545	19,447,857	20,124,655	20,839,872	20,969,555
Total Primary Government Program Revenues	\$18,495,811	\$19,905,931	\$20,142,432	\$21,839,808	\$22,191,305	\$21,805,157	\$24,010,692	\$26,166,124	\$26,824,055	\$26,327,848

CITY OF BEATRICE, NEBRASKA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense) Revenue										
Governmental Activities:	\$ (5,991,838)	\$ (5,636,668)	\$ (4,646,143)	\$ (4,427,041)	\$ (6,145,707)	\$ (5,514,484)	\$ (5,862,438)	\$ (5,092,682)	\$ (4,734,308)	\$ (5,101,658)
Business-type Activities	(357,041)	43,779	188,789	(91,790)	(366,584)	156,570	1,026,015	854,753	637,737	(66,702)
Total Primary Government Net (Expense)	<u>\$ (6,348,879)</u>	<u>\$ (5,592,889)</u>	<u>\$ (4,457,354)</u>	<u>\$ (4,518,831)</u>	<u>\$ (6,512,291)</u>	<u>\$ (5,357,914)</u>	<u>\$ (4,836,423)</u>	<u>\$ (4,237,929)</u>	<u>\$ (4,096,571)</u>	<u>\$ (5,168,360)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes	\$ 4,631,501	\$ 4,487,542	\$ 4,668,783	\$ 4,987,528	\$ 5,110,376	\$ 4,960,225	\$ 5,237,019	\$ 5,242,141	\$ 5,460,446	\$ 5,583,425
Unrestricted Intergovernmental	418,468	383,844	453,478	555,063	587,786	566,172	561,813	597,411	393,613	659,517
Miscellaneous Revenues	839,042	538,916	414,510	302,369	447,468	278,455	146,476	238,004	136,136	298,578
Unrestricted Investment Earnings	33,266	69,412	142,609	136,094	114,399	82,662	72,767	17,708	9,445	5,325
Lease Proceeds	-	-	-	-	-	-	-	-	-	-
Transfers	356,829	-	-	-	-	-	-	-	-	-
Gain (loss) on Sale of Capital Assets	4,071	(6,684)	4,451	(84,842)	(6,511)	-	-	-	-	-
Total Governmental Activities	<u>6,283,177</u>	<u>5,473,030</u>	<u>5,683,831</u>	<u>5,896,212</u>	<u>6,253,518</u>	<u>5,887,514</u>	<u>6,018,075</u>	<u>6,095,264</u>	<u>5,999,640</u>	<u>6,546,845</u>
Business-type Activities:										
Miscellaneous Revenues	116,105	335,657	121,725	171,536	277,591	321,312	196,031	810,950	727,763	368,806
Investment Earnings	38,857	59,192	110,699	131,793	98,880	53,384	60,022	67,018	50,857	43,348
Special Items	(356,829)	-	-	-	-	-	-	-	-	(191,485)
(Loss) Gain on Sale of Capital Assets	-	(60,692)	-	-	(4,897)	-	-	-	-	(57,757)
Total Business-type Activities	<u>(201,867)</u>	<u>334,157</u>	<u>232,424</u>	<u>303,329</u>	<u>371,574</u>	<u>374,696</u>	<u>256,053</u>	<u>877,968</u>	<u>778,620</u>	<u>162,912</u>
Total Primary Government	<u>\$ 6,081,310</u>	<u>\$ 5,807,187</u>	<u>\$ 5,916,255</u>	<u>\$ 6,199,541</u>	<u>\$ 6,625,092</u>	<u>\$ 6,262,210</u>	<u>\$ 6,274,128</u>	<u>\$ 6,973,232</u>	<u>\$ 6,778,260</u>	<u>\$ 6,709,757</u>
Change in Net Position										
Governmental Activities	\$ 291,339	\$ (163,638)	\$ 1,037,688	\$ 1,469,171	\$ 107,811	\$ 373,030	\$ 155,637	\$ 1,002,582	\$ 1,265,332	\$ 1,445,187
Business-type Activities	(558,908)	377,936	421,213	211,539	4,990	531,266	1,282,068	1,732,721	1,416,357	96,210
Change in accounting principle										(98,171)
Total Primary Government	<u>\$ (267,569)</u>	<u>\$ 214,298</u>	<u>\$ 1,458,901</u>	<u>\$ 1,680,710</u>	<u>\$ 112,801</u>	<u>\$ 904,296</u>	<u>\$ 1,437,705</u>	<u>\$ 2,735,303</u>	<u>\$ 2,681,689</u>	<u>\$ 1,443,226</u>

2005 - Restatement in 2006 Financials

2006 - Restatement due to compensated absences in governmental funds and reclassifying Community Redevelopment Authority as a component unit

2013 - Implementation of GASB 65

*Fluctuations in the General Government Activities expenses is in relation to CDBG Grants

CITY OF BEATRICE, NEBRASKA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 3

<u>FISCAL YEAR</u>		<u>PROPERTY TAX</u>	<u>SALES TAX</u>	<u>UTILITY OCC. TAX</u>	<u>OTHER OCC. TAX</u>	<u>TOTAL</u>
2004	(1)	\$ 1,236,778	\$ 2,804,409	\$ 574,788	\$ 15,526	\$ 4,631,501
2005		1,250,205	2,666,234	557,578	13,525	4,487,542
2006	(2)	1,345,681	2,609,294	693,266	20,542	4,668,783
2007		1,437,813	2,813,973	715,056	20,686	4,987,528
2008	(3)	1,724,779	2,629,801	736,406	19,390	5,110,376
2009	(4)	1,698,740	2,478,365	713,816	69,304	4,960,225
2010		1,783,347	2,629,559	729,054	95,059	5,237,019
2011		1,757,256	2,687,099	695,828	101,958	5,242,141
2012		1,862,937	2,863,615	627,735	106,159	5,460,446
2013		1,881,463	2,848,579	629,911	106,474	5,466,427

Note:

Sales Tax revenues account for just over one-half of all tax revenues. The City sales tax rate is one and one-half cents, of which \$250,000 goes towards Economic Development; 30% of the one cent goes towards Street improvements; the remainder is for general fund tax relief.

- (1) Sales Tax increase due to expanded tax base implemented by the State Legislature
- (2) Utility Occupation Taxes amended to include wireless phone service
- (3) Property tax increase due to new debt service levy for Public Safety Tax Anticipation Notes
- (4) Sales Tax revenues reduced by \$175,532 in state tax incentive refunds; Miscellaneous occupation tax increased due to the new 3% lodging occupation tax

CITY OF BEATRICE, NEBRASKA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 4

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Restricted					128,019	48,584	21,354	52,588	63,979	28,800
Unassigned	\$ 1,311,328	\$ 1,190,438	\$ 1,262,195	\$ 1,450,957	\$ 1,210,485	\$ 1,129,331	\$ 1,057,315	\$ 849,366	\$ 786,619	\$ 1,157,311
Assigned for subsequent years' expenditures	570,000	570,000	445,000	491,000	629,500	592,106	716,164	734,960	644,444	734,986
Total General Fund	<u>\$ 1,881,328</u>	<u>\$ 1,760,438</u>	<u>\$ 1,707,195</u>	<u>\$ 1,941,957</u>	<u>\$ 1,968,004</u>	<u>\$ 1,770,021</u>	<u>\$ 1,794,833</u>	<u>\$ 1,636,914</u>	<u>\$ 1,495,042</u>	<u>\$ 1,921,097</u>
All other governmental funds										
Restricted for:										
Restricted for Economic Development	\$ 664,788	\$ 845,281	\$ 861,742	\$ 675,162	\$ 901,586	\$ 1,066,772	\$ 1,227,426	\$ 1,030,152	\$ 896,621	\$ 1,016,166
Restricted for Debt Service	370,480	233,006	223,587	217,103	450,392	235,800	212,370	212,845	171,982	177,277
Restricted for CDBG Revolving Loans	643,221	361,596	2,314,689	2,309,706	1,654,085	1,593,105	1,555,418	1,523,666	1,290,461	1,249,361
Restricted for E911 Public Safety	44,930	10,869	(8,651)	(5,964)	(4,065)	(2,095)	7,699	41,351	71,336	92,446
Restricted for Storm Water Management	0	0	0	31,262	11,086	31,680	72	21,438	36,900	41,726
Restricted for Streets	(153,334)	(70,922)	(163,548)	4,677	(3,304)	160,092	411,516	378,019	401,241	546,085
Committed for:										
Committed for Community Betterment	218,427	198,319	181,805	181,687	191,405	204,863	162,712	209,771	50,355	4,046
Committed for Library Capital	92,120	94,083	97,106	96,835	80,739	81,705	93,416	82,405	145,349	211,822
Committed for Public Safety	109,613	184,598	235,366	266,131	304,799	158,668	206,202	255,576	292,892	198,964
Committed for Capital Project	0	0	0	0	0	0	0	267,233	0	0
Assigned, reported in: subsequent years' expenditures	0	0	0	0	0	0	0	0	122,678	159,728
Unassigned, reported in:										
Special Revenue-CRA fund	(2,022,480)	(66,769)	0	0	0	0	0	0	0	0
Debt Service Funds	(84,177)	(159,872)	(183,671)	(235,058)	(214,234)	(129,833)	(53,427)	(16,416)	(146,182)	(10,394)
Capital Projects funds	30,075	22,766	34,799	3,462	91,430	0	0	0	0	0
Total all other governmental funds	<u>\$ (86,337)</u>	<u>\$ 1,652,955</u>	<u>\$ 3,593,224</u>	<u>\$ 3,545,003</u>	<u>\$ 3,463,919</u>	<u>\$ 3,400,757</u>	<u>\$ 3,823,404</u>	<u>\$ 4,006,040</u>	<u>\$ 3,333,633</u>	<u>\$ 3,687,227</u>

2004 - Community Revelpment Authority fund large TIF project still in progress at year end

2005 - Restatement in 2006 Financials

2006 - Restatement due to compensated absences in governmental funds and reclassifying Community Redevelopment Authority as a component unit

2008 - Decrease in Reserve for CDBG Revolving Loans due to large loan forgiveness

Increase in Reserve for Debt Service due to Public Safety Tax Anticipation Levy

2011 - For comparison purposes restated the fund balances from 2002 thru 2010 per the new definitions

CITY OF BEATRICE, NEBRASKA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 5

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 4,631,501	\$ 4,487,542	\$ 4,668,783	\$ 4,987,528	\$ 5,110,376	\$ 4,960,225	\$ 5,237,019	\$ 5,242,141	\$ 5,460,446	\$ 5,466,427
Licenses & Permits	98,084	106,454	94,817	199,008	103,070	80,819	173,182	108,465	105,128	78,920
Intergovernmental and Grants	2,345,948	2,602,708	2,452,508	3,457,823	2,827,669	2,494,643	2,801,411	4,254,245	2,430,097	3,191,033
Charges for Services*	1,073,036	1,167,068	1,461,191	1,773,046	1,974,053	1,990,050	2,043,066	2,170,302	2,344,477	2,387,592
Keno Proceeds	172,674	135,253	93,706	109,558	113,062	89,668	75,178	83,401	79,132	62,296
Special Assessments	146,619	93,984	159,761	103,792	60,611	85,724	63,252	25,794	133,879	118,261
Interest	33,055	68,976	141,297	152,259	135,906	112,125	72,767	62,518	34,114	43,664
Donations and Misc Revenue	839,042	538,916	532,419	404,930	594,879	236,872	146,778	165,542	644,084	464,741
Lease Income	0	0	0	0	0	0	0	0	0	0
Total revenues	9,339,959	9,200,901	9,604,482	11,187,944	10,919,626	10,050,126	10,612,653	12,112,408	11,231,357	11,812,934
Expenditures										
General Government	1,632,846	1,456,889	1,338,934	1,297,993	2,230,741	1,356,912	1,473,498	2,827,461	1,823,715	1,403,472
Public Safety	3,660,010	3,900,882	4,105,029	4,552,974	4,732,030	4,697,661	4,975,019	5,148,150	5,234,146	5,428,573
Highways and Streets	1,677,969	1,968,128	898,007	968,064	1,101,521	1,069,722	1,263,739	1,224,442	1,154,538	1,086,835
Culture and Recreation	1,055,237	1,164,624	1,141,291	1,321,558	1,314,275	1,030,637	1,013,450	1,040,086	942,577	926,500
Lease Payments	0	0	0	0	0	0	0	0	0	0
Debt Service:										
Principal	354,803	535,000	325,000	165,000	230,000	375,000	360,148	305,444	270,000	140,000
Interest	58,176	141,854	156,582	51,357	49,910	38,318	31,322	23,868	21,945	18,140
Bond Insurance Costs	0	0	0	0	10,199	0	0	0	0	5,980
Capital Outlay	2,596,514	740,767	2,077,272	2,755,667	1,913,167	1,616,144	921,519	1,393,246	2,485,269	2,434,862
MFO Payments to Other Entities	118,336	120,880	122,576	122,907	124,292	126,877	126,499	124,994	113,445	108,923
Total Expenditures	11,153,891	10,029,024	10,164,691	11,235,520	11,706,135	10,311,271	10,165,194	12,087,691	12,045,635	11,553,285
Excess of Revenues										
over (under) Expenditures	(1,813,932)	(828,123)	(560,209)	(47,576)	(786,509)	(261,145)	447,459	24,717	(814,278)	259,649
Other Financing Sources (Uses)										
Transfers In	142,251	341,370	387,000	313,958	473,865	448,856	228,934	371,548	715,163	374,263
Transfers Out	(142,251)	(341,370)	(387,000)	(313,958)	(473,865)	(448,856)	(228,934)	(371,548)	(715,163)	(374,263)
Bond Issuance Costs	0	(33,834)	0	0	0	0	0	0	0	0
Grant write-off	0	0	0	0	(87,857)	0	0	0	0	0
Bond and Lease Proceeds	0	2,480,000	0	216,263	819,329	0	0	0	0	520,000
Sale of Capital Assets	540,043	359	39,100	17,854	0	0	0	0	0	0
Total Other Financing Sources (Uses)	540,043	2,446,525	39,100	234,117	731,472	0	0	0	0	520,000
Net Change in Fund Balances	\$ (1,273,889)	\$ 1,618,402	\$ (521,109)	\$ 186,541	\$ (55,037)	\$ (261,145)	\$ 447,459	\$ 24,717	\$ (814,278)	\$ 779,649
Debt Service as a percentage of noncapital expenditures	4.9%	7.4%	5.9%	2.6%	2.9%	5.3%	4.3%	3.4%	3.2%	1.8%

**CITY OF BEATRICE, NEBRASKA
ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Table 6

FISCAL YEAR	ASSESSED VALUE (1)	Personal Property ASSESSED VALUE (1)	TOTAL ASSESSED VALUATION	TOTAL DIRECT TAX RATE	RATIO OF ASSESSED TO EST. ACTUAL
2004	437,194,620	n/a	437,194,620	0.273984	1
2005	453,422,564	n/a	453,422,564	0.275890	1
2006	463,420,813	n/a	463,420,813	0.293520	1
2007	481,285,347	16,002,826	497,288,173	0.293520	1
2008	486,617,931	15,869,700	502,487,631	0.343520	1
2009	525,995,213	18,150,178	544,145,391	0.315224	1
2010	532,301,625	25,190,566	557,492,191	0.325815	1
2011	530,661,631	15,296,532	545,958,163	0.325839	1
2012	528,758,221	13,937,124	542,695,345	0.345840	1
2013	531,508,050	12,657,956	544,166,006	0.345840	1

(1) As provided by the County Assessor, includes both real and personal property
Breakdown not available for past years.

CITY OF BEATRICE, NEBRASKA
PROPERTY TAX RATES AND TAX LEVIES (PER \$100 VALUATION)
DIRECT AND OVERLAPPING GOVERNMENTS (1)
LAST TEN FISCAL YEARS

Table 7

<u>FISCAL YEAR</u>	<u>CITY OF BEATRICE</u>	<u>SCHOOL DIST. #15</u>	<u>GAGE COUNTY</u>	<u>SPECIAL TAX DIST.</u>	<u>AIRPORT</u>	<u>TOTAL TAX RATE</u>
2004	0.273984	1.168804	0.401505	0.123692	0.046065	2.014050
2005	0.275890	1.168805	0.387777	0.125965	0.042787	2.001224
2006	0.29352	1.161633	0.369699	0.127308	0.041655	1.993815
2007	0.29352	1.161632	0.327795	0.132702	0.040008	1.955657
2008	0.34352	1.161632	0.373835	0.142877	0.041529	2.063393
2009	0.315224	1.13984	0.410005	0.144141	0.040084	2.049294
2010	0.325815	1.135029	0.412199	0.14144	0.034099	2.048582
2011	0.325839	1.165588	0.409978	0.133048	0.034819	2.069272
2012	0.34584	1.163807	0.392833	0.134298	0.034847	2.071625
2013	0.34584	1.163216	0.394647	0.134189	0.034422	2.072314

(1) Overlapping rates are those of Local and County Governments that apply to property owners within the City of Beatrice.

**CITY OF BEATRICE, NEBRASKA
SALES TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS (1)
LAST TEN FISCAL YEARS**

Table 7a

FISCAL YEAR	CITY OF BEATRICE	STATE OF NEBRASKA	TOTAL TAX RATE
2004	1.50%	5.50%	7.00%
2005	1.50%	5.50%	7.00%
2006	1.50%	5.50%	7.00%
2007	1.50%	5.50%	7.00%
2008	1.50%	5.50%	7.00%
2009	1.50%	5.50%	7.00%
2010	1.50%	5.50%	7.00%
2011	1.50%	5.50%	7.00%
2012	1.50%	5.50%	7.00%
2013	1.50%	5.50%	7.00%

(1) Overlapping rates are those of other governments that apply to consumers within the City of Beatrice

Table 8

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CITY OF BEATRICE, NEBRASKA
NET TAXABLE SALES BY BUSINESS CLASSIFICATION
Current Year and Seven Years Ago

Table 8a

Business Classification	Calendar Year 2012			Calendar Year 2006		
	Net Taxable Sales	Rank	% of Total Net Taxable Sales	Net Taxable Sales	Rank	% of Total Net Taxable Sales
Retail Trade	\$ 75,086,469	1	45.6%	\$ 77,274,726	1	46.9%
Utilities	28,801,917	2	17.5%	21,922,078	2	13.3%
Accommodation & Food Services	19,176,583	3	11.7%	18,424,781	3	11.2%
Wholesale Trade	11,743,017	4	7.1%	9,760,521	4	5.9%
Information	3,269,987	6	2.0%	9,725,695	5	5.9%
Construction	4,342,311	5	2.6%	6,225,598	6	3.8%
Other	22,079,826		13.4%	21,593,149		13.1%
Total	<u>164,500,110</u>	<u></u>	<u>100.0%</u>	<u>164,926,548</u>	<u></u>	<u>100.0%</u>

Note: Amounts shown are net taxable sales, which includes refunds and does not include motor vehicle net sales. The numbers are only available on a calendar year basis and are only available for the past seven years for comparison. Information only presented by business classification, individual taxpayer information is confidential.

Source:

Nebraska Department of Revenue Net Taxable Sales by Classification available by County only
Nebraska Department of Revenue annual report of total Net Taxable Sales for Beatrice within Gage County
For the reporting purposes of this table the % of Beatrice sales within Gage County has been applied
for 2012 that percentage was 82% as compared to 87.7% in 2006

**CITY OF BEATRICE, NEBRASKA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Table 9

FISCAL YEAR	TOTAL TAX LEVY	FISCAL YEARS TAX COLL.	% OF LEVY COLL.	SUBSE- QUENT YEARS TAX COLL.	TOTAL TAX COLL. TO DATE	% TOTAL TAX COLL. OF LEVY
2004	1,197,846	1,155,652	96.48%	45,752	1,201,404	100.3%
2005	1,250,949	1,197,780	95.75%	52,857	1,250,637	100.0%
2006	1,360,231	1,302,036	95.72%	57,986	1,360,022	100.0%
2007	1,459,640	1,393,092	95.44%	64,786	1,457,878	99.9%
2008	1,726,146	1,665,902	96.51%	70,215	1,736,117	100.6%
2009	1,715,278	1,635,184	95.33%	77,698	1,712,882	99.9%
2010	1,816,392	1,714,589	94.40%	66,427	1,781,016	98.1%
2011	1,778,950	1,704,384	95.81%	65,201	1,769,585	99.5%
2012	1,876,856	1,810,704	96.48%	65,967	1,876,671	100.0%
2013	1,881,944	1,823,811	96.91%	0	1,823,811	96.9%

Note: Property Tax Collections include Homestead Exemptions and State Tax Credits taken which are reductions to the taxes billed and then reimbursed by the State of Nebraska, amendments to this explain why the percentage of total tax collected of levy could vary slightly over/under 100%.

**CITY OF BEATRICE, NEBRASKA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Table 10

FISCAL YEAR	Governmental Activities				Business-type Activities				Total Primary Government	% Personal Income	Per Capita
	General Obligation Bonds	General Notes	Development Revenue Bonds	Capital Leases	Utility Revenue Bonds	Utility State Notes	BASWA Revenue Bonds	Capital Leases			
2004	\$ 1,375,000	\$ -	\$ -	\$ 274,265	\$ 2,040,000	\$ 2,361,592	\$ 1,415,000	\$ 102,490	\$ 7,568,347	2.05%	604.98
2005	1,105,000	-	2,215,000	232,864	1,765,000	2,259,639	1,235,000	52,806	8,865,309	2.28%	708.20
2006	955,000	-	2,040,000	185,739	1,475,000	2,154,419	1,050,000	76,441	7,936,599	2.05%	634.01
2007(a)	790,000	216,263	-	139,989	1,180,000	2,045,825	855,000	59,464	5,286,541	1.31%	422.32
2008(b)	1,435,000	160,592	-	106,372	875,000	1,933,752	655,000	41,635	5,207,351	1.21%	415.99
2009 (c)	1,120,000	100,592	-	56,146	2,815,000	1,818,086	445,000	22,946	6,377,770	1.37%	509.41
2010	815,000	45,444	-	7,667	2,480,000	1,797,287	225,000	3,356	5,373,754	1.15%	422.37
2011(d)	555,000	-	-	4,727	2,265,000	1,670,041	1,655,000	200,911	6,350,679	1.38%	509.73
2012 (e)	285,000	-	-	1,594	3,845,000	90,394	1,520,000	151,259	5,893,247	1.16%	473.01
2013	665,000	-	-	-	3,615,000	86,178	1,360,000	103,851	5,830,029	1.08%	467.94

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements
See the Schedule of Demographic and Economic Statistics for population data

(a) 2007 Community Redevelopment Authority reclassified as a component unit

(b) 2008 Issued Public Safety Tax Anticipation Bonds in the amount of \$815,000

(c) 2009 Issued Board of Public Works Revenue Utilities Bonds in the amount of \$2,265,000

(d) 2011 Issued Solid Waste Disposal Facility Revenue bonds in the amount of \$1,655,000

(e) 2012 Issued Combined Utilities Refunding Bonds in the amount of \$1,725,000 to call in the 2002 State Notes

(f) 2013 Issued Public Safety Tax Anticipation Bonds in the amount of \$520,000 and

Combined Utilities Advance Refunding Bonds in the amount of \$2,040,000 to call \$1,970,000 in outstanding Utilities Bonds

CITY OF BEATRICE, NEBRASKA
RATIOS GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Table 11

FISCAL YEAR	ESTIMATED ACTUAL VALUE	GENERAL OBLIGATION BONDS	LESS DEBT SERVICE FUNDS AVAILABLE	NET BONDED DEBT	% OF ASSESSED TAXABLE VALUE	NET BONDED PER CAPITA
2004	437,194,620	1,375,000	370,480	1,004,520	0.23%	80.30
2005	453,422,564	1,105,000	233,006	871,994	0.19%	69.66
2006	463,420,813	995,000	223,587	771,413	0.17%	61.62
2007	497,288,173	790,000	217,103	572,897	0.12%	45.77
2008 (a)	502,487,631	1,435,000	450,392	984,608	0.20%	78.66
2009	544,145,391	1,120,000	235,800	884,200	0.16%	70.62
2010	557,492,191	815,000	212,370	602,630	0.11%	47.37
2011	545,958,163	555,000	212,845	342,155	0.06%	27.46
2012	542,695,345	285,000	171,982	113,018	0.02%	9.07
2013 (b)	544,166,006	665,000	177,277	487,723	0.09%	39.11

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements
See the Schedule of Demographic and Economic Statistics, Table 14, for population data

(a) Public Safety Tax Anticipation Bonds issued July 2008 in the amount of \$815,000

(b) Public Safety Tax Anticipation Bonds issued June 2013 in the amount of \$520,000

**CITY OF BEATRICE, NEBRASKA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2013**

Table 12

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>PERCENT APPLICABLE TO CITY OF BEATRICE(1)</u>	<u>AMOUNT APPLICABLE TO CITY OF BEATRICE</u>
DEBT REPAYED WITH PROPERTY TAXES			
DIRECT:			
City of Beatrice	\$ 665,000	100.00%	\$ 665,000
Total Direct Debt			<u>665,000</u>
OVERLAPPING:			
Airport Authority	\$ 225,000	100.00%	\$ 225,000
School District #15	\$ 7,425,000	56.20%	\$ 4,172,850
Lower Big Blue Natural Resources District	\$ 145,612	15.04%	\$ 21,900
Gage County	\$ 6,648,088	26.08%	\$ 1,733,821
Total Overlapping Debt			<u>6,153,571</u>
Total Direct & Overlapping Debt			<u>6,818,571</u>

Overlapping governments are those that coincide with the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Beatrice. This process recognizes that, when taking into consideration the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

(1) The percentage of overlapping debt is estimated using taxable assessed property values provided by the county assessor. Applicable percentages were determined by dividing the city's assessed value into the total assessed value of the overlapping government. The City of Beatrice boundaries are within the boundaries of the overlapping governments listed.

**CITY OF BEATRICE, NEBRASKA
REVENUE BOND COVERAGE
ELECTRIC, WATER, AND SEWER BONDS
LAST TEN FISCAL YEARS**

Table 13

FISCAL YEAR	OPERATING REVENUES	TOTAL OPERATING EXPENSES(1)	TOTAL REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COV- ERAGE
				PRINCIPAL	INTEREST	TOTAL	
2004	\$12,503,406	\$ 10,874,129	\$ 1,629,277	\$ 382,747	\$181,980	\$564,727	2.89
2005	13,436,773	11,280,512	2,156,261	376,953	173,006	549,959	3.92
2006	13,681,795	11,719,683	1,962,112	395,220	160,872	556,092	3.53
2007	14,166,081	12,355,830	1,810,251	403,594	125,884	529,478	3.42
2008	15,046,312	12,909,175	2,137,137	417,073	112,079	529,152	4.04
2009	15,417,865	13,180,984	2,236,881	450,952	96,897	547,849	4.08
2010	17,208,997	14,086,503	3,122,494	355,798	165,990	521,788	5.98
2011	17,921,106	14,887,284	3,033,822	342,246	142,390	484,636	6.26
2012 (a)	18,491,829	15,481,231	3,010,598	149,134	113,777	262,911	11.45
2013 (b)	18,631,458	16,300,133	2,331,325	304,217	205,693	509,910	4.57

Note: Details of the outstanding debt can be found in the notes to the financial statements.

(1) Total Operating Expenses exclusive of depreciation and amortization.

(a) 2011 Bond Issue in the amount of \$1,725,000 refunded \$1,575,512 in Bond principal

(b) 2013 Bond Issue in the amount of \$2,040,000 refunded \$1,970,000 in Bond principal

**CITY OF BEATRICE, NEBRASKA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Table 14

FISCAL YEAR	POPULATION(1)	TOTAL PERSONAL INCOME	PER CAPITA PERSONAL INCOME(4)	MEDIAN AGE (1)	SCHOOL ENROLLMENT(2)	UNEMPLOYMENT RATE(3)
2004	12,510	\$369,307,710	\$ 29,521	39.9	2,326	3.40%
2005	12,518	389,021,886	31,077	40.6	2,266	4.10%
2006	12,518	387,294,402	30,939	40.1	2,221	3.30%
2007	12,518	404,619,314	32,323	40.1	2,181	3.60%
2008	12,518	430,368,840	34,380	41.6	2,146	4.60%
2009	12,520	465,368,400	37,170	42	2,189	5.90%
2010	12,723	468,142,785	36,795	43	2,134	5.60%
2011	12,459	460,833,492	36,988	42.6	2,173	5.00%
2012	12,459	510,096,378	40,942	42.6	2,162	4.20%
2013	12,469	539,857,824	43,296	42.6	2,154	4.10%

SOURCES:

(1) U.S. Census 2000 plus annexations certified with the Nebr Dept of Revenue; U.S. Census 2010

(2) School District #15, Board of Education Office, Beatrice, NE
(does not include 2 parochial schools)

(3) Nebraska Workforce Development Office
Dept. of Labor, Lincoln, NE

(4) Bureau of Economic Analysis, U.S. Department of Commerce

**CITY OF BEATRICE, NEBRASKA
PRINCIPAL EMPLOYERS
CURRENT YEAR and SEVEN YEARS AGO**

Table 15

Employer	Type of Activity	2013			2006		
		Employees	Rank	% of County Employment	Employees	Rank	% of County Employment
Beatrice State Developmental Center	Home for mentally handicapped	650	1	5.64%	888	1	8.56%
Exmark Manufacturing	Manufacturing	400	2	3.47%	704	2	6.79%
Beatrice Community Hospital	Medical	365	3	3.17%	441	3	4.25%
Mosaic	Home for mentally handicapped	350	4	3.04%	164	10	1.58%
NEAPCO	Manufacturing	345	5	3.00%	226	7	2.18%
Beatrice Public Schools	Education	281	6	2.44%	352	4	3.39%
Good Samaritan Center	Nursing Home & Assisted Living	225	7	1.95%	180	9	1.73%
Store Kraft	Manufacturing	190	8	1.65%	280	6	2.70%
City of Beatrice	Government	133	9	1.15%	181	8	1.73%
County of Gage	Government	110	10	0.96%			
Husqvarna Turf Care	Manufacturing				350	5	3.37%
		<u>3,049</u>		<u>26.47%</u>	<u>3,766</u>		<u>36.28%</u>

Source: Gage Area Growth Community Profile

Note: 10 year historical data for comparison in this table will not be available until 2015.

**CITY OF BEATRICE, NEBRASKA
CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

TABLE 16

FUNCTION	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government	7	5	5	5	8	8	8	8	8	8
Public Safety										
Police										
Commissioned	22	22	22	22	22	22	21	21	22	21
Civilians	12	11	11	11	11	11	11	10	10	10
Fire										
Full-time Firefighters	23	23	23	23	23	23	23	23	23	23
Civilians	1	1	1	1	0	0	0	0	0	0
Culture and Recreation	13	14	14	13	9	9	9	8	7	6
Highways and Streets	10	10	9	10	10	10	9	9	9	9
Solid Waste Agency	4	4	4	4	4	4	4	4	4	4
Water	13	13	14	14	12	11	11	11	11	10
Sewer	7	7	7	7	7	7	7	7	7	6
Electric	35	34	33	33	30	30	30	30	29	29
Total	147	144	143	143	136	135	133	131	130	126

FUNCTION	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public Safety										
Police										
Civilians	3	3	3	3	2	2	2	2	2	2
Fire										
Reserves	9	8	8	9	6	6	8	8	8	8
Culture and Recreation	17	20	20	20	16	18	18	18	18	15
Solid Waste Agency/WPC	5	5	5	5	6	6	6	5	5	4
Electric	2	2	2	2	2	0	0	0	0	0
Total	36	38	38	39	32	32	34	33	33	29

*Part-time employment is 1020 hours/yr or less

C & R Summer Seasonal	54	40	40	40	45	48	48	45	40	40
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**CITY OF BEATRICE, NEBRASKA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Table 17

FUNCTION	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government										
Building Permits Issued	264	267	208	253	227	471	395	454	458	442
Commercial Construction Value	\$3,879,062	\$13,662,621	\$2,508,711	\$12,153,494	\$20,991,748	\$ 2,373,880	\$ 3,678,807	\$19,336,559	\$11,323,241	\$2,947,834
Residential Construction Value	\$4,493,007	\$ 4,811,590	\$6,749,220	\$ 5,714,833	\$ 4,715,420	\$ 5,579,131	\$ 2,501,790	\$ 3,300,316	\$ 2,072,975	\$3,330,426
Public Safety										
Police										
Physical Arrests	746	1,382	1,191	988	1,048	808	662	928	1,099	871
Patrol Citations	1,216	3,509	2,815	2,437	3,078	2,507	2,025	1,699	1,758	1,424
Calls for Service	22,819	22,059	21,736	21,571	23,947	22,230	22,118	21,472	22,577	21,280
Fire										
Ambulance Calls	1,687	1,803	1,960	1,928	2,288	2,349	2,435	2,241	2,223	2,290
Fire & Rescue Calls	554	795	776	886	902	939	887	910	896	967
Culture and recreation										
Water Park Admissions	\$ 62,908	\$ 73,494	\$ 85,892	\$ 90,059	\$ 86,083	\$ 81,453	\$ 88,933	\$ 83,252	\$ 87,796	\$ 78,088
Electric										
Average Daily Usage Commercial (MWH)	272.1	281.8	286.6	283.5	283.2	262.7	282.8	272.7	264.4	261.8
Average Daily Usage Residential (MWH)	173.7	180.9	186.3	189.9	191.1	185.3	201.3	193.7	186.2	186.7
Water										
Average Daily Consumption (gal)	4.06m	4.03m	4.25m	3.95m	3.40m	3.60m	3.36m	3.42m	3.93m	3.53m
Water Pollution Control										
Average Daily Treatment (gal)	1.45m	1.44m	1.5m	1.4m	1.3m	1.2m	1.2m	1.2m	1.1m	1.2m

Information provided by department annual reports for the year ending during the fiscal year period.

Note: FY2011 Commercial Building permit increase due to new hospital construction

FY2012 Commercial Building permit increase due to new nursing home construction

**CITY OF BEATRICE, NEBRASKA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Table 18

FUNCTION	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	1	1	1	1	1	1	1	1	1	1
Highway & Streets										
Street Lane Miles, Paved	259	264.7	270	270	270.9	274.4	278.14	279.44	279.5	280.76
Street Lane Miles, Unpaved	34	32.4	31.7	31.7	31.5	31.5	34.15	34.15	34.45	35.33
Storm Sewer Miles	25	25	25	25	25	32	33	33.71	33.9	34.36
Bridges	11	11	11	11	11	9	9	9	9	9
Street Lights	1520	1520	1535	1551	1566	1656	1496	1513	1517	1517
Culture and recreation										
Number of Parks	11	11	11	11	11	11	11	11	11	11
Park acreage	340	340	340	340	340	340	340	340	340	340
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	10	10	10	10	10	10	10	10	10	10
Ballfields	12	12	12	12	12	12	12	12	12	12
Library	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Water										
Water Main Miles	119	120	123	123	123	123	123	126	126	126
Fire Hydrants	627	632	652	652	659	668	673	703	703	705
Sewer										
Sanitary Sewer Miles	127	127	127	128	128	128	128	129.3	129.3	94.4
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Electric										
Substations	12	12	10	10	10	10	10	10	10	10
Miles 12.5KV Service	93	93	94	94	94	98	99	99	99	100
Miles 34.5KV Service	17.1	17.1	17.1	17.1	17.1	17.1	17.1	17.1	17.1	17.1
Miles 4.16KV Service	102.2	102.2	101	92	92	88	88	88	88	87

Information provided by department annual reports for the year ending during the fiscal year period.
2013 - new analysis made of storm sewer miles

City of Beatrice, Nebraska
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2013

Federal Grantor/ Program Title	Pass Through Grantor	CFDA Number	Grant Number	Expenditures
Department of Housing and Urban Development				
Community Development Block Grants	Nebraska Department of Economic Development	14.228	10-DTR-002	344,786
Community Development Block Grants	Nebraska Department of Economic Development	14.228	12-PP-001	30,000
				<u>374,786</u>
Department of the Interior National Parks Service				
Outdoor Recreation, Acquisition, Development and Planning	Nebraska Game & Parks Commission	15.916	31-01012	45,588
Department of Justice				
Internet Crimes Against Children	Nebraska State Patrol	16.543	12-IC-01	1,792
Nebraska's VOCA Victim Assistance Formula Grant Program	Nebraska Commission on Law Enforcement and Criminal Justice	16.575	12-VA-204	37,611
Crime Victim Assistance/Discretionary Grant	National Association of VOCA Assistance Administrators	16.582	2011-VF-GX-K009 Subgrant: 13-112	4,439
Bulletproof Vest Partnership Program		16.607	2012-BUBX12061149 AND 2013-BUBX13070381	439
Southeast Area Drug Enforcement (SEADE) Task Force		16.738	2010-DJ-BX-1118	8,120
Southeast Area Drug Enforcement (SEADE) Task Force	Nebraska Commission on Law Enforcement and Criminal Justice	16.738	11-DA-0301	43,439
ARRA: Southeast Area Drug Enforcement (SEADE) Task Force		16.804	2009-SB-B9-1771	32,917
Jag Program Cluster Total				<u>84,475</u>
Department of Transportation Federal Highway Administration				
Highway Planning and Construction	Nebraska Office of Highway Safety	20.205	HSIP0011, HSIP0009, HSIP0008, HSIP0006	5,773
Highway Planning and Construction	Nebraska Department of Roads	20.205	ENH-34(38)	13,490
				<u>19,262</u>
Department of Energy				
Energy Efficiency and Conservation Block Grant Program	Nebraska Energy Office	81.128	09/10-E053	15,275
Department of Homeland Security's Federal Emergency Management Agency				
Hazard Mitigation Grant		97.039	DR-4013-NE-0005	17,522
Hazard Mitigation Grant		97.039	DR4013-NE-0016	38,302
				<u>96,860</u>
Assistance to Firefighters Grant		97.044	EMW-2012-FO-00256	46,550
Total federal expenditures				<u><u>686,042</u></u>

See notes to the schedule of expenditures of federal awards and independent auditor's report.

City of Beatrice, Nebraska
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2013

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal financial assistance programs of City of Beatrice, Nebraska (the City). The City's reporting entity is defined in note A to the City's financial statements. Federal financial assistance received directly from federal agencies, as well as passed through other governmental agencies, is included on the Schedule.

The Schedule presents total expenditures for each federal financial award program in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. Federal program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA) whenever possible.

2. Basis of Accounting

The Schedule is prepared on the accrual basis of accounting.

NOTE B. CONTINGENCIES

The City receives funds under various federal grant programs, and such awards are to be expended in accordance with the provisions of the various grants. Compliance with the grants is subject to audit by various government agencies, which may impose sanctions in the event of noncompliance. Management believes that it has complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.



INDEPENDENT AUDITOR'S 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*

Honorable and Members
of the City Council
City of Beatrice

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Beatrice, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Beatrice's basic financial statements, and have issued our report thereon dated March 21, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Beatrice's internal control over financial reporting 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 City of Beatrice's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Beatrice's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Beatrice'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting 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 over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Hayes & Associates LLC.

Hayes & Associates, L.L.C.
Omaha, Nebraska
March 21, 2014



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133.

Honorable and Members
of the City Council
City of Beatrice

Report on Compliance for Each Major Federal Program

We have audited City of Beatrice's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Beatrice's major federal programs for the year ended September 30, 2013. City of Beatrice's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Beatrice'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 City of Beatrice'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 City of Beatrice's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Beatrice, 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 September 30, 2013.

Report on Internal Control Over Compliance

Management of City of Beatrice, 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 City of Beatrice'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 OMB Circular A-133, 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 City of Beatrice's internal control over compliance.

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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Hayes & Associates L.L.C.

Hayes & Associates, L.L.C.
Omaha, Nebraska
March 21, 2014

City of Beatrice, Nebraska
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2013

I. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' reports issued: **Unmodified**

Internal controls over financial reporting:

- Material weaknesses identified: **No**
- Significant deficiencies identified: **None Noted**

Noncompliance material to financial statements noted: **No**

Federal Awards

Internal control over major programs:

- Material weaknesses identified: **No**
- Significant deficiencies identified: **None Noted**

Type of auditors' report issued on compliance for each major program: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133: **No**

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant

City of Beatrice, Nebraska
SCHEDULE OF FINDINGS AND COSTS - CONTINUED
For the year ended September 30, 2013

I. SUMMARY OF AUDIT RESULTS – CONTINUED

Dollar threshold used to distinguish between
Type A and Type B programs: **\$300,000**

Auditee qualified as low-risk auditee: **No**

II. FINDINGS—FINANCIAL STATEMENTS

None reported in current year.

III. FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS

None reported in current year.

City of Beatrice, Nebraska
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended September 30, 2013

None reported in prior year.

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