

CITY OF BEATRICE, NEBRASKA

COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT

for the year ended

September 30, 2012

Prepared by
Management & Budget
Department

Tobias J. Tempelmeyer
City Administrator

(This page has been intentionally left blank)

CITY OF BEATRICE, NEBRASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012
TABLE OF CONTENTS

Title Page	<u>Page</u> i
Table of Contents	iii – viii

INTRODUCTORY SECTION

Letter of Transmittal	ix - xii
GFOA Certificate of Achievement	xiii
Organizational Chart	xv
List of Principal Officials	xvi

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION		
Independent Auditors' Report		1
Management's Discussion and Analysis		3
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Assets	1	12
Statement of Activities	2	14
Fund Financial Statements		
Balance Sheet - Governmental Funds	3	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	18
Statement of Net Assets - Proprietary Funds	6	19
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	7	21
Statement of Cash Flows - Proprietary Funds	8	22
Statement of Fiduciary Net Assets - Fiduciary Funds	9	24
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	10	25
Notes to the Financial Statements		26

	<u>Statement/ Schedule</u>	<u>Page</u>
Required Supplementary Information		
Major Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual		
General Fund	A-1	78
Streets Special Revenue Fund	A-2	79

CITY OF BEATRICE, NEBRASKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2012
 TABLE OF CONTENTS – CONTINUED

	<u>Statement/ Schedule</u>	<u>Page</u>
FINANCIAL SECTION – CONTINUED		
Supplementary Information		
Combining and Individual Fund Statements and Schedules		
Nonmajor Governmental Funds		
Combining Balance Sheet	B-1	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-2	82
Nonmajor Special Revenue Funds		
Combining Balance Sheet	C-1	83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	84
General Fund		
Comparative Balance Sheet	D-1	85
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	D-2	86
Schedule of Expenditures Compared to Budget	D-3	87
Supporting Schedule - General Fund Revenues - Budget and Actual	D-4	89
Special Revenue Funds		
Street Fund		
Balance Sheet	E-1	91
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	E-2	92
Economic Development Fund		
Balance Sheet	E-3	94
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	E-4	95
Community Development Block Grant Fund		
Balance Sheet	E-5	96
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	E-6	97
Keno/Lottery Fund		
Balance Sheet	E-7	98
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	E-8	99
911 Surcharge Fund		
Balance Sheet	E-9	100
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	E-10	101

CITY OF BEATRICE, NEBRASKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2012
 TABLE OF CONTENTS – CONTINUED

	<u>Statement/ Schedule</u>	<u>Page</u>
FINANCIAL SECTION – CONTINUED		
Other Supplementary Information (Continued)		
Special Revenue Funds (Continued)		
Storm Water Management Plan Special Fund		
Balance Sheet	E-11	102
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	E-12	103
Debt Service Funds		
Combining Balance Sheet	F-1	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	105
General Obligation Debt Service Fund		
Schedule of Revenues and Expenditures Budget and Actual	F-3	106
Unbonded Districts Debt Service Fund		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	F-4	107
Capital Projects Funds		
Combining Balance Sheet	G-1	108
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	109
Library Capital Improvements Fund		
Balance Sheet	G-3	110
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	G-4	111
Capital Improvements Fund		
Balance Sheet	G-5	112
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	G-6	113
Enterprise Funds		
Electric Fund		
Balance Sheet	H-1	114
Statement of Revenues, Expenses and Changes in Retained Earnings - Budget and Actual	H-2	116
Statement of Cash Flows	H-3	117

CITY OF BEATRICE, NEBRASKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2012
 TABLE OF CONTENTS – CONTINUED

	<u>Statement/ Schedule</u>	<u>Page</u>
FINANCIAL SECTION – CONTINUED		
Other Supplementary Information (Continued)		
Enterprise Funds (Continued)		
Water Fund		
Balance Sheet	H-4	118
Statement of Revenues, Expenses and Changes in Retained Earnings - Budget and Actual	H-5	120
Statement of Cash Flows	H-6	121
Water Pollution Control Fund		
Balance Sheet	H-7	122
Statement of Revenues, Expenses and Changes in Retained Earnings - Budget and Actual	H-8	124
Statement of Cash Flows	H-9	125
Sanitation Fund		
Balance Sheet	H-10	126
Statement of Revenues, Expenses and Changes in Retained Earnings - Budget and Actual	H-11	127
Statement of Cash Flows	H-12	128
Beatrice Area Solid Waste Agency Fund		
Balance Sheet	H-13	129
Statement of Revenues, Expenses and Changes in Retained Earnings - Budget and Actual	H-14	131
Statement of Cash Flows	H-15	132
Internal Service Fund		
Self-Insured Group Insurance Fund		
Statement of Net Assets	I-1	133
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual	I-2	134
Combining Statement of Cash Flows	I-3	135
Fiduciary Funds		
Pension Trust Fund - Employees' Retirement System		
Statement of Net Assets	J-1	136
Combining Statement of Net Assets	J-2	137
Statement of Changes in Plan Net Assets	J-3	138
Combining Statement of Changes in Plan Net Assets	J-4	139
Schedule of Cash Flows	J-5	140
Combining Schedule of Cash Flows	J-6	141

CITY OF BEATRICE, NEBRASKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2012
 TABLE OF CONTENTS – CONTINUED

	<u>Statement/ Schedule</u>	<u>Page</u>
FINANCIAL SECTION – CONTINUED		
Component Units		
Combining Statement of Net Assets	K-1	142
Combining Statement of Activities	K-2	143
Beatrice Community Redevelopment Authority		
Statement of Net Assets	K-3	144
Statement of Activities	K-4	145
Capital Assets		
Capital Assets Used in the Operation of Governmental Funds Schedules by Source	L-1	146
Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity	L-2	147
Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function and Activity	L-3	148
STATISTICAL SECTION		
Table 1: Net Assets by Components		151
Table 2: Changes in Net Assets		152
Table 3: Governmental Activities Tax Revenues by Source		154
Table 4: Fund Balances of Governmental Funds		155
Table 5: Changes in Fund Balances of Governmental Funds		156
Table 6: Assess and Estimated Actual Value		157
Property Tax Rates and Tax Levies (Per \$100 Valuation)		
Table 7: Direct and Overlapping Governments		158
Table 7a: Sales Tax Rates Direct and Overlapping Governments		159
Table 8: Principal Taxpayers		160
Table 8a: Net Taxable Sales by Business Classification		161
Table 9: Property Tax Levies and Collections		162
Table 10: Ratios of Outstanding Debt by Type		163
Table 11: Ratios General Bonded Debt Outstanding		164
Table 12: Computation of Direct and Overlapping Debt		165
Table 13: Revenue Bond Coverage Electric, Water and Sewer Bonds		166
Table 14: Demographic Statistics		167
Table 15: Principal Employers		168
Table 16: City Government Employees by Function		169
Table 17: Operating Indicators by Function		170
Table 18: Capital Asset Statistics by Function		171

CITY OF BEATRICE, NEBRASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012
TABLE OF CONTENTS – CONTINUED

	<u>Page</u>
REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS	
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	173
Schedule of Findings and Responses	175
Summary Schedule of Prior Audit Findings	176

SECTION 1

INTRODUCTORY SECTION



City of Beatrice, Nebraska

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

March 18, 2013

TOBIAS J. TEMPELMEYER
CITY ADMINISTRATOR
400 ELLA STREET
(402) 228-5211

GREGORY A. BUTCHER
CITY ATTORNEY
400 ELLA STREET
(402) 228-5211

STEVE PRINTY
BUILDING INSPECTOR (ACTING)
205 NORTH 4TH STREET
(402) 228-5250

LINDA S. KOCH
CITY CLERK/
ASST. TREASURER
400 ELLA STREET
(402) 228-5200

REX A. BEHREND
CITY ENGINEER
205 NORTH 4TH STREET
(402) 228-5208

BRIAN D. DAAKE
FIRE CHIEF
310 ELLA STREET
(402) 228-5246

JEREMY ROSENTHAL
LANDFILL SUPERINTENDENT
400 ELLA STREET
(402) 223-2267

LAUREEN RIEDESEL
LIBRARY DIRECTOR
100 NORTH 16TH STREET
(402) 223-3584

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

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

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, 2012.

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, 2012 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, 2012 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. Federal



www.beatrice.ne.gov

funds expended by the City of Beatrice during the fiscal year ended September 30, 2012 were under the threshold therefore a separate Single Audit Report was not prepared.

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 12,459. 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 85.

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, 2012 dropped from 5% in 2011 to 4.2%, still slightly higher than the State of Nebraska rate of 3.9% and continued to be lower than the national rate of 7.8%.

Tax revenues in 2012 increased less than 4.2% when compared to 2011. Property taxes increased 6% from 2011 through a two-cent levy increase, property valuations remained flat. Occupation taxes declined approximately 8.0%. City sales tax collections rose 6.5% in 2012 due to improvement in retail sales.

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 2012. 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 2012.

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 18, 2013
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, 2011. This was the 21st 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

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moynell

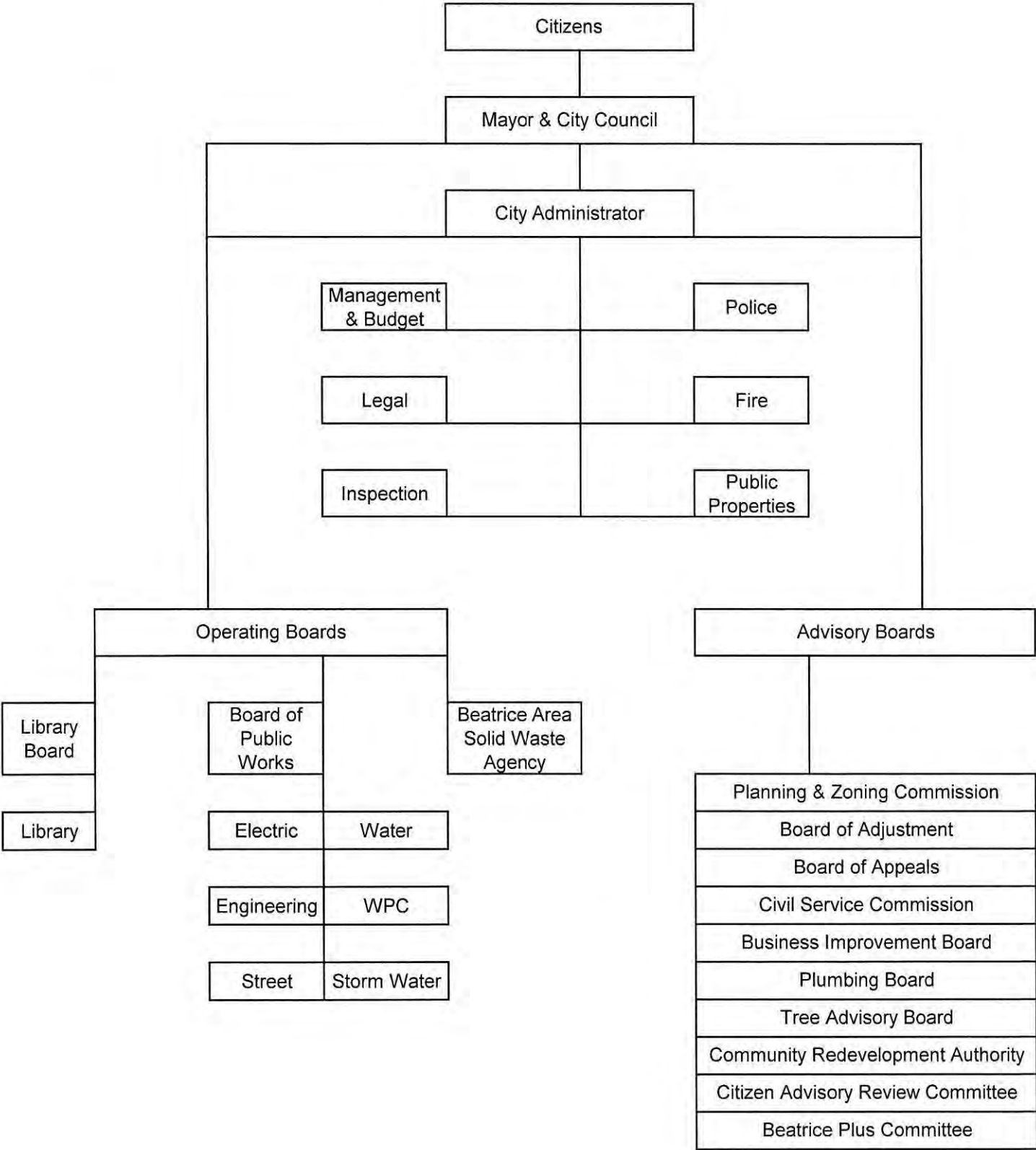
President

Jeffrey R. Enen

Executive Director

(This page has been left blank intentionally)

CITY OF BEATRICE, NEBRASKA
ORGANIZATIONAL CHART



**CITY OF BEATRICE, NEBRASKA
OFFICIALS
2012**

MAYOR
Dennis Schuster

CITY COUNCILMEMBERS

Jason Schmale	Calvin Carey
Alan Fetty	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
Steve Printy	Code Enforcement Officer
Rex Behrends	City Engineer
Pat Feist	Electric Superintendent
Steve Kelley	Water Superintendent
Jack Robbins	Water Pollution Control Supt.
Ron Baete	Street Superintendent

SECTION 2

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of Beatrice
Beatrice, Nebraska

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component units, and the aggregate remaining fund information of the City of Beatrice, Nebraska, as of and for the year ended September 30, 2012, which collectively comprise the City of Beatrice, Nebraska's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

The prior year summarized comparative information has been derived from City of Beatrice, Nebraska's 2011 financial statements. The financial statements for the year ended September 30, 2011 were audited by other auditors whose report dated February 14, 2012, expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component units and the aggregate remaining fund information of the City of Beatrice, Nebraska, as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 11, 2013, on our consideration of the City of Beatrice, Nebraska's internal control over financial reporting and 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 your testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and major fund budget to actual comparison on pages 3 through 9 and pages 62 through 62 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Beatrice financial statements as a whole. The accompanying data for the current year included in Schedules B-1 through Schedule 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The accompanying data in Schedules 1 through 18 have 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 them.

Hayes + Associates LLC

Hayes & Associates, L.L.C.
Omaha, Nebraska
March 11, 2013

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, 2012. 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 assets of the City of Beatrice exceeded its liabilities at the close of the most recent year by \$63,748,354. Of this amount, \$9,767,494 may be used to meet the City's ongoing obligations to citizens and creditors. The City of Beatrice total net assets increased \$2,681,689 or 4.4%.

As of the close of the current fiscal year, the City of Beatrice's governmental funds reported combined ending fund balances of \$4,828,675, a decrease of \$814,278 in comparison with the prior year. At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$1,431,063, or 19.1% of total General Fund expenditures.

The City of Beatrice's total debt, not including component units, decreased \$404,647 (6.6%) during the current fiscal year. Annual debt obligations including refunded bonds, of \$2,129,647 were paid and proceeds were received in the amount of \$1,725,000 in the form of a Combined Utilities Revenue Refunding issue.

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 assets presents information on all of the City of Beatrice's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 government-wide financial statements can be found on pages 12 to 14 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 15 to 18 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 19 to 23 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 24 to 25 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 26 to 76 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 78 and 79 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 assets 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 \$63,748,354 at the close of the most recent fiscal year. By far the largest portion of the City of Beatrice's net assets (79%) 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 Assets (expressed in thousands)						
September 30, 2012 and 2011						
	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
ASSETS						
Current and other assets	5,988	6,359	14,150	12,828	20,138	19,187
Capital assets	28,507	27,031	27,293	26,944	55,800	53,975
TOTAL ASSETS	34,495	33,390	41,443	39,772	75,938	73,162
LIABILITIES						
Long-term liabilities outstanding	443	874	7,840	7,736	8,283	8,610
Other liabilities	1,330	1,059	2,577	2,426	3,907	3,485
TOTAL LIABILITIES	1,773	1,933	10,417	10,162	12,190	12,095
NET ASSETS						
Invested in capital assets, net of related debt	28,221	26,471	22,190	21,153	50,411	47,624
Restricted	2,932	3,199	637	468	3,569	3,667
Unrestricted	1,569	1,787	8,199	7,989	9,768	9,776
TOTAL NET ASSETS	32,722	31,457	31,026	29,610	63,748	61,067

An additional portion of the City of Beatrice's net assets (5.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$9,767,494 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 assets, for the government as a whole.

There was an increase of \$1,265,332 in net assets reported in connection with the City of Beatrice's governmental activities. Business-type activities increased the City of Beatrice's net assets by \$1,416,357. A breakdown of these activities is as follows:

City of Beatrice's Changes in Net Assets
(expressed in thousands)
For the year ended September 30, 2012 and 2011

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
REVENUES						
Program Revenues						
Charges for services	2,469	2,320	20,840	20,125	23,309	22,445
Operating grants and contributions	1,183	1,414	-	-	1,183	1,414
Capital grants and contributions	2,332	2,308	-	-	2,332	2,308
General revenues						
Taxes	5,460	5,242			5,460	5,242
Unrestricted intergovernmental	394	597			394	597
Other revenue	146	256	778	878	924	1,134
TOTAL REVENUES	11,984	12,137	21,618	21,003	33,602	33,140
EXPENSES						
General Government	1,850	2,142			1,850	2,142
Public Safety	5,711	5,525			5,711	5,525
Highway/Streets	1,866	2,025			1,866	2,025
Culture and Recreation	1,270	1,418			1,270	1,418
Interest on long-term debt	22	24			22	24
Electric			14,103	13,466	14,103	13,466
Water			1,970	1,977	1,970	1,977
Water Pollution Control			1,511	1,616	1,511	1,616
Sanitation			1,234	1,186	1,234	1,186
Solid Waste Management			1,384	1,025	1,384	1,025
TOTAL EXPENSES	10,719	11,134	20,202	19,270	30,921	30,404
CHANGE IN NET ASSETS	1,265	1,003	1,416	1,733	2,681	2,736
NET ASSETS, beginning of year	31,457	30,454	29,610	27,877	61,067	58,331
NET ASSETS, end of year	32,722	31,457	31,026	29,610	63,748	61,067

Governmental Activities

Tax revenues increased 4.2% in 2012 from the previous year. This includes property tax, sales tax and occupation tax revenues. In 2012 a 2 cent levy increase was approved to fund the necessary operations of the government, this resulted in an increase in tax collections of 6%. Sales tax revenues collected increased 6.5% in 2012 from 2011. Occupation taxes from utilities are based upon gross sales and with the milder winter decreased 9.8% in 2012. A new lodging occupation tax implemented in December of 2008 brought in \$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, decreased \$203,798 in 2012 from 2011, largely due to a decrease in municipal equalization funds of \$128,881 and the loss of governmental subdivision state aid of \$103,169 through State legislative action.

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 6.9% in 2012 from 2011. The police department operates a victim assistance program and an area drug task force with grant funding and matching dollars coming from interlocal agreements. In 2010 the City was successful in obtaining ARRA funds to assist with police officer retention; 2012 was the 3rd and final year of this program. 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 2012 the City continued to receive grant funding for public safety equipment. A federal energy grant provided funding to improve the city auditorium lighting and a state cultural and civic grant and a Kiewit grant, along with private donations provided funding towards the \$1,000,000 renovation of the Carnegie building. Private contributions assisted towards other park improvements and library materials.

Expenses decreased 3.7% from 2011. Changes in General Government and Cultural and Recreation are a direct result of capital grants expenses which can vary from year to year, excluding capital grant expenses actual operating expenses decreased 5% in 2012 from 2011.

Business-Type Activities

Charges for services for business-type activities increased 3.6% in 2012 from 2011. The Electric fund, which distributes purchased power, increased revenues 1% through a 2.5% rate increase to partially cover the 6.5% increased cost of purchased power from Nebraska Public Power District. Revenues from the Water and Water Pollution Control funds increased 12.4% due to higher usage during the dry summer coupled with an increase in the water fees of 5.5% and sewer fees of 5%. Garbage Service fees, which are accounted for in the Sanitation fund, increased 4% to fund the cost of the new hauler contract and increased disposal fee. The Beatrice Area Solid Waste Agency fund revenues increased 9.5% over 2011 due to various rate increases averaging 10%.

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 \$4,828,675 a decrease of \$814,278 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 (\$1,290,461); 2) to pay debt service (\$171,982); 3) for the LB840 Economic Development program (\$896,621); 4) for public safety programs and equipment (\$428,207); 5) for Streets (\$401,241); 6) for capital projects (\$145,349); and 7) for other restricted purposes (\$87,255). The remaining balance of \$1,407,559 in fund balance is available for spending at the government's discretion. This is a decrease of \$160,351 when compared to 2011.

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 \$1,431,063. 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 19.1% of total General Fund expenditures. The total fund balance of the City of Beatrice's General Fund decreased by \$141,872 during the current fiscal year.

General fund revenues were maintained at the same level as the previous year. Tax revenues increased 5.4%. Intergovernmental revenue available to fund general operations decreased 28.8% due to a reduction in state aid and operating grants for law enforcement. Charges for services increased 7.5% due to an increase in ambulance rates of 4.5% and increased call volume. Other revenues decreased \$36,885 from 2011.

General fund operating expenditures decreased 2% from the previous year. Personnel costs had just a slight increase and other operational costs decreased 7.5%. Contingency costs, which include the cost of an EPA cleanup at a former gas plant site acquired by the City through floodplain acquisitions and other unanticipated expenditures, accounts for the majority of the decrease. Operating transfers in for 2012 was \$101,688 as compared to \$91,860 in 2011, 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 in 2012 was \$390,107 and includes the transfer for the Carnegie Renovation project of \$153,000, as compared to \$258,343 in 2011.

The fund balance restricted for the Street Fund at year end was \$401,241; an increase of \$23,222 from 2011. In 2012 revenues decreased 1% from 2011, due to \$150,151 in federal funds received in 2011 for disaster recovery; however sales tax revenues increased 6.5% and highway allocation funding increased 6.9%. Expenditures decreased 3.5% from the previous year; operational expenditures decreased 5.7% from 2011 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 \$2,932,392 and restricted for each fund's specific purpose. The Economic Development fund received the maximum sales tax dollars of \$250,000 and \$21,046 in other revenues. Expenditures included a contribution to the Carnegie Renovation Project, which houses the economic development offices, and a settlement on a loan guarantee for a prior business development, and reduced the fund balance by \$133,530 from 2011. The Community Development Block Grant fund balance restricted for Revolving Loans of \$1,290,461 decreased when compared to \$1,523,666 at the end of 2011. Cash decreased \$353,474 and Loans Receivable increased to \$1,183,299 as compared to \$1,063,030 in 2011, through the repayment of certain loans and one new revolving loan to assist a local business expansion. The Keno fund proceeds decreased 5.1% from 2011 and funding of community betterment projects, including \$150,000 for the Carnegie Restoration project, resulted in a decrease in fund balance from \$209,711 in 2011 to \$50,355 at the end of 2012. 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 \$36,900 at year end. The 911 Surcharge fund had a fund balance of \$71,336 at the end of 2012, 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 2012 equipment of \$4,241 was purchased and \$101,688 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, \$79,349 for library

improvements plus \$66,000 for a specific library renovation project, \$292,892 for Fire Equipment and \$122,678 assigned for an obligation required by the State on the new trail project. Major capital projects in 2012 include the Carnegie Restoration Project; the City Auditorium lighting project to improve energy efficiencies; park improvements, including playground equipment, ball field lighting; 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.

Unrestricted net assets 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 \$8,198,618, an increase of \$210,058 from 2011. The Electric fund increased \$382,776, and the Water and Water Pollution Control funds increased \$562,912. The BASWA fund decreased \$735,630. Restricted Net Assets increased \$169,188 for debt service. Invested in Capital Assets increased from \$21,153,306 in FY2011 to \$22,190,417 in FY2012. 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 \$873,000 and can be briefly summarized as follows: to fund and pay claims for unexpected large health insurance claims and a worker compensation claim filed under the previous self-funded plan; additional testing costs on the former gas plant clean-up site; additional capital funding for the City's obligation to the State on the new trail project; increased transfer of 911 fees to the General fund; and a special assessment district construction. The increase was funded with 911 fees, keno proceeds, assessments levied, and available general fund balance. Additional information can be found in Note B on page 49 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, 2012, amounts to \$53,104,574 (net of accumulated depreciation) and land of \$2,695,917. This investment in capital assets includes land, buildings and systems, improvements other than buildings, machinery and equipment, park facilities, a system of roads, highways, bridges and storm sewers. The total increase in the City of Beatrice's investment in capital assets for the current fiscal year was 3.4 percent (a 5.5% increase for governmental activities and a 1.3% increase for business-type activities).

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

(expressed in thousands)

September 30, 2012 and 2011

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	2,578	2,578	118	89	2,696	2,667
Buildings and system	6,883	5,773	10,262	1,182	17,145	6,955
Improvements other than Bldgs	4,012	3,925	54,508	61,679	58,520	65,604
Machinery & Equipment	8,629	8,178	6,497	6,052	15,126	14,230
Infrastructure	26,646	25,324	-	-	26,646	25,324
Construction in progress	-	-	-	-	-	-
Less accumulated depreciation	(20,241)	(18,747)	(44,092)	(42,058)	(64,333)	(60,805)
TOTAL	<u>28,507</u>	<u>27,031</u>	<u>27,293</u>	<u>26,944</u>	<u>55,800</u>	<u>53,975</u>

Major changes in Capital Assets in the Governmental Activities during fiscal year 2012 included infrastructure improvements for street projects and trails, the Carnegie Building renovation, auditorium lighting, salt barn epoxy coating, and ball field improvements. Equipment purchases included prairie playground equipment, a new patrol vehicle, computer equipment, a defibrillator, plus other necessary public safety equipment, and a parks truck and two mowers.

Major changes in Capital Assets in the Business-type Activities include: in the Electric Fund the Re-conductor of 34.5KV Sub-Transmission Lines, continuation of 12.5 KV conversions, new transformers, replacement of underground cable and new services; in the Water fund water main distribution projects in 2012 included the areas of Court Street from 1st to 4th, and the water main extension along Chris Drive, Tonka Drive and Beatrice Community Hospital; in the Water Pollution Control projects included installation of a new UV System at the Waste Water Control facility; and in BASWA the first phase of development of a Construction and Demolition Site.

Additional information on the City of Beatrice's capital assets can be found in Note E on pages 54 to 57 of this report.

Long-Term Debt

At the end of the current fiscal year, the City of Beatrice had total bonded debt outstanding of \$5,740,394. Of this amount, \$285,000 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, 2012 and 2011

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	285	555	-	-	285	555
General notes	-	-	-	-	-	-
Special assessment debt with governmental commitment	-	-	-	-	-	-
Revenue bonds and notes	-	-	5,455	5,590	5,455	5,590
TOTAL	285	555	5,455	5,590	5,740	6,145

During the current fiscal year, the City of Beatrice issued Combined Utilities Revenue Refunding Bonds in the amount of \$1,725,000 to call two NDEQ Loans, principal totaled \$1,575,512, with the payment of other annual bond maturities in the amount of \$554,135, the net change in debts decreased \$404,647 or 6.6%.

The Beatrice Airport Authority, a component unit of the City of Beatrice, had outstanding debt of \$265,000 at September 30, 2012; 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 \$41,200.

The Community Redevelopment Authority, a component unit of the City of Beatrice, had outstanding debt at September 30, 2012, of \$855,000, a decrease of \$215,000. 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 58 to 60 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate for the City of Beatrice is currently 4.2 percent, a decrease from a rate of 5 percent a year ago. While slightly higher than the state's average unemployment rate of 3.9 percent, this compares favorably to the national average of 7.8 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 2012 increased 5.3% as compared to 2011 and continues to reflect an improvement in the economy. Economic Development efforts continue to try and attract more new companies. During 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. Construction on a new hospital located in the new Northgate development on the City's north edge has been completed and a new senior skilled nursing and assisted living facility next to the Flowing Springs development; both further enhance health care needs for the area.

During the current fiscal year, the total fund balance in the General Fund decreased from \$1,636,914 to \$1,495,042 at the end of fiscal year 2012. In preparing the budget for fiscal year 2013, the City of Beatrice presented a budget of expenditures less than revenues to replenish cash reserves by \$150,000. 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 increased from .301654 to .318511 as debt service requirements decreased, reducing the debt service levy from .044186 to .027329. The City was fortunate to receive an increase of \$263,000 in Municipal Equalization funding from the State for 2013. Major capital projects in 2013 include: the purchase of a new fire pumper truck, ambulance and patrol car to be funded with a public safety debt service levy; a grant funded downtown revitalization project; a \$1,000,000 library building renovation funded entirely with private funds; and a grant funded park improvement project. Revenue projections will be sufficient to maintain the City's operating expenditures and personnel staffing. Full-time personnel staffing was reduced by one bringing the total positions reduced over the past 5 years to fourteen. Costs associated with the EPA cleanup at a former gas plant site on property acquired by the City are not fully funded and have not been determined.

Electric fund revenue projections and expenses will require an average 3% rate increase in the 2013 budget to ensure sufficient revenue to fund the purchased power rate increase, capital costs, and maintain prudent reserves for cash flow and emergencies. An increase in rates was budgeted in the Water fund of 7.5% and in the Water Pollution Control fund of 5% to fund operations, capital costs and also provide prudent reserves. No rate increase was proposed at this time in the Beatrice Area Solid Waste Agency; operating cash balances are sufficient; funding of closure and postclosure costs remains a concern and with the new C & D updated cost estimates will be completed in the coming year.

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 ASSETS
 September 30, 2012
 With comparative totals for September 30, 2011

	Primary Government				2012
	Governmental	Business-Type	2012	2011	Component
	Activities	Activities	Total	Total	Units
Assets					
Current Assets					
Cash and cash equivalents	\$ 1,899,114	\$ 5,772,299	\$ 7,671,413	\$ 10,625,203	\$ 814,314
Certificates of deposit - unrestricted	605,131	-	605,131	204,346	-
Cash on deposit - County Treasurer	112,413	-	112,413	208,490	9,830
Accounts receivable	1,110,339	1,626,965	2,737,304	1,976,788	29,736
Interest receivable	66,196	6,557	72,753	65,337	-
Assessments receivable	425,499	-	425,499	228,057	-
Unbilled and accrued revenues	-	713,725	713,725	725,007	-
Materials and supplies inventories	-	826,653	826,653	941,695	51,362
Prepaid expenses	-	12,367	12,367	13,276	-
In-lieu-of assessments	10,105	-	10,105	10,105	-
Due from other funds	-	215,242	215,242	-	-
Taxes receivable	151,430	-	151,430	107,395	21,655
Current portion of CRA bonds receivable	-	-	-	-	404,574
Total Current Assets	4,380,227	9,173,808	13,554,035	15,105,699	1,331,471
Noncurrent Assets					
Certificates of deposit - unrestricted	-	2,325,000	2,325,000	-	-
Restricted Cash and Cash Equivalents					
Employee benefits	-	64,114	64,114	204,957	-
Customer deposits	-	62,835	62,835	-	-
Grants and capital projects	344,490	-	344,490	429,648	-
Restricted Investments					
Debt service reserve account	-	636,926	636,926	467,738	-
Bond construction account	-	405,899	405,899	485,412	-
Customer deposits	-	230,000	230,000	249,760	-
Grants and capital projects	79,349	-	79,349	82,405	-
Closure/postclosure maintenance	-	1,153,595	1,153,595	1,023,967	-
Total Restricted Assets	423,839	2,553,369	2,977,208	2,943,887	-
Capital Assets					
Land	2,577,841	118,076	2,695,917	2,667,319	1,321,356
Construction in progress	-	-	-	-	20,729
Capital assets, net of accumulated depreciation	25,929,650	27,174,924	53,104,574	51,307,683	1,641,357
Net Capital Assets	28,507,491	27,293,000	55,800,491	53,975,002	2,983,442
Other Assets					
Loans receivable, net of current portion	1,183,299	-	1,183,299	1,063,030	2,517,617
Unamortized bond issuance costs	-	98,171	98,171	73,908	4,502
Total Other Assets	1,183,299	98,171	1,281,470	1,136,938	2,522,119
Total Noncurrent Assets	30,114,629	32,269,540	62,384,169	58,055,827	5,505,561
Total Assets	\$ 34,494,856	\$ 41,443,348	\$ 75,938,204	\$ 73,161,526	\$ 6,837,032

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF NET ASSETS - CONTINUED
 September 30, 2012
 With comparative totals for September 30, 2011

	Primary Government				2012
	Governmental	Business-Type	2012	2011	Component
	Activities	Activities	Total	Total	Units
Liabilities					
Current Liabilities					
Accounts payable	\$ 143,662	\$ 1,257,011	\$ 1,400,673	\$ 1,514,849	\$ 40,969
Registered warrants payable	390,471	-	390,471	185,771	-
Claims incurred but not reported	47,632	-	47,632	79,801	-
Accrued compensated absences	220,062	215,003	435,065	233,705	-
Sales tax payable	-	101,750	101,750	93,613	-
Employee insurance payable	-	66,942	66,942	23,210	-
Accrued interest payable	43,449	42,277	85,726	107,889	4,136
Accrued expenses	-	89,906	89,906	100,835	13,910
Deferred revenues	127,498	-	127,498	168,338	13,636
Customer deposits	-	292,835	292,835	249,760	-
Due to other funds	215,242	-	215,242	-	-
Current maturities of TIF payable	-	-	-	-	184,574
Current maturities of lease obligation	1,594	47,321	48,915	-	-
Current maturities of bonds and notes	140,000	464,218	604,218	727,055	260,000
Total Current Liabilities	1,329,610	2,577,263	3,906,873	3,484,826	517,225
Noncurrent Liabilities, Net of Current Portion					
Compensated absences	297,853	459,010	756,863	1,009,410	32,061
Revenue bonds	-	4,905,000	4,905,000	3,734,529	-
General obligation bonds	145,000	-	145,000	285,000	860,000
Notes payable	-	86,176	86,176	1,604,096	-
Lease obligation	-	103,938	103,938	-	-
Deferred revenue	-	-	-	-	21,592
TIF payable	-	-	-	-	1,882,617
Closure and postclosure cost	-	2,286,000	2,286,000	1,977,000	-
Total Noncurrent Liabilities	442,853	7,840,124	8,282,977	8,610,035	2,796,270
Total Liabilities	1,772,463	10,417,387	12,189,850	12,094,861	3,313,495
Net Assets					
Invested in capital assets, net of related debt	28,220,897	22,190,417	50,411,314	47,624,322	2,722,944
Restricted net assets					
Restricted for economic development	896,621	-	896,621	1,030,152	-
Restricted for debt service	171,982	636,926	808,908	680,583	21,986
Restricted for Library capital improvements	145,349	-	145,349	82,405	-
Restricted for grant expenses	63,979	-	63,979	52,588	-
Restricted for public safety equipment	292,892	-	292,892	255,576	-
Restricted Loan Fund	1,290,461	-	1,290,461	1,523,666	-
Restricted for E911 public safety	71,336	-	71,336	41,351	-
Unrestricted net assets	1,568,876	8,198,618	9,767,494	9,776,022	778,607
Total Net Assets	\$ 32,722,393	\$ 31,025,961	\$ 63,748,354	\$ 61,066,665	\$ 3,523,537

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
STATEMENT OF ACTIVITIES
For the year ended September 30, 2012
With comparative totals for the year ended September 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				2012 Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2012 Total	2011 Total	
Primary Government:									
Governmental Activities									
General government	\$ 1,850,178	\$ 272,753	\$ -	\$ 12,468	\$ (1,564,957)	\$ -	\$ (1,564,957)	\$ (864,119)	
Public safety	5,711,024	1,893,084	606,666	52,463	(3,158,811)	-	(3,158,811)	(2,923,818)	
Highways and streets	1,865,778	68,552	550,824	1,651,254	404,852	-	404,852	(603,490)	
Culture and recreation	1,269,566	234,840	25,019	616,260	(393,447)	-	(393,447)	(677,387)	
Interest on long-term debt	21,945	-	-	-	(21,945)	-	(21,945)	(23,868)	
Total Governmental Activities	10,718,491	2,469,229	1,182,509	2,332,445	(4,734,308)	-	(4,734,308)	(5,092,682)	
Business-type Activities									
Electric	14,102,853	14,644,110	-	-	-	541,257	541,257	1,032,450	
Water	1,969,687	2,281,472	-	-	-	311,785	311,785	5,713	
Water pollution control	1,511,319	1,566,247	-	-	-	54,928	54,928	(163,067)	
Sanitation	1,233,849	1,233,849	-	-	-	-	-	-	
BASWA	1,384,427	1,114,194	-	-	-	(270,233)	(270,233)	(7,366)	
Total Business-type Activities	20,202,135	20,839,872	-	-	-	637,737	637,737	867,730	
Total Primary Government	\$ 30,920,626	\$ 23,309,101	\$ 1,182,509	\$ 2,332,445	(4,734,308)	637,737	(4,096,571)	(4,224,952)	
Component Units:									
Airport Authority	\$ 872,881	\$ 492,877	\$ -	\$ 500,650					\$ 120,646
Community Redevelopment Authority	644,287	-	-	-					(644,287)
Total Component Units	\$ 1,517,168	\$ 492,877	\$ -	\$ 500,650					(523,641)
General Revenues									
Taxes									
Property tax					1,862,937	-	1,862,937	1,757,256	206,357
Tax Increment Financing					-	-	-	-	666,771
Sales tax					2,863,615	-	2,863,615	2,687,099	-
Occupation tax					733,894	-	733,894	797,786	-
Unrestricted intergovernmental					393,613	-	393,613	597,411	-
Miscellaneous revenues					136,136	727,763	863,899	1,035,977	24,408
Unrestricted investment earnings					9,445	50,857	60,302	84,726	139
Total General Revenues					5,999,640	778,620	6,778,260	6,960,255	897,675
Change in Net Assets					1,265,332	1,416,357	2,681,689	2,735,303	374,034
Net Assets, Beginning of Year					31,457,061	29,609,604	61,066,665	58,331,362	3,149,503
Net Assets, End of Year					\$ 32,722,393	\$ 31,025,961	\$ 63,748,354	\$ 61,066,665	\$ 3,523,537

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2012
With comparative totals for September 30, 2011

	2012				2011
	General	Streets	Other Governmental Funds	Total	Total
Assets					
Cash and investments	\$ 861,651	\$ 336,700	\$ 1,285,816	\$ 2,484,167	\$ 3,492,908
Cash on deposit - County Treasurer	99,812	-	12,601	112,413	208,490
Accounts receivable	584,063	82,536	228,755	895,354	602,988
Interest receivable	-	-	66,196	66,196	59,702
Assessments receivable	-	-	425,499	425,499	228,057
Unassessed costs	-	-	-	-	2,399
Restricted:					
Cash	53,308	-	291,182	344,490	429,648
Investments	-	-	79,349	79,349	82,405
In-lieu-of assessments	-	-	10,105	10,105	10,105
Due from other funds	-	-	-	-	65,000
Loans receivable	-	-	1,183,299	1,183,299	1,063,030
Taxes receivable	132,083	-	19,347	151,430	107,395
Total Assets	\$ 1,730,917	\$ 419,236	\$ 3,602,149	\$ 5,752,302	\$ 6,352,127
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 124,667	17,995	\$ 1,000	\$ 143,662	\$ 301,511
Registered warrants payable	-	-	390,471	390,471	185,771
Accrued interest payable	-	-	43,449	43,449	53,554
Deferred revenues	111,208	-	234,837	346,045	168,338
Total Liabilities	235,875	17,995	669,757	923,627	709,174
Fund Balances					
Restricted for:					
Economic development	-	-	896,621	896,621	1,030,152
Debt service	-	-	171,982	171,982	212,845
Revolving Loan Fund	-	-	1,290,461	1,290,461	1,523,666
E911 Public Safety	-	-	71,336	71,336	41,351
Police grants and programs	63,979	-	-	63,979	52,588
Streets, Special Revenue Fund	-	401,241	-	401,241	378,019
Storm water management	-	-	36,900	36,900	21,438
Committed for:					
Library capital improvements	-	-	145,349	145,349	82,405
Public safety equipment	-	-	292,892	292,892	255,576
Capital projects funds	-	-	-	-	267,233
Community betterment	-	-	50,355	50,355	209,771
Assigned, reported in					
Subsequent years' expenditures	644,444	-	122,678	767,122	734,960
Unassigned, reported in					
General Fund	786,619	-	-	786,619	849,365
Debt Service Funds	-	-	(146,182)	(146,182)	(16,416)
Total Fund Balances	1,495,042	401,241	2,932,392	4,828,675	5,642,953
Total Liabilities and Fund Balances	\$ 1,730,917	\$ 419,236	\$ 3,602,149		

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
BALANCE SHEET - GOVERNMENTAL FUNDS - CONTINUED
September 30, 2012
With comparative totals for September 30, 2011

	2012			2011
	General	Streets	Other Governmental Funds	Total
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:				
Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds.				28,507,491
				27,030,743
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 assets.				(27,811)
				(73,133)
Deferred revenues that are not current financial resources but that are recognized in the government-wide statements.				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				(285,000)
				(555,000)
Notes and Leases Payable				(1,594)
				(4,727)
Compensated Absences				(517,915)
				(583,776)
Net Assets of Governmental Activities				\$ 32,722,393
				\$ 31,457,060

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, 2012
 With comparative totals for the year ended September 30, 2011

	2012				2011
	General	Streets	Other Governmental Funds	Total Governmental Funds	Total
Revenues					
Taxes					
Property tax	\$ 1,622,701	\$ -	\$ 240,236	\$ 1,862,937	\$ 1,757,256
Sales tax	2,040,891	572,724	250,000	2,863,615	2,687,098
Occupation tax	733,894	-	-	733,894	797,786
Licenses and permits	105,128	-	-	105,128	108,465
Intergovernmental	876,545	1,267,522	275,662	2,419,729	3,254,245
Charges for services	2,140,011	68,552	135,914	2,344,477	2,170,302
Keno proceeds	-	-	79,132	79,132	83,401
Special assessments	-	-	133,879	133,879	25,794
Interest	5,166	-	28,948	34,114	62,518
Grants	-	-	10,368	10,368	1,000,000
Miscellaneous	113,349	6,152	524,583	644,084	165,542
Total Revenues	7,637,685	1,914,950	1,678,722	11,231,357	12,112,407
Expenditures					
Current					
General government	1,154,209	-	669,506	1,823,715	2,827,461
Public safety	5,234,146	99,551	-	5,333,697	5,148,150
Highways and streets	-	1,054,987	-	1,054,987	1,224,442
Culture and recreation	942,577	-	-	942,577	1,040,086
Debt Service					
Principal	-	-	270,000	270,000	305,444
Interest	-	-	21,945	21,945	23,868
Capital outlay	160,206	737,190	1,587,873	2,485,269	1,393,246
MFO payments - other entities	-	-	113,445	113,445	124,994
Total Expenditures	7,491,138	1,891,728	2,662,769	12,045,635	12,087,691
Excess (Deficiency) of Revenues Over (Under) Expenditures	146,547	23,222	(984,047)	(814,278)	24,716
Other Financing Sources (Uses)					
Transfers in	101,688	-	613,475	715,163	371,548
Transfers out	(390,107)	-	(325,056)	(715,163)	(371,548)
Total Other Financing Sources (Uses)	(288,419)	-	288,419	-	-
Net Change in Fund Balances	(141,872)	23,222	(695,628)	(814,278)	24,716
Fund Balances, Beginning of Year	1,636,914	378,019	3,628,020	5,642,953	5,618,237
Fund Balances, End of Year	\$ 1,495,042	\$ 401,241	\$ 2,932,392	\$ 4,828,675	\$ 5,642,953

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, 2012
 With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Net change in fund balances - total governmental funds	\$ (814,278)	\$ 24,716
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	2,485,269	2,395,342
Depreciation Expense	(1,542,369)	(1,594,828)
Deferred revenues that are not current financial resources but that are recognized in the government-wide statements	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.	273,133	(308,384)
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.	65,861	(38,925)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net assets.	533,847	563,471
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>45,322</u>	<u>(38,811)</u>
Change in Net Assets of Governmental Activities	<u>\$ 1,265,332</u>	<u>\$ 1,002,581</u>

City of Beatrice, Nebraska
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 September 30, 2012
 With comparative totals for September 30, 2011

	2012						
	Business-Type Activities Enterprise Funds					Governmental Activities	
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	Totals	Internal Service Funds
							2011 Total
Current Assets							
Cash and cash equivalents	\$ 3,757,000	\$ 872,516	\$ 931,618	\$ 209,997	\$ 1,168	\$ 5,772,299	\$ 20,078
Certificates of deposit - unrestricted	-	-	-	-	-	-	-
Accounts receivable, net	1,305,509	130,933	73,094	90,877	26,552	1,626,965	214,985
Due from other funds	215,242	-	-	-	-	215,242	-
Unbilled and accrued revenues	499,529	128,956	85,240	-	-	713,725	-
Materials and supplies inventories	587,402	239,251	-	-	-	826,653	-
Prepaid expenses	5,619	4,761	1,987	-	-	12,367	-
Interest receivable	2,862	1,334	2,361	-	-	6,557	-
Total Current Assets	6,373,163	1,377,751	1,094,300	300,874	27,720	9,173,808	235,063
Noncurrent Assets							
Certificates of deposit - unrestricted	2,175,000	-	150,000	-	-	2,325,000	-
Restricted Cash and Cash Equivalents							
Employee benefits	64,114	-	-	-	-	64,114	-
Customer deposits	62,835	-	-	-	-	62,835	-
Restricted Investments							
Debt service reserve account	79,275	135,165	184,560	237,926	-	636,926	-
Bond construction account	-	-	-	405,899	-	405,899	-
Customer deposits	230,000	-	-	-	-	230,000	-
Closure/postclosure maintenance and care	-	-	-	1,153,595	-	1,153,595	-
Total Restricted Cash, Cash Equivalents and Investments	436,224	135,165	184,560	1,797,420	-	2,553,369	-
Capital Assets							
Land and land rights	46,030	55,458	16,588	-	-	118,076	-
Buildings and improvements	1,135,114	84,285	9,042,991	-	-	10,262,390	-
Improvements other than buildings	27,016,260	14,464,126	8,244,412	4,782,980	-	54,507,778	-
Machinery and equipment	2,784,408	909,741	1,693,921	1,109,116	-	6,497,186	-
Total Capital Assets	30,981,812	15,513,610	18,997,912	5,892,096	-	71,385,430	-
Less accumulated depreciation	(18,243,449)	(9,934,948)	(12,176,787)	(3,737,246)	-	(44,092,430)	-
Net Capital Assets	12,738,363	5,578,662	6,821,125	2,154,850	-	27,293,000	-
Other Assets							
Unamortized bond issuance cost	9,557	20,310	28,066	40,238	-	98,171	-
Total Noncurrent Assets	15,359,144	5,734,137	7,183,751	3,992,508	-	32,269,540	-
Total Assets	\$ 21,732,307	\$ 7,111,888	\$ 8,278,051	\$ 4,293,382	\$ 27,720	\$ 41,443,348	\$ 235,063

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF NET ASSETS - CONTINUED
 PROPRIETARY FUNDS
 September 30, 2012
 With comparative totals for September 30, 2011

	2012						2011 Total
	Business-Type Activities Enterprise Funds					Governmental Activities	
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	Internal Service Funds	
Liabilities							
Current Liabilities							
Accounts payable	\$ 1,204,532	\$ 12,746	\$ 10,794	\$ 1,219	\$ 27,720	\$ 1,257,011	\$ 1,213,338
Claims incurred but not reported	-	-	-	-	-	47,632	-
Accrued compensated absences	107,676	74,308	25,871	7,148	-	215,003	233,705
Accrued payroll	48,664	23,632	13,773	3,837	-	89,906	100,835
Sales tax payable	101,630	120	-	-	-	101,750	93,613
Employee insurance payable	66,942	-	-	-	-	66,942	23,210
Accrued interest	7,995	7,111	5,403	21,768	-	42,277	54,335
Customer deposits	292,835	-	-	-	-	292,835	249,760
Due to other funds	-	-	-	-	-	215,242	-
Current maturities of lease obligation	-	-	-	47,321	-	47,321	45,771
Current maturities of bonds and notes payable	52,500	101,100	150,618	160,000	-	464,218	411,284
Total Current Liabilities	1,882,774	219,017	206,459	241,293	27,720	2,577,263	2,425,851
Noncurrent Liabilities, Net of Current Portion							
Compensated absences	229,605	165,790	58,205	5,410	-	459,010	425,634
Revenue bonds	689,500	1,199,800	1,655,700	1,360,000	-	4,905,000	3,734,529
Notes payable	-	-	86,176	-	-	86,176	1,444,228
Lease obligation	-	-	-	103,938	-	103,938	155,141
Closure and postclosure cost	-	-	-	2,286,000	-	2,286,000	1,977,000
Total Noncurrent Liabilities	919,105	1,365,590	1,800,081	3,755,348	-	7,840,124	7,736,532
Total Liabilities	2,801,879	1,584,607	2,006,540	3,996,641	27,720	10,417,387	10,162,383
Net Assets							
Invested in capital assets, net of related debt	12,005,920	4,298,072	4,956,697	929,728	-	22,190,417	21,153,306
Restricted for debt service	79,275	135,165	184,560	237,926	-	636,926	467,738
Restricted for grants	-	-	-	-	-	-	-
Unrestricted	6,845,233	1,094,044	1,130,254	(870,913)	-	8,198,618	7,988,560
Total Net Assets	\$ 18,930,428	\$ 5,527,281	\$ 6,271,511	\$ 296,741	\$ -	\$ 31,025,961	\$ 29,609,604

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 For the year ended September 30, 2012
 With comparative totals for the year ended September 30, 2011

	2012						2011 Total
	Business-Type Activities Enterprise Funds					Governmental Activities	
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	Totals	Internal Service Funds
Operating Revenues							
Charges for services	\$ 14,644,110	\$ 2,281,472	\$ 1,566,247	\$ 1,114,194	\$ 1,233,849	\$ 20,839,872	\$ 1,383,661
Reinsurance coverage reimbursements	-	-	-	-	-	-	262,621
Total Operating Revenues	14,644,110	2,281,472	1,566,247	1,114,194	1,233,849	20,839,872	1,646,282
Operating Expenses							
Electric energy purchased	10,461,042	-	-	-	-	10,461,042	-
Operating and maintenance expenses	1,066,938	932,972	579,755	-	1,233,849	3,813,514	-
Customer accounting expenses	266,936	151,147	72,440	-	-	490,523	-
Engineering services	138,511	16,000	16,000	-	-	170,511	-
Administrative and general expense	663,355	298,390	247,856	549,730	-	1,759,331	-
Depreciation and amortization	929,386	484,300	534,478	348,957	-	2,297,121	-
Municipal expenses	495,425	52,719	21,745	-	-	569,889	-
Landfill operating contracts	-	-	-	413,950	-	413,950	-
Health insurance claims paid	-	-	-	-	-	-	1,249,461
Health and life insurance premiums	-	-	-	-	-	-	171,535
Payflex expenses	-	-	-	-	-	-	114,415
Workers' compensation claims paid	-	-	-	-	-	-	29,995
Other services and charges	-	-	-	-	-	-	35,625
Total Operating Expenses	14,021,593	1,935,528	1,472,274	1,312,637	1,233,849	19,975,881	1,601,031
Operating Income (Loss)	622,517	345,944	93,973	(198,443)	-	863,991	45,251
Nonoperating Revenues (Expenses)							
Interest income	26,744	7,150	9,593	7,370	-	50,857	71
Merchandising, etc.	100,790	168,724	23,448	-	-	292,962	-
Grant income	-	-	-	-	-	-	-
Miscellaneous	152,424	270,866	8,446	3,065	-	434,801	-
Interest expense	(26,916)	(32,577)	(36,750)	(71,790)	-	(168,033)	-
Amortization of bond issuance cost	(820)	(1,582)	(2,295)	-	-	(4,697)	-
Total Nonoperating Revenues (Expenses)	252,222	412,581	2,442	(61,355)	-	605,890	71
Capital in Aid of Construction	-	-	-	-	-	-	-
Contributed capital assets	(53,524)	-	-	-	-	(53,524)	-
Change in Net Assets	821,215	758,525	96,415	(259,798)	-	1,416,357	45,322
Net Assets, Beginning of Year	18,109,213	4,768,756	6,175,096	556,539	-	29,609,604	(73,133)
Net Assets, End of Year	\$ 18,930,428	\$ 5,527,281	\$ 6,271,511	\$ 296,741	\$ -	\$ 31,025,961	\$ (27,811)

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the year ended September 30, 2012
 With comparative totals for September 30, 2011

	Business-Type Activities Enterprise Funds					Governmental Activities		
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	2012 Totals	Internal Service Funds	2011 Totals
Cash Flows From Operating Activities								
Cash received from customers	\$ 14,595,231	\$ 2,679,638	\$ 1,586,980	\$ 1,144,131	\$ 1,229,866	\$ 21,235,846	\$ 1,495,048	\$ 20,416,253
Cash paid to suppliers for goods and services	(11,526,114)	(333,287)	(331,663)	(405,195)	(1,256,863)	(13,853,122)	(1,482,958)	(13,540,730)
Cash paid to employees for services	(1,430,499)	(965,747)	(607,379)	(254,700)	-	(3,258,325)	-	(3,111,779)
Net Cash Provided by Operating Activities	1,638,618	1,380,604	647,938	484,236	(26,997)	4,124,399	12,090	3,763,744
Cash Flows from Noncapital Financing Activities								
Cash paid on behalf of other funds - employee benefits	(191,485)	-	-	-	-	(191,485)	-	-
Cash Flows from Capital and Related Financing Activities								
Principal payments on long-term debt and leases payable	(50,750)	(561,266)	(1,112,631)	(184,653)	-	(1,909,300)	-	(369,691)
Proceeds from long-term debt	-	558,900	1,166,100	-	-	1,725,000	-	1,655,000
Capital in aid of construction	-	-	-	-	-	-	-	368,138
Contributed capital assets	(53,524)	-	-	-	-	(53,524)	-	-
Bond issuance cost paid	-	(11,516)	(21,467)	-	-	(32,983)	-	(45,788)
Loans from other funds	-	-	-	-	-	-	-	-
Interest paid on revenue bond maturities	(26,916)	(38,207)	(48,654)	(66,314)	-	(180,091)	-	(147,659)
Grant proceeds	-	-	-	-	-	-	-	12,977
Purchases of capital assets	(1,307,518)	(816,795)	(324,238)	(193,288)	-	(2,641,839)	-	(3,179,961)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,438,708)	(868,884)	(340,890)	(444,255)	-	(3,092,737)	-	(1,706,984)
Cash Flows From Investing Activities								
Interest received	28,530	6,184	7,850	7,370	-	49,934	71	74,845
Net Increase (Decrease) in Cash and Cash Equivalents	36,955	517,904	314,898	47,351	(26,997)	890,111	12,161	2,131,605
Cash and Cash Equivalents, Beginning of Year	6,331,269	489,777	951,280	1,960,066	28,165	9,760,557	7,917	7,628,953
Cash and Cash Equivalents, End of Year	<u>\$ 6,368,224</u>	<u>\$ 1,007,681</u>	<u>\$ 1,266,178</u>	<u>\$ 2,007,417</u>	<u>\$ 1,168</u>	<u>\$ 10,650,668</u>	<u>\$ 20,078</u>	<u>\$ 9,760,558</u>
Cash, Cash Equivalents, and Investments Consist of:								
Cash	\$ 3,757,000	\$ 872,516	\$ 931,618	\$ 209,997	\$ 1,168	\$ 5,772,299	\$ 20,078	\$ 7,328,724
Certificates of deposit	2,175,000	-	150,000	-	-	2,325,000	-	-
Employee benefits cash	64,114	-	-	-	-	64,114	-	204,957
Bond construction account	-	-	-	405,899	-	405,899	-	485,412
Debt service reserve account	79,275	135,165	184,560	237,926	-	636,926	-	467,738
Customer deposits	292,835	-	-	-	-	292,835	-	249,760
Closure/postclosure maintenance and care	-	-	-	1,153,595	-	1,153,595	-	1,023,967
Total Cash and Cash Equivalents	<u>\$ 6,368,224</u>	<u>\$ 1,007,681</u>	<u>\$ 1,266,178</u>	<u>\$ 2,007,417</u>	<u>\$ 1,168</u>	<u>\$ 10,650,668</u>	<u>\$ 20,078</u>	<u>\$ 9,760,558</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, 2012
 With comparative totals for September 30, 2011

	Business-Type Activities Enterprise Funds						Governmental Activities	
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	2012 Totals	Internal Service Funds	2011 Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:								
Operating income (loss)	\$ 622,517	\$ 345,944	\$ 93,973	\$ (198,443)	\$ -	\$ 863,991	\$ 45,251	\$ 1,015,904
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities								
Depreciation and amortization	929,386	484,300	534,478	348,957	-	2,297,121	-	2,347,756
Merchandise and miscellaneous revenue	253,214	439,590	31,894	3,065	-	727,763	-	429,835
Increase in estimated cost of closure and postclosure	-	-	-	309,000	-	309,000	-	52,000
(Increase) decrease in unbilled and accrued revenues	21,975	(11,356)	(1,736)	-	-	8,883	-	(85,095)
(Increase) decrease in accounts receivable	(324,068)	(30,068)	(9,425)	26,872	(3,983)	(340,672)	(33,161)	(53,142)
(Increase) decrease in inventory	(53,705)	168,747	-	-	-	115,042	-	(105,976)
(Increase) decrease in prepaid insurance	797	(28)	140	-	-	909	-	1,677
Increase (decrease) in accounts payable	83,205	(4,627)	(7,717)	(4,174)	(23,014)	43,673	-	104,928
Increase (decrease) in sales tax payable	8,137	(3,388)	(2,840)	-	-	1,909	-	6,090
Increase (decrease) in employee insurance payable	43,732	-	-	-	-	43,732	-	(47,113)
Increase (decrease) in accrued payroll	(5,044)	-	-	(1,041)	-	(6,085)	-	15,017
Increase (decrease) in accrued compensated absences	15,397	(8,510)	9,171	-	-	16,058	-	77,317
Increase (decrease) in customer deposits	43,075	-	-	-	-	43,075	-	4,546
Total Adjustments	1,016,101	1,034,660	553,965	682,679	(26,997)	3,260,408	(33,161)	2,747,840
Net Cash Provided by Operating Activities	\$ 1,638,618	\$ 1,380,604	\$ 647,938	\$ 484,236	\$ (26,997)	\$ 4,124,399	\$ 12,090	\$ 3,763,744

Noncash Investing, Capital and Financing Activities:

September 30, 2011 - Equipment obtained through capital lease totaled \$238,580.

September 30, 2012 - None

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 September 30, 2012 and 2011

	Pension Trust Fund	
	2012	2011
Assets		
Investments with fiscal agent:		
Demand deposits	\$ -	\$ 443,440
Guaranteed interest accounts	7,348,493	7,084,908
Publicly traded equities	9,398,266	7,520,925
Total Assets	<u>\$ 16,746,759</u>	<u>\$ 15,049,273</u>
Net Assets		
Net assets held in trust for pension benefits	<u>\$ 16,746,759</u>	<u>\$ 15,049,273</u>

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 For the years ended September 30, 2012 and 2011

	Pension Trust Fund	
	2012	2011
Additions		
Contributions		
Employer	\$ 448,705	\$ 455,968
Employee	382,354	532,257
Total Contributions	<u>831,059</u>	<u>988,225</u>
Investment Earnings		
Net increase in the fair value of investments	<u>1,679,095</u>	<u>284,315</u>
Total Additions	2,510,154	1,272,540
Deductions		
Benefits	194,471	514,369
Administrative expenses	16,825	15,773
Transfers to another plan	25	-
Total Deductions	<u>211,321</u>	<u>530,142</u>
Change in Net Assets	2,298,833	742,398
Net Assets, Beginning of Year - as previously stated	15,049,273	14,306,875
Prior period adjustment to remove Board of Public Works 457 plan	<u>(601,347)</u>	<u>-</u>
Net Assets, Beginning of Year - restated	14,447,926	14,306,875
Net Assets, End of Year	<u>\$ 16,746,759</u>	<u>\$ 15,049,273</u>

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Beatrice, Nebraska (City) are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

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. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each blended component unit has a September 30 fiscal period end.

The City's financial reporting entity comprises the following:

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

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

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 and Statement No. 39, 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. 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.

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:

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1. Financial Reporting Entity – Continued

Discretely Presented Component Units - Continued

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.
----------------------------	---

Community Redevelopment Authority	The Community Redevelopment Authority 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.
-----------------------------------	---

Complete financial statements for the Beatrice Airport Authority 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 assets 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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basis of Presentation – Continued

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 nonoperating 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 nonoperating revenues and expenses.

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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basis of Presentation – Continued

Fund Financial Statements - Continued

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.

Additionally, the City reports the following nonmajor 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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basis of Presentation – Continued

Governmental Funds – Continued

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.

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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basis of Presentation – Continued

Proprietary Funds – Continued

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 landfill and 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.

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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basis of Presentation – Continued

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, 2011, 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.

Measurement Focus

On the government-wide Statement of Net Assets 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 a 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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Measurement Focus and Basis of Accounting – Continued

Measurement Focus – Continued

- 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 assets (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 assets.
- c. Fiduciary funds utilize the "economic resources" measurement focus.

Basis of Accounting

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

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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. Cash and Investments

For the purpose of the Statement of Net Assets, “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.

6. 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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Receivables – Continued

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.

7. Inventories

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

8. 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.

9. 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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Capital Assets – Continued

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.

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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Unamortized Bond Discount

Bond discount fees for the Utility Funds are deferred and amortized over the life of the bonds using the effective interest method.

11. Deferred Revenues

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

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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

12. Compensated Absences – Continued

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 Assets 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.

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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

14. Equity Classification

Government-wide Statements

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

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

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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

14. Equity Classification – Continued

Fund Financial Statements – Continued

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of that was 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 manager through the budgetary process.

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

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 \$6,152 are shown in restricted fund balance for the Streets fund. Encumbrances of \$122,678 are shown in assigned fund balance for the Capital Improvements funds.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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, 2011
Levy date	October 15, 2011
Tax bills mailed	December 1, 2011
Due date	December 31, 2011
First installment payment delinquent	May 1, 2012
Second installment payment delinquent	September 1, 2012

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

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

16. Property Taxes – Continued

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, 2012 was \$.34584 per \$100 (.301654 for the general fund and .044186 for the bond) of assessed valuation. The City has a tax margin of \$0.154094 per \$100 of assessed valuation and could raise taxes by \$836,741, based on the present assessed valuation of \$542,695,345, before the limit is reached.

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. 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.

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. 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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 Nonoperating

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 Issued Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus* an amendment of GASB Statements No. 14 and No. 34. GASB No. 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This Statement is effective for periods beginning after June 15, 2012. 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, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

20. Recently Issued Accounting Pronouncements – Continued

In December 2010, the GASB issued 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 Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for periods beginning after December 15, 2011. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. This Statement is effective for financial statements for periods beginning after December 15, 2011. The Statement will result in the reclassification of certain assets and liabilities to deferred inflows and deferred outflows on the statements of net assets and balance sheets. Also, the term "net assets" will be replaced with the term "net position" on the statements of net assets.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Additionally, GASB 65 recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for financial statements for periods beginning after December 15, 2012.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

20. Recently Issued Accounting Pronouncements – Continued

The Statement will result in the reclassification of certain assets and liabilities to deferred inflows and deferred outflows on the statements of net assets and balance sheets. Also, the City will no longer report bond issuance costs as a deferred cost. Rather, bond issuance costs will be recognized as expenditures in the year of issuance. Implementation of GASB 65 will result in the restatement of net assets for the carrying amount of previous issuance cost.

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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2. Deposit Laws and Regulations – Continued

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.

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. The primary restricted revenue sources are described in Note A-2 for the various funds.

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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – CONTINUED

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.

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

	Special Revenue	Debt Service		Capital Outlay
		General	Unbonded	Capital
	Streets	Obligation	Districts	Improvements
Revenues				
Revenues on budgetary basis	\$ 1,914,950	\$ 260,498	\$ 87,004	\$ 762,334
Cash to accrual adjustments	-	(19,365)	70,008	-
Revenues on a GAAP basis	1,914,950	241,133	157,012	762,334
Expenditures				
Expenditures on budgetary basis	1,897,880	284,918	343,962	1,539,726
Cash to accrual adjustments	-	(2,922)	(57,184)	-
Change in encumbrances	(6,152)	-	-	(122,678)
Expenditures on a GAAP basis	1,891,728	281,996	286,778	1,417,048
Transfers				
Transfers on budgetary/GAAP basis	-	-	-	613,475
Excess (Deficit) of Revenues Over (Under)				
Expenditures on a GAAP basis	<u>\$ 23,222</u>	<u>\$ (40,863)</u>	<u>\$ (129,766)</u>	<u>\$ (41,239)</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – CONTINUED

5. Budgetary Data – Continued

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, 2011 and ending September 30, 2012. 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.

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 budget in the following funds:

General Fund	\$ 261,000
Keno Fund	21,000
Employee Benefits Fund	320,000
Unbonded Districts	260,000
911 Surcharge	11,000
	<u>\$ 873,000</u>
Beatrice Airport Authority - Component Unit	<u>\$ 75,000</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

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.

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) for all interest bearing accounts. Non-interest bearing accounts have unlimited FDIC coverage through December 31, 2012. As of September 30, 2012, 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 joint safekeeping receipts.

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, 2012 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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE C. CASH AND INVESTMENTS – CONTINUED

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, 2012.

	Carrying Amount	Fair Value
Type of Deposits and Investments:		
Demand deposits	\$ 317,275	\$ 317,275
Time deposits	5,118,625	5,118,625
Publicly traded equities	7,348,493	7,348,493
Guaranteed investment securities	9,398,266	9,398,266
	<u>\$ 22,182,659</u>	<u>\$ 22,182,659</u>

Investments are presented as follows as of September 30, 2012:

Primary Government:	
Unrestricted investments	\$ 2,930,131
Restricted investments	2,505,769
Employee Pension Funds	16,746,759
	<u>\$ 22,182,659</u>

3. Restricted Assets

The restricted assets as of September 30, 2012, are as follows:

	Governmental Activities	Business- Type Activities	Total Primary Government
Type of Restricted Assets:			
Cash and cash equivalents	\$ 344,490	\$ 126,949	\$ 471,439
Investments	79,349	2,426,420	2,505,769
	<u>\$ 423,839</u>	<u>\$ 2,553,369</u>	<u>\$ 2,977,208</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE C. CASH AND INVESTMENTS - CONTINUED

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 2012	\$ 205,131
November 2012	100,000
May 2013	226,500
September 2014	400,000
May 2017	2,325,000
July 2017	50,000
September 2017	80,000
October 2017	1,153,595
Total	<u>\$ 4,540,226</u>

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, 2012, the City's investments in certificates of deposits consisted of the following:

Great Western Bank	\$ 205,131
First National Bank of Omaha	100,000
Pinnacle Bank	226,500
Security First Bank	4,008,595
	<u>\$ 4,540,226</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE C. CASH AND INVESTMENTS - CONTINUED

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, 2012.

The Pension Trust Fund of the City's employees (other than the Board of Public Works) is managed by Principal Mutual Life Insurance. 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 are the same. The balance at September 30, 2012, was \$17,537,299.

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 Principal Mutual Life Insurance, not in the City's name. Management plans to hold the investments held by the Pension Trust Fund until maturity.

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 (39.6%), sales tax (27.6%), grants and donations (26.3%), and other (6.5%) receivables. Accounts receivable for the component unit consist of fuel and repair services. Receivables detail at September 30, 2012, is as follows:

	Governmental Activities	Business- Type Activities	Total Primary Government	Component Units
Accounts receivable	\$ 1,165,339	\$ 1,678,082	\$ 2,843,421	\$ 29,736
Allowance for doubtful accounts	(55,000)	(51,117)	(106,117)	-
Net accounts receivable	<u>\$ 1,110,339</u>	<u>\$ 1,626,965</u>	<u>\$ 2,737,304</u>	<u>\$ 29,736</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE D. ACCOUNTS AND NOTES RECEIVABLE – CONTINUED

Assessments receivable consist of the following as of September 30:

	2012	2011
Current	\$ 66,110	\$ 23,095
Delinquent	150,947	128,047
Deferred	208,442	76,915
	<u>\$ 425,499</u>	<u>\$ 228,057</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, 2012.

Due From	Balance 09/30/12	Terms
5Stat, Inc.	\$ 240,000	0% interest; due in annual payments of \$30,000 through December 2019
5Stat, Inc.	300,000	0% interest; note forgivable upon meeting program requirements
Store Kraft Manufacturing Co.	79,166	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 Hames	264,133	3% interest, due in quarterly payments of \$13,660 through July 2018
	<u>\$ 1,183,299</u>	

NOTE E. CAPITAL ASSETS AND DEPRECIATION

Components of the City's capital assets at September 30, 2012, are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Land and land rights	\$ 2,577,841	\$ 118,076	\$ 2,695,917
Buildings and improvements	6,883,209	10,262,390	17,145,599
Improvements other than buildings	4,011,886	54,507,778	58,519,664
Machinery and equipment	8,629,335	6,497,186	15,126,521
Infrastructure	26,646,231	-	26,646,231
	<u>48,748,502</u>	<u>71,385,430</u>	<u>120,133,932</u>
Accumulated depreciation	<u>(20,241,011)</u>	<u>(44,092,430)</u>	<u>(64,333,441)</u>
	<u>\$ 28,507,491</u>	<u>\$ 27,293,000</u>	<u>\$ 55,800,491</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE E. CAPITAL ASSETS AND DEPRECIATION – CONTINUED

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

	Balance 10/01/11	Additions	Deletions	Balance 09/30/12
Buildings and improvements	\$ 5,773,093	\$ 1,110,116	\$ -	\$ 6,883,209
Improvements other than buildings	3,924,463	87,423	-	4,011,886
Machinery and equipment	8,177,872	499,593	(48,130)	8,629,335
Infrastructure	25,324,246	1,321,985	-	26,646,231
	43,199,674	3,019,117	(48,130)	46,170,661
Land	2,577,841	-	-	2,577,841
	<u>\$ 45,777,515</u>	<u>\$ 3,019,117</u>	<u>\$ (48,130)</u>	<u>\$ 48,748,502</u>

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

	Balance 10/01/11	Additions	Deletions/ Transfers	Balance 09/30/12
Land and land rights	\$ 89,478	\$ 28,598	\$ -	\$ 118,076
Buildings and improvements	1,182,011	442,806	8,637,573	10,262,390
Improvements other than buildings	61,679,244	1,529,677	(8,701,143)	54,507,778
Machinery and equipment	6,051,944	644,015	(198,773)	6,497,186
	<u>\$ 69,002,677</u>	<u>\$ 2,645,096</u>	<u>\$ (262,343)</u>	<u>\$ 71,385,430</u>

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

	Balance 10/01/11	Additions	Deletions/ Transfers	Balance 09/30/12
Land and land rights	\$ 1,321,356	\$ -	\$ -	\$ 1,321,356
Buildings and improvements	1,693,764	4,000	55,590	1,753,354
Improvements other than buildings	4,338,911	20,728	679,149	5,038,788
Machinery and equipment	317,731	1,888	-	319,619
	7,671,762	26,616	734,739	8,433,117
Construction in progress	695,879	59,589	(734,739)	20,729
	<u>\$ 8,367,641</u>	<u>\$ 86,205</u>	<u>\$ -</u>	<u>\$ 8,453,846</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE E. CAPITAL ASSETS AND DEPRECIATION – CONTINUED

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

	Balance 10/01/11	Additions	Deletions	Balance 09/30/12
Buildings and improvements	\$ 2,273,728	\$ 149,348	\$ -	\$ 2,423,076
Improvements other than buildings	3,699,499	864,396	-	4,563,895
Machinery and equipment	4,848,962	528,625	(48,130)	5,329,457
Infrastructure	7,924,583	-	-	7,924,583
	<u>\$ 18,746,772</u>	<u>\$ 1,542,369</u>	<u>\$ (48,130)</u>	<u>\$ 20,241,011</u>

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

General government	\$ 43,408
Public safety	340,434
Highways and streets	817,756
Culture and recreation	340,771
Total depreciation	<u>\$ 1,542,369</u>

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

	Balance 10/01/11	Additions	Deletions	Balance 09/30/12
Buildings and improvements	\$ 4,141,651	\$ 491,046	\$ (60,312)	\$ 4,572,385
Improvements other than buildings	33,638,088	1,448,080	-	35,086,168
Machinery and equipment	4,278,679	353,972	(198,774)	4,433,877
	<u>\$ 42,058,418</u>	<u>\$ 2,293,098</u>	<u>\$ (259,086)</u>	<u>\$ 44,092,430</u>

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

	Balance 10/01/11	Additions	Deletions	Balance 09/30/12
Buildings and improvements	\$ 1,196,759	\$ 57,244	\$ -	\$ 1,254,003
Improvements other than buildings	3,731,944	193,454	-	3,925,398
Machinery and equipment	268,761	22,242	-	291,003
	<u>\$ 5,197,464</u>	<u>\$ 272,940</u>	<u>\$ -</u>	<u>\$ 5,470,404</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

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, 2012 were \$3,291.

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 31, 2012 were \$51,624.

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, 2012:

Year Ending September 30,	Governmental Funds	Business-type Funds	Total
2013	\$ 1,646	\$ 47,531	\$ 49,177
2014	-	51,622	51,622
2015	-	51,622	51,622
2016	-	8,604	8,604
2017	-	-	-
Total minimum lease payments	1,646	159,379	161,025
Less: amount representing interest	(52)	(8,120)	(8,172)
Present value of future minimum lease payments	<u>\$ 1,594</u>	<u>\$ 151,259</u>	<u>\$ 152,853</u>

The capital leases transaction summary for the year ended September 30, 2012, follows:

	Governmental Funds	Business-type Funds	Total
Capital Leases 10/1/11	\$ 4,727	\$ 200,911	\$ 205,638
Capital Leases Additions	-	-	-
Capital Leases Payments	(3,133)	(49,652)	(52,785)
Capital Leases 9/30/12	<u>\$ 1,594</u>	<u>\$ 151,259</u>	<u>\$ 152,853</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE G. LONG-TERM DEBT

The summary of bond and note transactions of the City for the year ended September 30, 2012; follows:

	Balance 10/1/11	Additions	Principal Payments	Balance 9/30/12	Amounts Due Within One Year
Governmental Activities:					
Notes and bonds payable	\$ 555,000	\$ -	\$ (270,000)	\$ 285,000	\$ 140,000
Business-type Activities:					
Notes and bonds payable	5,590,041	1,725,000	(1,859,647)	5,455,394	464,218
Component Units:					
Notes and bonds payable	1,376,200	-	(256,200)	1,120,000	260,000
	<u>\$ 7,521,241</u>	<u>\$ 1,725,000</u>	<u>\$ (2,385,847)</u>	<u>\$ 6,860,394</u>	<u>\$ 864,218</u>

Bonds payable as of September 30, 2012, 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. \$ 285,000

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 \$135,000 \$ 1,520,000

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. 1,725,000

Combined Utilities Revenue Bond issued May 12, 2009, interest rates range from 1.70% to 4.50%. Interest is due in semiannual installments. Principal is due in annual installments ranging from \$145,000 to \$215,000. 2,120,000

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. 90,394

Total long-term debt \$ 5,455,394

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE G. LONG-TERM DEBT – CONTINUED

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2012, 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	
2013	\$ 140,000	\$ 7,743	\$ 460,000	\$ 150,134	\$ 4,218
2014	145,000	2,646	465,000	143,828	4,303
2015	-	-	470,000	135,931	4,389
2016	-	-	480,000	126,235	4,477
2017	-	-	495,000	114,761	4,567
2018-2022	-	-	2,350,000	354,339	24,250
2023-2027	-	-	645,000	53,907	26,790
2028-2031	-	-	-	614	17,400
	<u>\$ 285,000</u>	<u>\$ 10,389</u>	<u>\$ 5,365,000</u>	<u>\$ 1,079,749</u>	<u>\$ 90,394</u>

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.	\$ 265,000
<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.	290,000
<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.	565,000
Total long-term debt	<u>\$ 1,120,000</u>

The outstanding balance as of September 30, 2012, 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
2013	\$ 40,000	\$ 6,910	\$ 220,000	\$ 43,995
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
2018-2022	45,000	1,508	110,000	6,655
	<u>\$ 265,000</u>	<u>\$ 27,003</u>	<u>\$ 855,000</u>	<u>\$ 140,046</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE G. LONG-TERM DEBT – CONTINUED

Compensated Absences

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

	Governmental Activities	Business-type Activities
Compensated absences, September 30, 2011	\$ 583,776	\$ 659,339
Additions	315,408	246,708
Deletions	(381,269)	(232,034)
Compensated absences, September 30, 2012	<u>\$ 517,915</u>	<u>\$ 674,013</u>
Due within one year	220,062	215,003

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, 2012.

	Governmental Funds	Community Redevelopment Authority
Warrants payable, September 30, 2011	\$ 185,771	\$ 2,327
Warrants issued	254,700	-
Warrants paid	(50,000)	(2,327)
Warrants payable, September 30, 2012	<u>\$ 390,471</u>	<u>\$ -</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE I. NOTES RECEIVABLE/PAYABLE – TAX INCREMENT FINANCING

Estimated future receivables and payables under TIF agreements were as follows as of September 30, 2012:

	Receivable	Payable
Cornhusker Hospitality II, LLC	* \$ 41,695	\$ 41,695
Airport Authority of Beatrice	* 732,491	732,491
E-6 Investments, Inc.	* 99,266	99,266
E-6 Investments, Inc.	* 23,243	23,243
Fakler Development, LLC	* 50,000	50,000
E-6 Investments, Inc.	* 60,332	60,332
Toby and Teresa Bissegger	* 24,672	24,672
Beatrice Biodiesel, KKC	* 1,572,161	1,572,161
Precise Bldg., LLC	* 115,803	115,803
Southwick Enterprises	* 202,528	202,528
	<u>\$ 2,922,191</u>	<u>\$ 2,922,191</u>
	Receivable	Payable
Current portion	* \$ 404,574	\$ 404,574
Noncurrent portion	* 2,517,617	2,517,617
	<u>\$ 2,922,191</u>	<u>\$ 2,922,191</u>

*Equal to total CRA liabilities

NOTE J. INTERFUND PAYABLES AND RECEIVABLES

All interfund payables arise due to ongoing operations of the City. The following balances at September 30, 2012, represent individual fund interfund receivables and payables:

Fund	Payable	Receivable
Internal Service Fund	\$ 215,242	\$ -
Electric Fund	-	215,242
	<u>\$ 215,242</u>	<u>\$ 215,242</u>

NOTE K. INTERFUND TRANSFERS

Interfund transfers were as follows for the year ended September 30, 2012:

Transfer Out	Transfers In		
	General Fund	Other Gov't Funds	Total
General Fund	\$ -	\$ 390,107	\$ 390,107
Other Gov't Funds	101,688	223,368	325,056
Total	<u>\$ 101,688</u>	<u>\$ 613,475</u>	<u>\$ 715,163</u>

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE K. INTERFUND TRANSFERS – CONTINUED

During the year ended September 30, 2012, the 911 Surcharge fund transferred \$101,688 to the General Fund. The Keno Fund transferred \$223,368 to the Capital Improvements Fund for community betterment projects. The General Fund transferred \$390,107 to the Capital Improvements Fund to fund outlay and improvements for capital assets.

NOTE L. DEFICIT FUND BALANCES AND BUDGET TO ACTUAL

The Debt Service Fund had a deficit fund balance for Unbonded Assessments of \$146,182 at September 30, 2012.

NOTE M. 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 four years of service plus 10% for each year thereafter, up to 100%.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE M. PENSION AND OTHER BENEFIT PLANS – CONTINUED

1. Police and Firefighters' Pension – Continued

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, 2012, the City's contributions were based on police payroll of \$1,160,035. Both the City and the covered employees made the required contributions, amounting to \$69,727 (retirement rate of 6.0% of covered payroll) for the City and \$69,727 (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%.

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, 2012, the City's contributions were based on fire payroll of \$1,287,776 and the City's contributions were based on payroll of \$1,091,746. Both the City and the covered employees made the required contributions, amounting to \$141,927 (retirement rate of 13.0% of covered payroll) for the City and \$70,963 (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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE M. PENSION AND OTHER BENEFIT PLANS – CONTINUED

1. Police and Firefighters' Pension – Continued

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.

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.

Firefighter Plan

Since January 1, 2002, the date of the last actuarial valuation of the defined contribution plan, there are only four active employees in the Firefighters Plan, two of whom have an account balance greater than the future benefits payable under the defined plan.

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%.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE M. PENSION AND OTHER BENEFIT PLANS – CONTINUED

1. Police and Firefighters' Pension – Continued

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, 2012	\$	553,768
Benefit liability at January 1, 2003, plus an inflation factor to September 30, 2012.		353,882
Funded Status	\$	199,886
Prepaid (accrued) benefit cost	\$	-

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

Fiscal Year Ended	Annual Pension Percentage of APC		Net Pension Obligation
	Cost (APC)	Contributed	
9/30/2009	\$ -	N/A	\$ -
9/30/2010	-	N/A	-
9/30/2011	-	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, 2012.

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 (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%)

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE M. PENSION AND OTHER BENEFIT PLANS – CONTINUED

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

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, 2012, the City's contributions were based on non-uniformed employee payroll of \$1,643,956 and the City's contributions were based on a payroll of \$1,320,966. Both the City and covered employees made required contributions, totaling \$74,645 (retirement rate of 6.0% of covered payroll) for the City and \$79,258 (includes adjustment of \$4,613) (6.0%) for the employees. 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.

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 elected 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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE M. PENSION AND OTHER BENEFIT PLANS – CONTINUED

4. 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.

Contribution Requirements and Contributions Made – Contributions of \$162,406 were made by the Board of Public Works to match required contributions for the year ended September 30, 2012. Contributions were based on gross regular wages totaling \$2,706,393 for the year ended September 30, 2012. 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 \$162,406 (retirement rate of 6.0% of covered payroll) for the City and \$162,406 (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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE M. PENSION AND OTHER BENEFIT PLANS – CONTINUED

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 elected 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, 2012, was approximately \$940,000 which is funded by the unallocated account in the Firefighter Defined Benefit Plan.

There are no separate financial statements prepared for the above pension plans. Summary financial statements of the pension plan for the year ended September 30, 2012 are as follows:

Total Assets	\$ 16,746,759
Net assets held in trust for pension benefits	<u>\$ 16,746,759</u>
Contributions	\$ 831,059
Investment earnings	1,679,095
Deductions	<u>(211,321)</u>
Change in net assets	<u>\$ 2,298,833</u>

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

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE M. PENSION AND OTHER BENEFIT PLANS – CONTINUED

7. Schedule of Progress

Schedule of Progress Police Pension Plan						
Fiscal Year	Total Assets	Contributions Employer	Funded 100% Employee	Earnings (Loss)	Withdrawals	Total
2003	\$ 1,642,676	\$ 33,647	\$ 53,450	\$ 104,675	\$ 21,340	\$ 1,813,108
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

Schedule of Progress Fire Pension Plan						
Fiscal Year	Total Assets	Contributions Employer	Funded 100% Employee	Earnings (Loss)	Withdrawals	Total
2003	\$ 4,647,324	\$ 107,731	\$ 53,865	\$ 291,190	\$ 421,928	\$ 4,678,182
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

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE M. PENSION AND OTHER BENEFIT PLANS – CONTINUED

7. Schedule of Progress – Continued

Schedule of Progress City General Pension Plan						
Fiscal Year	Total Assets	Contributions Employer	Funded 100% Employee	Earnings (Loss)	Withdrawals	Total
2003	\$ 1,398,937	\$ 61,520	\$ 70,635	\$ 95,594	\$ 25,203	\$ 1,601,483
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

Schedule of Progress Board of Public Works Pension Plan						
Fiscal Year	Total Assets	Contributions Employer	Funded 100% Employee	Earnings (Loss)	Withdrawals	Total
2003	\$ 4,686,445	\$ 120,153	\$ 155,869	\$ 279,687	\$ 503,754	\$ 4,738,400
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

NOTE N. 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, 2012

NOTE N. 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.

The City was also self-insured for workers' compensation claims up to \$100,000 per occurrence and per employee and \$300,000 per aggregate for the period November 1, 2005 through October 31, 2009. The City purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal periods.

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 \$47,631 and \$79,801 reported in the Fund at September 30, 2012 and 2011, 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 2012 and 2011 were:

	2012	2011
Beginning Liability	\$ 79,801	\$ 97,253
Charges	1,383,661	1,386,327
Claims and Changes in Estimates	(1,415,831)	(1,403,779)
Ending Liability	<u>\$ 47,631</u>	<u>\$ 79,801</u>

NOTE O. 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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE O. COMMITMENTS AND CONTINGENCIES

1. Closure and Postclosure Care Cost – Continued

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.

The \$2,286,000 reported as landfill closure and postclosure care liability at September 30, 2012, represents the cumulative amount reported to date based on the use of 60% of the estimated capacity of the landfill, and is an increase of \$309,000 over the previous fiscal year.

These amounts are based on what it would cost to perform all closure and postclosure care in 2012. 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, 2012, investments of \$1,153,595 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, 2012

NOTE O. 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, 2011 was renewed for an additional year expiring October 31, 2012.

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, 2012:

Parties to Agreement	Term	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	June 1, 2012, through June 30, 2013.	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, 2012

NOTE O. COMMITMENTS AND CONTINGENCIES – CONTINUED

4. Interlocal Agreements – Continued

Parties to Agreement	Term	Description
City of Beatrice County of Gage	July 1, 2011 to June 30, 2012, renewed to June 30, 2013	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	September 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 Gage Area Growth Enterprise	July 1, 2012 to 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, 2006, to July 31, 2009, renewed to July 31, 2013	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 County of Otoe City of Tecumseh County of Pawnee County of Richardson County of Nemaha	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, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE O. COMMITMENTS AND CONTINGENCIES – CONTINUED

4. Interlocal Agreements – Continued

Parties to Agreement	Term	Description
City of Beatrice County of Gage	November 17, 1997 until exhaustion of funds provided by the Nebraska Crime Commission.	To provide victim assistance services to victims of crime occurring in Gage County.
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 County of Gage City of Wymore	Perpetual.	To permit the Beatrice Police Department to issue handgun certificates to all residents of Gage County.
City of Beatrice County of Gage	April 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, Nebraska
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended September 30, 2012

NOTE O. COMMITMENTS AND CONTINGENCIES – CONTINUED

4. Interlocal Agreements – Continued

Parties to Agreement	Term	Description
City of Beatrice County of Gage	Perpetual.	To work cooperatively to control the spread of noxious weeds.

NOTE P. PRIOR PERIOD ADJUSTMENTS

For the year ended September 30, 2012, the various pension plans and associated asset accounts were re-evaluated. The Board of Public Works deferred compensation plan was previously included in the fiduciary fund statements as a pension trust fund. It was determined that the plan allows the employees to defer a portion of their salary, but the Board of Public Works does not serve as a trustee for the plan. As a result, the beginning fiduciary fund net assets have been decreased by \$601,347.

NOTE Q. SUBSEQUENT EVENTS

Effective December 3, 2012, the City extended its contract with the Beatrice Humane Society, Inc. through October 31, 2013.

On December 17, 2012, the City council approved a resolution declaring the intent to issue Public Safety Debt Service bonds to reimburse expenditures for the purchase of public safety vehicles, related equipment, and improvements to the police and fire stations. The bonds have not been issued.

On January 21, 2013, the City council approved a resolution to call the 2009 Combined Utilities Revenue Bonds with an outstanding amount at September 30, 2012 of \$2,120,000. The council also approved an ordinance approving the issuance of Series 2013 Combined Utilities Revenue Refunding Bonds (Series 2013). Series 2013 in the amount of \$2,040,000 were issued on February 21, 2013. Series 2013 has interest rates and principal payments ranging from 0.40% and \$180,000 to 2.30% and \$200,000, respectively. The City estimates an interest savings on the refunding of approximately \$171,000.

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, 2012
With comparative totals for September 30, 2011

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2011 Totals
Revenues					
Taxes					
Property tax	\$ 1,626,170	\$ 1,626,170	\$ 1,622,701	\$ (3,469)	\$ 1,473,671
Sales tax	1,965,000	1,965,000	2,040,891	75,891	1,899,703
Occupation tax	826,075	826,075	733,894	(92,181)	797,785
Licenses and permits	98,100	98,100	105,128	7,028	108,464
Intergovernmental	930,670	930,670	876,545	(54,125)	1,231,750
Charges for services	2,083,030	2,083,030	2,140,011	56,981	1,989,606
Interest	15,000	15,000	5,166	(9,834)	11,614
Miscellaneous	104,000	104,000	113,349	9,349	140,448
Total Revenues	7,648,045	7,648,045	7,637,685	(10,360)	7,653,041
Expenditures					
General government	1,109,598	1,247,598	1,161,150	86,448	1,284,372
Public safety	5,267,917	5,364,917	5,263,226	101,691	5,180,140
Culture and recreation	1,120,330	1,130,330	1,066,762	63,568	1,179,966
Total Expenditures	7,497,845	7,742,845	7,491,138	251,707	7,644,478
Excess of Revenues Over Expenditures	150,200	(94,800)	146,547	241,347	8,563
Other Financing Sources (Uses)					
Transfers from other funds	97,000	108,000	101,688	(6,312)	91,860
Transfers to other funds	(378,700)	(394,700)	(390,107)	4,593	(258,342)
Total Other Financing Sources (Uses)	(281,700)	(286,700)	(288,419)	(1,719)	(166,482)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (131,500)</u>	<u>\$ (381,500)</u>	<u>\$ (141,872)</u>	<u>\$ 239,628</u>	<u>\$ (157,919)</u>

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, 2012
With comparative totals for September 30, 2011

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2011 Totals
Revenues					
Taxes					
Sales tax	\$ 549,000	\$ 549,000	\$ 572,724	\$ 23,724	\$ 537,395
Intergovernmental:					
State shared revenue	2,105,027	2,105,027	1,266,248	(838,779)	1,195,490
Federal grants	-	-	1,274	1,274	150,151
Total Intergovernmental	2,105,027	2,105,027	1,267,522	(837,505)	1,345,641
Charges for services	22,000	22,000	68,552	46,552	50,148
Miscellaneous	6,000	6,000	6,152	152	-
Total Revenues	2,682,027	2,682,027	1,914,950	(767,077)	1,933,184
Expenditures					
Personal services	784,655	784,655	771,470	13,185	778,284
Supplies	334,000	334,000	285,711	48,289	319,260
Other services and charges	147,895	147,895	97,357	50,538	126,898
Capital outlay	1,738,000	1,738,000	743,342	994,658	742,239
Total Expenditures	3,004,550	3,004,550	1,897,880	1,106,670	1,966,681
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (322,523)</u>	<u>\$ (322,523)</u>	17,070	<u>\$ 339,593</u>	<u>\$ (33,497)</u>
Reconciliation to GAAP basis:					
Change in encumbrances			6,152		
Excess (Deficiency) of Revenues Over (Under) Expenditures on a GAAP basis			<u>\$ 23,222</u>		

See independent auditor's report.

SUPPLEMENTARY INFORMATION

City of Beatrice, Nebraska
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 1,125,007	\$ 160,809	\$ -	\$ 1,285,816
Cash on deposit - County Treasurer	-	12,601	-	12,601
Accounts receivable	-	-	228,755	228,755
Interest receivable	-	66,196	-	66,196
Assessments receivable	-	425,499	-	425,499
Restricted:				
Cash	37,367	-	253,815	291,182
Investments	-	-	79,349	79,349
In-lieu-of assessments	-	10,105	-	10,105
Loans receivable	1,183,299	-	-	1,183,299
Taxes receivable	-	19,347	-	19,347
Total Assets	\$ 2,345,673	\$ 694,557	\$ 561,919	\$ 3,602,149
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 1,000	\$ 1,000
Accrued interest payable	-	43,449	-	43,449
Registered warrants payable	-	390,471	-	390,471
Deferred revenues	-	234,837	-	234,837
Total Liabilities	-	668,757	1,000	669,757
Fund Balances				
Restricted for:				
Economic development	896,621	-	-	896,621
Debt service	-	171,982	-	171,982
Revolving loan fund	1,290,461	-	-	1,290,461
Storm water management	36,900	-	-	36,900
E-911 public safety	71,336	-	-	71,336
Committed for:				
Library capital improvements	-	-	145,349	145,349
Public safety equipment	-	-	292,892	292,892
Grant project - Carnegie	-	-	-	-
Community betterment	50,355	-	-	50,355
Assigned for subsequent years' expenditures	-	-	122,678	122,678
Unassigned	-	(146,182)	-	(146,182)
Total Fund Balances	2,345,673	25,800	560,919	2,932,392
Total Liabilities and Fund Balances	\$ 2,345,673	\$ 694,557	\$ 561,919	\$ 3,602,149

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, 2012
 With comparative totals for September 30, 2011

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 250,000	\$ 240,236	\$ -	\$ 490,236
Intergovernmental	18,996	897	255,769	275,662
Charges for services	135,914	-	-	135,914
Keno proceeds	79,132	-	-	79,132
Special assessments	-	133,879	-	133,879
Interest	5,671	23,133	144	28,948
Grants	10,368	-	-	10,368
Donations and miscellaneous revenue	18,018	-	506,565	524,583
Total Revenues	518,099	398,145	762,478	1,678,722
Expenditures				
General government	669,506	-	-	669,506
Public safety	-	-	-	-
Capital outlay	4,241	276,829	1,306,803	1,587,873
Debt Service:				
Principal	-	270,000	-	270,000
Interest	-	21,945	-	21,945
MFO payments - other entities	-	-	113,445	113,445
Total Expenditures	673,747	568,774	1,420,248	2,662,769
Excess (Deficiency) of Revenues Over (Under) Expenditures	(155,648)	(170,629)	(657,770)	(984,047)
Other Financing Sources (Uses)				
Transfers from other funds	-	-	613,475	613,475
Transfers to other funds	(325,056)	-	-	(325,056)
Total Other Financing Sources (Uses)	(325,056)	-	613,475	288,419
Net Change in Fund Balances	(480,704)	(170,629)	(44,295)	(695,628)
Fund Balances, Beginning of Year	2,826,377	196,429	605,214	3,628,020
Fund Balances, End of Year	\$ 2,345,673	\$ 25,800	\$ 560,919	\$ 2,932,392

See independent auditor's report.

City of Beatrice, Nebraska
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
September 30, 2012

	Economic Development	Community Development Block Grant	Keno	911 Surcharge	Storm Water Management	Total
Assets						
Cash and investments	\$ 896,621	\$ 69,795	\$ 50,355	\$ 71,336	\$ 36,900	\$ 1,125,007
Restricted cash	-	37,367	-	-	-	37,367
Loans receivable	-	1,183,299	-	-	-	1,183,299
Total Assets	<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>
Liabilities and Fund Balance						
Fund Balance						
Restricted for:						
Economic development	\$ 896,621	\$ -	\$ -	\$ -	\$ -	\$ 896,621
Revolving Loan Fund	-	1,290,461	-	-	-	1,290,461
Storm water management	-	-	-	-	36,900	36,900
E911 public safety	-	-	-	71,336	-	71,336
Committed for:						
Community Betterment	-	-	50,355	-	-	50,355
Total Fund Balance	<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>
Total Liabilities and Fund Balance	<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>

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, 2012
 With comparative totals for September 30, 2011

	Economic Development	Community Development Block Grant	Keno	911 Surcharge	Storm Water Management	Total
Revenues						
Sales tax	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Intergovernmental	-	-	-	-	18,996	18,996
Charges for services	-	-	-	135,914	-	135,914
Keno proceeds	-	-	79,132	-	-	79,132
Grants	-	10,368	-	-	-	10,368
Interest	3,028	2,643	-	-	-	5,671
Other revenue	18,018	-	-	-	-	18,018
Total Revenues	<u>271,046</u>	<u>13,011</u>	<u>79,132</u>	<u>135,914</u>	<u>18,996</u>	<u>518,099</u>
Expenditures						
General government	404,576	246,216	15,180	-	3,534	669,506
Public safety	-	-	-	4,241	-	4,241
Total Expenditures	<u>404,576</u>	<u>246,216</u>	<u>15,180</u>	<u>4,241</u>	<u>3,534</u>	<u>673,747</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(133,530)	(233,205)	63,952	131,673	15,462	(155,648)
Other Financing Sources (Uses)						
Transfers to other funds	<u>-</u>	<u>-</u>	<u>(223,368)</u>	<u>(101,688)</u>	<u>-</u>	<u>(325,056)</u>
Net Change in Fund Balances	(133,530)	(233,205)	(159,416)	29,985	15,462	(480,704)
Fund Balances, Beginning of Year	<u>1,030,151</u>	<u>1,523,666</u>	<u>209,771</u>	<u>41,351</u>	<u>21,438</u>	<u>2,826,377</u>
Fund Balances, End 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>

See independent auditor's report.

City of Beatrice
COMPARATIVE BALANCE SHEET - GENERAL FUND
September 30, 2012
With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Assets		
Unrestricted cash	\$ 861,651	\$ 1,044,889
Restricted cash	53,308	32,961
Cash on deposit - County Treasurer	99,812	177,655
Accounts receivable	584,063	385,729
Taxes receivable	132,083	90,147
Due from Self-Insured Health Care Fund	-	65,000
	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,730,917</u>	<u>\$ 1,796,381</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 124,667	\$ 91,209
Unearned revenues	111,208	68,258
Total Liabilities	<u>235,875</u>	<u>159,467</u>
Fund Balance		
Restricted for police grants and programs	63,979	52,588
Assigned for subsequent years' expenditures	644,444	734,960
Unassigned	786,619	849,366
Total Fund Balance	<u>1,495,042</u>	<u>1,636,914</u>
Total Liabilities and Fund Balance	<u>\$ 1,730,917</u>	<u>\$ 1,796,381</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, 2012
With comparative totals for September 30, 2011

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2011 Totals
Revenues					
Taxes					
Property tax	\$ 1,626,170	\$ 1,626,170	\$ 1,622,701	(3,469)	\$ 1,473,671
Sales tax	1,965,000	1,965,000	2,040,891	75,891	1,899,703
Occupation tax	826,075	826,075	733,894	(92,181)	797,785
Licenses and permits	98,100	98,100	105,128	7,028	108,464
Intergovernmental	930,670	930,670	876,545	(54,125)	1,231,750
Charges for services	2,083,030	2,083,030	2,140,011	56,981	1,989,606
Interest	15,000	15,000	5,166	(9,834)	11,614
Miscellaneous	104,000	104,000	113,349	9,349	140,448
Total Revenues	<u>7,648,045</u>	<u>7,648,045</u>	<u>7,637,685</u>	<u>(10,360)</u>	<u>7,653,041</u>
Expenditures					
General government	1,109,598	1,247,598	1,161,150	86,448	1,284,372
Public safety	5,267,917	5,364,917	5,263,226	101,691	5,180,140
Culture and recreation	1,120,330	1,130,330	1,066,762	63,568	1,179,966
Total Expenditures	<u>7,497,845</u>	<u>7,742,845</u>	<u>7,491,138</u>	<u>251,707</u>	<u>7,644,478</u>
Excess of Revenues Over Expenditures	150,200	(94,800)	146,547	241,347	8,563
Other Financing Sources (Uses)					
Transfers from other funds	97,000	108,000	101,688	(6,312)	91,860
Transfers to other funds	<u>(378,700)</u>	<u>(394,700)</u>	<u>(390,107)</u>	<u>4,593</u>	<u>(258,342)</u>
Total Other Financing Sources (Uses)	<u>(281,700)</u>	<u>(286,700)</u>	<u>(288,419)</u>	<u>(1,719)</u>	<u>(166,482)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (131,500)</u>	<u>\$ (381,500)</u>	<u>(141,872)</u>	<u>239,628</u>	<u>(157,919)</u>
Fund Balance, Beginning of Year			<u>1,636,914</u>		<u>1,794,833</u>
Fund Balance, End of Year			<u>\$ 1,495,042</u>		<u>\$ 1,636,914</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, 2012
With comparative totals for September 30, 2011

	2012			Variance Positive (Negative)	2011 Totals
	Original Budget	Final Budget	Actual		
General Government					
Management and Budget					
Personal services	\$ 361,910	\$ 375,910	\$ 371,789	\$ 4,121	\$ 366,199
Other services and charges	88,090	88,090	90,909	(2,819)	81,341
Supplies	5,700	5,700	5,403	297	4,837
Capital outlay	-	-	6,941	(6,941)	2,000
Contingency	99,098	219,098	182,311	36,787	292,587
Contractual services	108,865	108,865	112,561	(3,696)	144,495
Total Management and Budget	663,663	797,663	769,914	27,749	891,459
Legal					
Personal services	120,780	121,780	108,215	13,565	118,795
Other services and charges	9,275	9,275	4,180	5,095	5,337
Supplies	1,000	1,000	414	586	111
Total Legal	131,055	132,055	112,809	19,246	124,243
Inspection					
Personal services	189,430	192,430	176,825	15,605	182,922
Other services and charges	59,950	59,950	34,424	25,526	18,925
Supplies	5,500	5,500	7,178	(1,678)	6,156
Contractual services	60,000	60,000	60,000	-	60,667
Total Inspection	314,880	317,880	278,427	39,453	268,670
Total General Government	1,109,598	1,247,598	1,161,150	86,448	1,284,372
Public Safety					
Police					
Personal services	2,231,894	2,303,894	2,224,739	79,155	2,231,171
Other services and charges	211,123	211,123	190,163	20,960	205,765
Supplies	98,085	98,085	93,978	4,107	89,683
Capital outlay	17,975	17,975	17,959	16	25,765
Contingencies	5,000	5,000	2,387	2,613	13,636
Contractual services	-	-	-	-	2,120
Total Police	2,564,077	2,636,077	2,529,226	106,851	2,568,140
Fire and Ambulance					
Personal services	1,855,846	1,880,846	1,908,825	(27,979)	1,823,393
Other services and charges	712,019	712,019	689,011	23,008	671,652
Supplies	124,650	124,650	125,043	(393)	105,692
Capital outlay	11,325	11,325	11,121	204	11,263
Total Fire	2,703,840	2,728,840	2,734,000	(5,160)	2,612,000
Total Public Safety	\$ 5,267,917	\$ 5,364,917	\$ 5,263,226	\$ 101,691	\$ 5,180,140

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, 2012
With comparative totals for September 30, 2011

	2012			Variance Positive (Negative)	2011 Totals
	Original Budget	Final Budget	Actual		
Culture and Recreation					
Public Properties					
Personal services	\$ 366,530	\$ 371,530	\$ 355,882	\$ 15,648	\$ 367,086
Other services and charges	103,075	103,075	81,440	21,635	99,076
Supplies	132,950	132,950	131,931	1,019	139,007
Capital outlay	36,500	36,500	29,676	6,824	33,945
Contractual services	33,000	33,000	26,363	6,637	29,788
Total Public Properties	<u>672,055</u>	<u>677,055</u>	<u>625,292</u>	<u>51,763</u>	<u>668,902</u>
Library					
Personal services	292,150	297,150	294,751	2,399	339,556
Other services and charges	47,570	47,570	42,366	5,204	54,997
Supplies	10,500	10,500	9,844	656	10,578
Capital outlay	98,055	98,055	94,509	3,546	105,933
Total Library	<u>448,275</u>	<u>453,275</u>	<u>441,470</u>	<u>11,805</u>	<u>511,064</u>
Total Culture and Recreation	<u>1,120,330</u>	<u>1,130,330</u>	<u>1,066,762</u>	<u>63,568</u>	<u>1,179,966</u>
Total Expenditures	<u>\$ 7,497,845</u>	<u>\$ 7,742,845</u>	<u>\$ 7,491,138</u>	<u>\$ 251,707</u>	<u>\$ 7,644,478</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, 2012
With comparative totals for September 30, 2011

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2011 Totals
Taxes					
Property taxes	\$ 1,468,853	\$ 1,468,853	\$ 1,446,601	\$ (22,252)	\$ 1,311,451
Homestead exemption allocation	100,000	100,000	114,443	14,443	104,202
Property tax credit	52,000	52,000	55,168	3,168	52,169
Interest on delinquent taxes	5,317	5,317	6,489	1,172	5,849
City sales tax	1,965,000	1,965,000	2,040,891	75,891	1,899,703
Utilities occupation tax	730,000	730,000	627,735	(102,265)	695,828
Beer and liquor occupation tax	18,000	18,000	20,265	2,265	19,285
Insurance company occupation tax	75	75	50	(25)	65
Lodging occupation tax	75,000	75,000	82,224	7,224	78,752
Miscellaneous occupation tax	3,000	3,000	3,620	620	3,855
Total Taxes	4,417,245	4,417,245	4,397,486	(19,759)	4,171,159
Licenses and Permits					
Bicycle licenses	100	100	70	(30)	85
Dog licenses	5,000	5,000	6,215	1,215	6,100
Plumbers' licenses	2,000	2,000	2,134	134	50
Building permits	80,000	80,000	82,667	2,667	95,636
Plumbing permits	5,000	5,000	5,396	396	2,082
Mechanical permits	1,000	1,000	2,306	1,306	1,699
Miscellaneous permits	5,000	5,000	6,340	1,340	2,812
Total Licenses and Permits	98,100	98,100	105,128	7,028	108,464
Intergovernmental					
County library aid	24,500	24,500	22,314	(2,186)	21,685
Motor vehicle tax	205,000	205,000	195,572	(9,428)	199,411
County ambulance aid	180,000	180,000	176,625	(3,375)	207,875
Interlocal 911 dispatch aid	65,000	65,000	65,950	950	64,296
Governmental sub/state aid	-	-	-	-	103,169
Crime commission - VAC grants	38,000	38,000	37,611	(389)	40,410
Local match - SEADE	31,579	31,579	20,272	(11,307)	31,578
Library grants	-	-	-	-	1,000
Prorate motor vehicle tax	5,300	5,300	5,779	479	5,018
State library aid	3,135	3,135	2,705	(430)	3,135
Municipal equalization funds	160,177	160,177	191,365	31,188	289,058
Crime commission - SEADE grants	100,775	100,775	50,000	(50,775)	95,420
Federal Grant DOJ	-	-	807	807	-
JAG Recovery Act - officer retention	56,404	56,404	56,477	73	52,928
JAG Recovery Act for SEADE	15,000	15,000	-	(15,000)	-
SEADE Grant	-	-	-	-	20,775
Police NOHS Grants	5,000	5,000	3,856	(1,144)	6,726
CDBG Downtown Revitalization	-	-	2,100	2,100	27,900
Other intergovernmental	40,800	40,800	45,112	4,312	61,366
Total Intergovernmental	930,670	930,670	876,545	(54,125)	1,231,750
Charges for Services					
Publication cost income	1,000	1,000	2,056	1,056	478
Management and budget miscellaneous charges	1,500	1,500	24,875	23,375	191
Accounting services	31,500	31,500	31,560	60	30,556
BASWA management services	20,600	20,600	20,600	-	20,000

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, 2012
With comparative totals for September 30, 2011

	2012				2011
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Totals
Charges for Services (Continued)					
CDBG administration fees	\$ 2,000	\$ 2,000	\$ 12,468	\$ 10,468	\$ 1,000
Legal services	44,290	44,290	32,763	(11,527)	44,142
Legal miscellaneous charges	100	100	-	(100)	56
Restitution - fees and damages	3,500	3,500	252	(3,248)	1,058
Inspection miscellaneous charges	1,300	1,300	1,201	(99)	1,463
Recover demolition charges	10,000	10,000	21,866	11,866	1,432
Police charges	2,500	2,500	3,048	548	2,331
Fire charges	21,000	21,000	21,041	41	21,551
Ambulance charges	1,658,000	1,658,000	1,695,110	37,110	1,614,945
Public safety miscellaneous charges	29,000	29,000	34,367	5,367	27,887
Stop program charges	2,000	2,000	1,560	(440)	1,280
Service fee - night calls	-	-	-	-	4,500
Tuition reimbursement	5,000	5,000	-	(5,000)	-
Land use agreements	3,650	3,650	4,586	936	3,750
Auditorium use fee	32,000	32,000	27,593	(4,407)	30,475
Water Park admissions	90,000	90,000	87,796	(2,204)	83,252
Water Park concessions and sales	30,500	30,500	31,178	678	27,909
Swim lessons	-	-	6,120	6,120	-
Mowing fees	-	-	3,750	3,750	-
Camping receipts	40,000	40,000	32,353	(7,647)	26,654
Public properties miscellaneous charges	24,000	24,000	22,347	(1,653)	17,510
BASWA facility maintenance	6,490	6,490	6,302	(188)	6,302
Library use fees	8,500	8,500	7,869	(631)	7,701
Library copying fees	3,000	3,000	2,922	(78)	2,554
Library miscellaneous charges	4,000	4,000	1,748	(2,252)	3,566
Refunds received on county expense	-	-	-	-	2,883
Interlibrary loan revenue	300	300	275	(25)	295
Parking fines and rents	2,400	2,400	1,135	(1,265)	1,645
School fines and fees	4,900	4,900	1,270	(3,630)	2,240
Total Charges for Services	2,083,030	2,083,030	2,140,011	56,981	1,989,606
Miscellaneous					
Interest earnings	15,000	15,000	5,166	(9,834)	11,614
Reimbursements	2,000	2,000	2,595	595	-
Drug money seizure	-	-	-	-	26,594
Donations - Beatrice Program Plus	9,000	9,000	9,096	96	8,218
Police donations	1,500	1,500	6,101	4,601	696
Fire donations	1,500	1,500	6,300	4,800	1,270
Public properties donations - Water Park	1,500	1,500	1,866	366	2,255
Parks donations	5,000	5,000	30	(4,970)	9,070
Library donations	5,000	5,000	7,834	2,834	13,018
Library donations/Foundation	25,000	25,000	25,117	117	25,090
Lease income - BASWA	51,500	51,500	51,500	-	50,000
Sales of capital assets	2,000	2,000	2,910	910	4,237
Total Miscellaneous	119,000	119,000	118,515	(485)	152,062
Total Revenues	\$ 7,648,045	\$ 7,648,045	\$ 7,637,685	\$ (10,360)	\$ 7,653,041

See independent auditor's report.

City of Beatrice, Nebraska
STREETS SPECIAL REVENUE FUND
BALANCE SHEET
September 30, 2012
With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash	\$ 336,700	\$ 496,215
Accounts receivable	<u>82,536</u>	<u>64,133</u>
Total Assets	<u><u>\$ 419,236</u></u>	<u><u>\$ 560,348</u></u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 17,995	\$ 182,329
Fund Balance		
Restricted	<u>401,241</u>	<u>378,019</u>
Total Liabilities and Fund Balance	<u><u>\$ 419,236</u></u>	<u><u>\$ 560,348</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, 2012
With comparative totals for September 30, 2011

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2011 Totals
Revenues					
Taxes					
Sales tax	\$ 549,000	\$ 549,000	\$ 572,724	\$ 23,724	\$ 537,395
Intergovernmental					
State shared revenue	2,105,027	2,105,027	1,266,248	(838,779)	1,195,490
Federal grants	-	-	1,274	1,274	150,151
Total Intergovernmental	2,105,027	2,105,027	1,267,522	(837,505)	1,345,641
Charges for services	22,000	22,000	68,552	46,552	50,148
Miscellaneous	6,000	6,000	6,152	152	-
Total Revenues	2,682,027	2,682,027	1,914,950	(767,077)	1,933,184
Expenditures					
Personal Services					
Salaries	550,005	550,005	513,158	36,847	559,804
Social security	35,550	35,550	31,739	3,811	34,499
Retirement	22,500	22,500	20,815	1,685	21,780
Health and life insurance	148,600	148,600	157,920	(9,320)	135,339
Workmen's compensation	28,000	28,000	47,838	(19,838)	26,862
Total Personal Services	784,655	784,655	771,470	13,185	778,284
Other Services and Charges					
Insurance	18,000	18,000	14,281	3,719	15,248
Outside professional services	-	-	-	-	4,419
Utilities	780	780	780	-	780
Maintenance and repairs	38,000	38,000	35,532	2,468	36,668
Rentals	72,000	72,000	30,308	41,692	59,237
Data processing costs	2,640	2,640	2,640	-	2,640
Training and transportation	3,500	3,500	1,533	1,967	2,314
Communications	5,300	5,300	4,875	425	4,415
Miscellaneous	7,675	7,675	7,408	267	1,177
Total Other Services and Charges	147,895	147,895	97,357	50,538	126,898
Supplies					
Operating supplies	117,000	117,000	105,772	11,228	125,083
Repairs and maintenance supplies	217,000	217,000	179,939	37,061	194,177
Total Supplies	334,000	334,000	285,711	48,289	319,260
Capital Outlay					
Buildings	25,000	25,000	25,968	(968)	-
Improvements other than buildings	1,594,000	1,594,000	554,783	1,039,217	616,226
Machinery and equipment	119,000	119,000	162,591	(43,591)	126,013
Total Capital Outlay	1,738,000	1,738,000	743,342	994,658	742,239
Total Expenditures	3,004,550	3,004,550	1,897,880	1,106,670	1,966,681

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, 2012
With comparative totals for September 30, 2011

	2012			
	Original Budget	Final Budget	Actual	Variance Positive (Negative) 2011 Totals
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (322,523)</u>	<u>\$ (322,523)</u>	\$ 17,070	<u>\$ 339,593</u> \$ (33,497)
Fund Balance, Beginning of Year			<u>378,019</u>	<u>411,516</u>
Fund Balance, End of Year			395,089	<u>\$ 378,019</u>
Reconciliation to GAAP Basis: Change in encumbrances			<u>6,152</u>	
Fund Balance, End of Year on GAAP Basis			<u>\$ 401,241</u>	

See independent auditor's report.

City of Beatrice, Nebraska
 ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
 BALANCE SHEET
 September 30, 2012
 With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and investments	<u>\$ 896,621</u>	<u>\$ 1,030,151</u>
Total Assets	<u><u>\$ 896,621</u></u>	<u><u>\$ 1,030,151</u></u>
Liabilities and Fund Balance		
Fund Balance		
Restricted for economic development	<u>\$ 896,621</u>	<u>\$ 1,030,151</u>
Total Liabilities and Fund Balance	<u><u>\$ 896,621</u></u>	<u><u>\$ 1,030,151</u></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, 2012
With comparative totals for September 30, 2011

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2011 Totals
Revenues					
Taxes					
Sales tax	\$ 250,000	\$ 250,000	\$ 250,000	\$ -	\$ 250,000
Interest earnings	5,000	5,000	3,028	(1,972)	5,381
Loans/rents revenue	15,800	15,800	18,018	2,218	10,959
Other revenue	-	-	-	-	8,750
Total Revenues	270,800	270,800	271,046	246	275,090
Expenditures					
Economic development	150,000	150,000	404,576	(254,576)	326
Capital outlay	2,291,985	2,291,985	-	2,291,985	472,039
Total Expenditures	2,441,985	2,441,985	404,576	2,037,409	472,365
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,171,185)	(2,171,185)	(133,530)	2,037,655	(197,275)
Other Financing Sources (Uses)					
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 (Uses)	1,150,000	1,150,000	-	(1,150,000)	-
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (1,021,185)</u>	<u>\$ (1,021,185)</u>	(133,530)	<u>\$ 887,655</u>	(197,275)
Fund Balance, Beginning of Year			1,030,151		1,227,426
Fund Balance, End of Year			<u>\$ 896,621</u>		<u>\$ 1,030,151</u>

See independent auditor's report.

City of Beatrice, Nebraska
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
BALANCE SHEET
September 30, 2012
With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash	\$ 69,795	\$ 460,636
Restricted: Cash	37,367	-
Loans receivable	<u>1,183,299</u>	<u>1,063,030</u>
Total Assets	<u>\$ 1,290,461</u>	<u>\$ 1,523,666</u>
Liabilities and Fund Balance		
Fund Balance		
Restricted for Revolving Loan Fund	<u>\$ 1,290,461</u>	<u>\$ 1,523,666</u>
Total Liabilities and Fund Balance	<u>\$ 1,290,461</u>	<u>\$ 1,523,666</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, 2012
 With comparative totals for September 30, 2011

	2012				2011
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Totals
Revenues					
Grants	\$ (505,000)	\$ (505,000)	\$ 10,368	\$ 515,368	\$ 1,000,000
Interest earnings	(360)	(360)	1,036	1,396	384
Loan payments - interest	(1,434)	(1,434)	1,607	3,041	21,160
Total Revenues	<u>(506,794)</u>	<u>(506,794)</u>	<u>13,011</u>	<u>519,805</u>	<u>1,021,544</u>
Expenditures					
Administration	5,000	5,000	10,368	(5,368)	1,000
Grant repayments	50,000	50,000	222,879	(172,879)	50,000
Reuse loans	500,000	500,000	-	500,000	1,000,000
Loan forgiveness	-	-	12,969	(12,969)	2,294
Total Expenditures	<u>555,000</u>	<u>555,000</u>	<u>246,216</u>	<u>308,784</u>	<u>1,053,294</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (1,061,794)</u>	<u>\$ (1,061,794)</u>	<u>(233,205)</u>	<u>\$ 828,589</u>	<u>(31,750)</u>
Fund Balance, Beginning of Year			<u>1,523,666</u>		<u>1,555,416</u>
Fund Balance, End of Year			<u>\$ 1,290,461</u>		<u>\$ 1,523,666</u>

See independent auditor's report.

City of Beatrice, Nebraska
 KENO/LOTTERY SPECIAL REVENUE FUND
 BALANCE SHEET
 September 30, 2012
 With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and investments	<u>\$ 50,355</u>	<u>\$ 209,771</u>
Total Assets	<u><u>\$ 50,355</u></u>	<u><u>\$ 209,771</u></u>
Liabilities and Fund Balance		
Fund Balance		
Committed for community betterment	<u>\$ 50,355</u>	<u>\$ 209,771</u>
Total Liabilities and Fund Balance	<u><u>\$ 50,355</u></u>	<u><u>\$ 209,771</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, 2012
 With comparative totals for September 30, 2011

	2012				2011
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Totals
Revenues					
Keno/lottery proceeds	\$ 84,000	\$ 84,000	\$ 79,132	\$ (4,868)	\$ 83,401
Expenditures					
Other services and charges	15,000	15,000	15,180	(180)	14,997
Excess of Revenues Over Expenditures	69,000	69,000	63,952	(5,048)	68,404
Other Financing Sources (Uses)					
Transfers to other funds	(203,500)	(224,500)	(223,368)	1,132	(21,345)
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ (134,500)</u>	<u>\$ (155,500)</u>	(159,416)	<u>\$ (3,916)</u>	47,059
Fund Balance, Beginning of Year			209,771		162,712
Fund Balance, End of Year			<u>\$ 50,355</u>		<u>\$ 209,771</u>

See independent auditor's report.

City of Beatrice, Nebraska
 911 SURCHARGE SPECIAL REVENUE FUND
 BALANCE SHEET
 September 30, 2012
 With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash - 911 Surcharge	\$ 54,416	\$ 33,361
Cash - E911 Wireless	<u>16,920</u>	<u>8,959</u>
Total Assets	<u><u>\$ 71,336</u></u>	<u><u>\$ 42,320</u></u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ -	\$ 969
Fund Balance		
Restricted for E911 public safety	<u>71,336</u>	<u>41,351</u>
Total Liabilities and Fund Balance	<u><u>\$ 71,336</u></u>	<u><u>\$ 42,320</u></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, 2012
 With comparative totals for September 30, 2011

	2012				2011
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Totals
Revenues					
911 service surcharge	\$ 85,500	85,500	79,265	\$ (6,235)	84,007
E911 wireless surcharge	48,688	48,688	56,649	7,961	46,540
Total Revenues	134,188	134,188	135,914	1,726	130,547
Expenditures					
Capital outlay	10,350	10,350	4,241	6,109	5,035
Excess of Revenues Over Expenditures	123,838	123,838	131,673	7,835	125,512
Other Financing Sources (Uses)					
Transfers to other funds	(97,000)	(108,000)	(101,688)	6,312	(91,860)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 26,838</u>	<u>\$ 15,838</u>	29,985	<u>\$ 14,147</u>	33,652
Fund Balance, Beginning of Year			41,351		7,699
Fund Balance, End of Year			<u>\$ 71,336</u>		<u>\$ 41,351</u>

See independent auditor's report.

City of Beatrice, Nebraska
 STORM WATER MANAGEMENT PLAN SPECIAL REVENUE FUND
 BALANCE SHEET
 September 30, 2012
 With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash	<u>\$ 36,900</u>	<u>\$ 21,438</u>
Total Assets	<u><u>\$ 36,900</u></u>	<u><u>\$ 21,438</u></u>
Liabilities and Fund Balance		
Liabilities	\$ -	\$ -
Fund Balance		
Restricted for storm water management plan	<u>36,900</u>	<u>21,438</u>
Total Liabilities and Fund Balance	<u><u>\$ 36,900</u></u>	<u><u>\$ 21,438</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, 2012
 With comparative totals for September 30, 2011

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2011 Totals
Revenues					
Intergovernmental	\$ 19,000	\$ 19,000	\$ 18,996	\$ (4)	\$ 25,801
Total Revenues	19,000	19,000	18,996	(4)	25,801
Expenditures					
Personal services	10,765	10,765	2,349	8,416	1,960
Other services and charges	20,000	20,000	1,160	18,840	2,475
Supplies	3,958	3,958	25	3,933	-
Capital outlay	5,000	5,000	-	5,000	-
Total Expenditures	39,723	39,723	3,534	36,189	4,435
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (20,723)</u>	<u>\$ (20,723)</u>	15,462	<u>\$ 36,185</u>	21,366
Fund Balance, Beginning of Year			21,438		72
Fund Balance, End of Year			<u>\$ 36,900</u>		<u>\$ 21,438</u>

See independent auditor's report.

City of Beatrice, Nebraska
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
September 30, 2012
With comparative totals for September 30, 2011

	2012				2011
	General Obligation	Bonded Districts	Unbonded Assessments	Total	Totals
Assets					
Cash	\$ 158,447	\$ -	\$ 2,362	\$ 160,809	\$ 187,487
Cash on deposit - County Treasurer	12,601	-	-	12,601	30,835
Taxes receivable	19,347	-	-	19,347	17,248
Assessments receivable:					
Current	-	-	66,110	66,110	23,095
Delinquent	-	-	150,947	150,947	128,047
Deferred	-	-	208,442	208,442	76,915
Unassessed costs	-	-	-	-	2,399
Accrued interest receivable	-	-	66,196	66,196	59,703
In-lieu-of assessments	-	10,105	-	10,105	10,105
Due from Street Fund	-	-	-	-	-
Total Assets	<u>\$ 190,395</u>	<u>\$ 10,105</u>	<u>\$ 494,057</u>	<u>\$ 694,557</u>	<u>\$ 535,834</u>
Liabilities and Fund Balance					
Liabilities					
Accrued interest payable	\$ 2,123	\$ -	\$ 41,326	\$ 43,449	\$ 53,554
Registered warrants payable	-	-	390,471	390,471	185,771
Deferred revenues	16,290	10,105	208,442	234,837	100,080
Total Liabilities	<u>18,413</u>	<u>10,105</u>	<u>640,239</u>	<u>668,757</u>	<u>339,405</u>
Fund Balance					
Restricted for debt service	171,982	-	-	171,982	212,845
Unassigned	-	-	(146,182)	(146,182)	(16,416)
Total Fund Balance (Deficit)	<u>171,982</u>	<u>-</u>	<u>(146,182)</u>	<u>25,800</u>	<u>196,429</u>
Total Liabilities and Fund Balance	<u>\$ 190,395</u>	<u>\$ 10,105</u>	<u>\$ 494,057</u>	<u>\$ 694,557</u>	<u>\$ 535,834</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, 2012
With comparative totals for September 30, 2011

	2012				2011
	General Obligation	Bonded Districts	Unbonded Assessments	Total	Totals
Revenues					
Property taxes	\$ 240,236	\$ -	\$ -	\$ 240,236	\$ 283,367
Intergovernmental revenues	897	-	-	897	976
Special assessments	-	-	133,879	133,879	25,794
Interest on assessments	-	-	23,133	23,133	23,652
Total Revenues	241,133	-	157,012	398,145	333,789
Expenditures					
Capital projects:					
Improvements	-	-	276,829	276,829	2,390
Interest on registered warrants	-	-	9,949	9,949	10,045
Debt service:					
Interest	11,996	-	-	11,996	23,868
Principal	270,000	-	-	270,000	260,000
Total Expenditures	281,996	-	286,778	568,774	296,303
Excess (Deficiency) of Revenues Over Expenditures	(40,863)	-	(129,766)	(170,629)	37,486
Other Financing Sources (Uses)					
Transfers from (to) other funds	-	-	-	-	-
Deficiency of Revenues and Other Sources Under Expenditures and Other Uses	(40,863)	-	(129,766)	(170,629)	37,486
Fund Balances (Deficit), Beginning of Year	212,845	-	(16,416)	196,429	158,943
Fund Balances (Deficit), End of Year	\$ 171,982	\$ -	\$ (146,182)	\$ 25,800	\$ 196,429

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, 2012
 With comparative totals for September 30, 2011

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2011 Totals
Revenues					
Property taxes	\$ 237,420	\$ 237,420	\$ 259,596	\$ 22,176	\$ 282,967
Intergovernmental revenues	1,000	1,000	902	(98)	992
Total Revenues	<u>238,420</u>	<u>238,420</u>	<u>260,498</u>	<u>22,078</u>	<u>283,959</u>
Expenditures					
Debt Service:					
Interest	14,918	14,918	14,918	-	23,868
Principal	270,000	270,000	270,000	-	260,000
Total Expenditures	<u>284,918</u>	<u>284,918</u>	<u>284,918</u>	<u>-</u>	<u>283,868</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (46,498)</u>	<u>\$ (46,498)</u>	(24,420)	<u>\$ 22,078</u>	<u>\$ 91</u>
Reconciliation to GAAP Basis:					
Revenue cash to accrual adjustments			(19,365)		
Expenditure cash to accrual adjustments			<u>2,922</u>		
Excess (Deficiency) of Revenues Over (Under) Expenditures on GAAP Basis			<u>\$ (40,863)</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, 2012
 With comparative totals for September 30, 2011

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2011 Totals
Revenues					
Special assessments	\$ 130,178	\$ 130,178	\$ 70,364	\$ (59,814)	\$ 12,397
Interest on assessments	68,117	68,117	16,640	(51,477)	4,415
Total Revenues	<u>198,295</u>	<u>198,295</u>	<u>87,004</u>	<u>(111,291)</u>	<u>16,812</u>
Expenditures					
Interest on registered warrants	45,900	45,900	17,133	28,767	6,919
Principal on registered warrants	151,956	151,956	50,000	101,956	23,880
Improvements	-	260,000	276,829	(16,829)	704
Total Expenditures	<u>197,856</u>	<u>457,856</u>	<u>343,962</u>	<u>113,894</u>	<u>31,503</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	439	(259,561)	(256,958)	2,603	(14,691)
Other Financing Sources (Uses)					
Operating transfers in	<u>14,246</u>	<u>14,246</u>	<u>-</u>	<u>(14,246)</u>	<u>13,029</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 14,685</u>	<u>\$ (245,315)</u>	<u>(256,958)</u>	<u>\$ (11,643)</u>	<u>\$ (1,662)</u>
Reconciliation to GAAP Basis:					
Revenue cash to accrual adjustments			70,008		
Expenditure cash to accrual adjustments			<u>57,184</u>		
Excess (Deficiency) of Revenues Over (Under) Expenditures on GAAP basis			<u>\$ (129,766)</u>		

See independent auditor's report.

City of Beatrice, Nebraska
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
September 30, 2012
With comparative totals for September 30, 2011

	2012			2011
	Library Capital Improvements	Capital Improvements	Total	Totals
Assets				
Cash	\$ -	\$ -	\$ -	\$ -
Restricted:				
Cash	-	253,815	253,815	396,687
Investments	79,349	-	79,349	82,405
Accounts receivable	-	228,755	228,755	153,126
Total Assets	<u>\$ 79,349</u>	<u>\$ 482,570</u>	<u>\$ 561,919</u>	<u>\$ 632,218</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 1,000	\$ 1,000	\$ 27,004
Fund Balances				
Committed for Library capital improvement	79,349	66,000	145,349	82,405
Committed for public safety equipment	-	292,892	292,892	255,576
Committed for grant project - carnegie	-	-	-	267,233
Assigned for subsequent years' expenditures	-	122,678	122,678	-
Total Fund Balances	<u>79,349</u>	<u>481,570</u>	<u>560,919</u>	<u>605,214</u>
Total Liabilities and Fund Balances	<u>\$ 79,349</u>	<u>\$ 482,570</u>	<u>\$ 561,919</u>	<u>\$ 632,218</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, 2012
 With comparative totals for September 30, 2011

	2012			2011
	Library Capital Improvements	Capital Improvements	Total	Totals
Revenues				
Intergovernmental	\$ -	\$ 255,769	\$ 255,769	\$ 650,299
Interest	144	-	144	329
Donations and miscellaneous revenue	-	506,565	506,565	5,384
Total Revenues	<u>144</u>	<u>762,334</u>	<u>762,478</u>	<u>656,012</u>
Expenditures				
Capital projects	3,200	1,303,603	1,306,803	459,666
MFO payments - other entities	-	113,445	113,445	124,995
Debt service: principal payments	-	-	-	45,444
Total Expenditures	<u>3,200</u>	<u>1,417,048</u>	<u>1,420,248</u>	<u>630,105</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,056)	(654,714)	(657,770)	25,907
Other Financing Sources (Uses)				
Transfers from other funds	-	613,475	613,475	279,687
Total Other Financing Sources (Uses)	<u>-</u>	<u>613,475</u>	<u>613,475</u>	<u>279,687</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(3,056)	(41,239)	(44,295)	305,594
Fund Balances, Beginning of Year	<u>82,405</u>	<u>522,809</u>	<u>605,214</u>	<u>299,620</u>
Fund Balances, End of Year	<u>\$ 79,349</u>	<u>\$ 481,570</u>	<u>\$ 560,919</u>	<u>\$ 605,214</u>

See independent auditor's report.

City of Beatrice, Nebraska
 LIBRARY CAPITAL IMPROVEMENTS FUND - CAPITAL PROJECTS FUND
 BALANCE SHEET
 September 30, 2012
 With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Assets		
Restricted investments	<u>\$ 79,349</u>	<u>\$ 82,405</u>
Total Assets	<u><u>\$ 79,349</u></u>	<u><u>\$ 82,405</u></u>
Liabilities and Fund Balance		
Fund Balance		
Committed	<u>79,349</u>	<u>82,405</u>
Total Liabilities and Fund Balance	<u><u>\$ 79,349</u></u>	<u><u>\$ 82,405</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, 2012
 With comparative totals for September 30, 2011

	2012				2011
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Totals
Revenues					
Interest	\$ 350	\$ 350	\$ 144	\$ (206)	\$ 329
Total Revenues	350	350	144	(206)	329
Expenditures					
Capital outlay	15,236	15,236	3,200	12,036	-
Total Expenditures	15,236	15,236	3,200	12,036	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (14,886)</u>	<u>\$ (14,886)</u>	(3,056)	<u>\$ 11,830</u>	329
Fund Balance, Beginning of Year			82,405		82,076
Fund Balance, End of Year			<u>\$ 79,349</u>		<u>\$ 82,405</u>

See independent auditor's report.

City of Beatrice, Nebraska
 CAPITAL IMPROVEMENTS FUND - CAPITAL PROJECTS FUND
 BALANCE SHEET
 September 30, 2012
 With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Assets		
Restricted cash	\$ 253,815	\$ 396,687
Accounts receivable	<u>228,755</u>	<u>153,126</u>
Total Assets	<u>\$ 482,570</u>	<u>\$ 549,813</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 1,000	\$ 27,004
Fund Balance		
Committed for Library capital improvement	66,000	-
Committed for public safety equipment	292,892	255,576
Committed for grant project - Carnegie	-	267,233
Assigned for subsequent years' expenditures	<u>122,678</u>	<u>-</u>
Total Fund Balance	<u>481,570</u>	<u>522,809</u>
Total Liabilities and Fund Balance	<u>\$ 482,570</u>	<u>\$ 549,813</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, 2012
 With comparative totals for September 30, 2011

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2011 Totals
Revenues					
Intergovernmental	\$ 1,590,160	\$ 1,590,160	\$ 255,769	\$(1,334,391)	650,299
Donations and miscellaneous revenue	377,920	377,920	506,565	128,645	5,384
Total Revenues	1,968,080	1,968,080	762,334	(1,205,746)	655,683
Expenditures					
Capital Projects					
Park equipment and improvements	14,000	14,000	29,519	(15,519)	16,003
Prairie playground	25,000	25,000	25,000	-	-
Ballfield improvements	25,000	25,000	25,000	-	-
Beatrice Plus	9,000	9,000	10,000	(1,000)	5,083
Building improvements	52,000	52,000	3,412	48,588	3,102
Auditorium energy improvements	24,000	24,000	34,984	(10,984)	171,726
Park campground improvements	82,000	82,000	-	82,000	62,745
Carnegie restoration	948,000	948,000	1,017,376	(69,376)	19,722
Lodging tax projects	-	-	4,629	(4,629)	8,597
Downtown revitalization	350,000	350,000	-	350,000	-
Public safety equipment	45,950	45,950	45,147	803	36,861
Fire equipment and facilities improvements	535,000	535,000	76,637	458,363	84,645
Trails	500,000	500,000	126,364	373,636	5,640
Computer equipment	34,170	34,170	28,213	5,957	45,542
MFO payments - other entities	128,630	128,630	113,445	15,185	124,995
Debt Service					
Principal payments	-	-	-	-	45,444
Total Expenditures	2,772,750	2,772,750	1,539,726	1,233,024	630,105
Excess (Deficiency) of Revenues Over (Under) Expenditures	(804,670)	(804,670)	(777,392)	27,278	25,578
Other Financing Sources (Uses)					
Transfers from other funds	582,200	619,200	613,475	(5,725)	279,687
Total Other Financing Sources (Uses)	582,200	619,200	613,475	(5,725)	279,687
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (222,470)	\$ (185,470)	(163,917)	\$ 21,553	305,265
Fund Balance, Beginning of Year			522,809		217,544
Fund Balance, End of Year			358,892		\$ 522,809
Reconciliation to GAAP Basis:					
Changes in encumbrances			122,678		
Fund Balance, End of Year on GAAP basis			\$ 481,570		

See independent auditor's report.

City of Beatrice, Nebraska
ELECTRIC ENTERPRISE FUND
BALANCE SHEET
September 30, 2012
With comparative totals for September 30, 2011

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,757,000	\$ 3,622,277
Certificates of deposit - unrestricted	-	1,000,000
Accounts receivable, net	1,305,509	981,441
Due from other funds	215,242	23,757
Unbilled and accrued revenues	499,529	521,504
Materials and supplies inventories	587,402	533,697
Prepaid expenses	5,619	6,416
Interest receivable	2,862	4,648
Total Current Assets	6,373,163	6,693,740
Noncurrent Assets		
Certificates of deposit - unrestricted	2,175,000	1,175,000
Restricted Cash		
Employee benefits	64,114	204,957
Customer deposits	62,835	69,760
Total Restricted Cash	126,949	274,717
Restricted Investments		
Debt service reserve account	79,275	79,275
Customer deposits	230,000	180,000
Total Restricted Investments	309,275	259,275
Property, Plant and Equipment		
Land and land rights	46,030	17,432
Buildings and improvements	1,135,114	1,116,464
Improvements other than building	27,016,260	26,224,148
Machinery and equipment	2,784,408	2,478,892
	30,981,812	29,836,936
Less: accumulated depreciation	(18,243,449)	(17,476,705)
Net Property, Plant and Equipment	12,738,363	12,360,231
Other Assets		
Unamortized bond issuance cost, net of amortization of \$14,879 and \$14,059 for 2012 and 2011, respectively	9,557	10,377
Total Noncurrent Assets	15,359,144	14,079,600
Total Assets	\$21,732,307	\$20,773,340

See independent auditor's report.

City of Beatrice, Nebraska
ELECTRIC ENTERPRISE FUND
BALANCE SHEET - CONTINUED
September 30, 2012
With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,204,532	\$ 1,121,327
Accrued compensated absences	107,676	109,675
Accrued payroll	48,664	53,708
Sales tax payable	101,630	93,493
Employee insurance payable	66,942	23,210
Accrued interest	7,995	7,995
Customer deposits	292,835	249,760
Current portion of revenue bonds	<u>52,500</u>	<u>50,750</u>
Total Current Liabilities	1,882,774	1,709,918
Long-Term Liabilities		
Compensated absences, noncurrent	229,605	212,209
Revenue bonds, net of current portion	689,500	742,000
Notes payable, net of current maturities	<u>-</u>	<u>-</u>
Total Long-term Liabilities	<u>919,105</u>	<u>954,209</u>
Total Liabilities	2,801,879	2,664,127
Net Assets		
Invested in capital assets, net of related debt	12,005,920	11,567,481
Restricted for debt service	79,275	79,275
Unrestricted	<u>6,845,233</u>	<u>6,462,457</u>
Total Net Assets	<u>18,930,428</u>	<u>18,109,213</u>
Total Liabilities and Net Assets	<u><u>\$21,732,307</u></u>	<u><u>\$20,773,340</u></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, 2012
With comparative totals for September 30, 2011

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2011 Totals
Operating Revenues					
Charges for services	\$15,041,000	\$15,041,000	\$14,644,110	\$ (396,890)	\$14,498,621
Operating Expenses					
Electric energy purchased	10,989,988	10,989,988	10,461,042	528,946	10,198,333
Operating and maintenance expense	1,032,550	1,032,550	1,066,938	(34,388)	990,263
Customer accounting expenses	260,150	260,150	266,936	(6,786)	243,814
Engineering services	155,900	155,900	138,511	17,389	157,365
Administrative and general expense	750,110	750,110	663,355	86,755	499,315
Municipal expenses	451,900	451,900	495,425	(43,525)	425,962
Depreciation and amortization	950,820	950,820	929,386	21,434	918,276
Total Operating Expenses	<u>14,591,418</u>	<u>14,591,418</u>	<u>14,021,593</u>	<u>569,825</u>	<u>13,433,328</u>
Operating Income	449,582	449,582	622,517	172,935	1,065,293
Nonoperating Revenues (Expenses)					
Merchandising, etc.	-	-	100,790	100,790	150,317
Interest income	-	-	26,744	26,744	44,743
Miscellaneous	-	-	152,424	152,424	139,812
Interest expense	(26,920)	(26,920)	(26,916)	4	(29,627)
Amortization of bond issuance cost	-	-	(820)	(820)	(3,216)
Total Nonoperating Revenues (Expenses)	<u>(26,920)</u>	<u>(26,920)</u>	<u>252,222</u>	<u>279,142</u>	<u>302,029</u>
Capital in aid of construction	-	-	-	-	34,844
Contributed capital assets	<u>-</u>	<u>-</u>	<u>(53,524)</u>	<u>(53,524)</u>	<u>-</u>
Net Income	<u>\$ 422,662</u>	<u>\$ 422,662</u>	821,215	<u>\$ 398,553</u>	1,402,166
Retained Earnings, Beginning of Year			<u>18,109,213</u>		<u>16,707,047</u>
Retained Earnings, End of Year			<u>\$18,930,428</u>		<u>\$18,109,213</u>

See independent auditor's report.

City of Beatrice, Nebraska
ELECTRIC ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2012
With comparative totals for September 30, 2011

	2012	2011
Cash Flows From Operating Activities		
Cash received from customers	\$14,595,231	\$14,730,015
Cash paid to suppliers for goods and services	(11,526,114)	(11,102,151)
Cash paid to employees for services	(1,430,499)	(1,296,222)
Net Cash Provided by Operating Activities	<u>1,638,618</u>	<u>2,331,642</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash paid on behalf of other funds - employee benefits	(191,485)	-
Cash Flows From Capital and Related Financing Activities		
Principal payments on long-term debt	(50,750)	(137,277)
Capital in aid of construction	-	34,844
Contributed capital assets	(53,524)	-
Interest paid on revenue bond maturities	(26,916)	(33,252)
Grant proceeds	-	-
Purchases of capital assets	(1,307,518)	(858,646)
Net Cash Used in Capital and Related Financing Activities	<u>(1,438,708)</u>	<u>(994,331)</u>
Cash Flows From Investing Activities		
Interest received	28,530	53,536
Net Increase in Cash and Restricted Cash	36,955	1,390,847
Cash and Restricted Cash, Beginning of Year	6,331,269	4,940,422
Cash and Restricted Cash, End of Year	<u>\$ 6,368,224</u>	<u>\$ 6,331,269</u>
Cash, Cash Equivalents, and Investments Consist of:		
Cash and investments	\$ 3,757,000	\$ 3,622,277
Certificates of deposit	2,175,000	2,175,000
Employee benefits cash	64,114	204,957
Debt service reserve account	79,275	79,275
Customer deposits investments	292,835	249,760
Total Cash, Cash Equivalents, and Investments	<u>\$ 6,368,224</u>	<u>\$ 6,331,269</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 622,517	\$ 1,065,293
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	929,386	918,276
Merchandise and miscellaneous revenue	253,214	290,129
(Increase) decrease in accounts receivable	(324,068)	(65,214)
(Increase) decrease in unbilled and accrued revenues	21,975	6,479
(Increase) decrease in inventory	(53,705)	25,845
(Increase) decrease in prepaid expenses	797	440
Increase (decrease) in accounts payable	83,205	60,565
Increase (decrease) in accrued payroll	(5,044)	4,546
Increase (decrease) in sales tax payable	8,137	2,492
Increase (decrease) in employee insurance payable	43,732	(47,113)
Increase (decrease) in accrued compensated absences	15,397	10,889
Increase (decrease) in customer deposits	43,075	59,015
Total Adjustments	<u>1,016,101</u>	<u>1,266,349</u>
Net Cash Provided by Operating Activities	<u>\$ 1,638,618</u>	<u>\$ 2,331,642</u>

See independent auditor's report.

City of Beatrice, Nebraska
WATER ENTERPRISE FUND
BALANCE SHEET
September 30, 2012
With comparative totals for September 30, 2011

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 872,516	\$ 410,502
Accounts receivable, net	130,933	100,865
Unbilled and accrued revenues	128,956	117,600
Materials and supplies inventories	239,251	407,998
Prepaid expenses	4,761	4,733
Interest receivable	1,334	368
Total Current Assets	<u>1,377,751</u>	<u>1,042,066</u>
Noncurrent Assets		
Restricted Investments		
Debt service reserve account	135,165	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	14,464,126	13,728,593
Machinery and equipment	909,741	874,832
	<u>15,513,610</u>	<u>14,724,430</u>
Less: accumulated depreciation	<u>(9,934,948)</u>	<u>(9,478,263)</u>
Net Property, Plant and Equipment	5,578,662	5,246,167
Other Assets		
Unamortized bond issuance cost, net of amortization of \$11,427 and \$9,845 for 2012 and 2011, respectively	20,310	10,376
Total Noncurrent Assets	<u>5,734,137</u>	<u>5,335,818</u>
Total Assets	<u><u>\$ 7,111,888</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, 2012
With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 12,746	\$ 17,373
Accrued compensated absences	74,308	83,597
Accrued payroll	23,632	27,020
Sales tax payable	120	120
Accrued interest	7,111	12,741
Current portion of revenue bonds	101,100	90,981
Total Current Liabilities	<u>219,017</u>	<u>231,832</u>
Long-Term Liabilities		
Compensated absences, noncurrent	165,790	165,011
Revenue bonds, net of current portion	1,199,800	742,000
Notes payable, net of current maturities	-	470,285
Total Long-term Liabilities	<u>1,365,590</u>	<u>1,377,296</u>
Total Liabilities	<u>1,584,607</u>	<u>1,609,128</u>
Net Assets		
Invested in capital assets, net of related debt	4,298,072	3,942,901
Restricted for debt service	135,165	79,275
Unrestricted	1,094,044	746,580
Total Net Assets	<u>5,527,281</u>	<u>4,768,756</u>
Total Liabilities and Net Assets	<u><u>\$ 7,111,888</u></u>	<u><u>\$ 6,377,884</u></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, 2012
With comparative totals for September 30, 2011

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2011 Totals
Operating Revenues					
Charges for services	\$ 2,123,700	\$ 2,123,700	\$ 2,281,472	\$ 157,772	\$ 1,969,342
Operating Expenses					
Operating and maintenance expense	958,700	958,700	932,972	25,728	914,938
Customer accounting expenses	137,700	137,700	151,147	(13,447)	141,770
Engineering services	-	-	16,000	(16,000)	16,000
Administrative and general expense	462,958	462,958	298,390	164,568	367,805
Municipal expenses	37,000	37,000	52,719	(15,719)	44,334
Depreciation and amortization	445,820	445,820	484,300	(38,480)	447,804
Total Operating Expenses	<u>2,042,178</u>	<u>2,042,178</u>	<u>1,935,528</u>	<u>106,650</u>	<u>1,932,651</u>
Operating Income	81,522	81,522	345,944	264,422	36,691
Nonoperating Revenues (Expenses)					
Merchandising, etc.	-	-	168,724	168,724	76,173
Interest income	-	-	7,150	7,150	5,534
Grant income	-	-	-	-	12,977
Miscellaneous	-	-	270,866	270,866	22,016
Interest expense	(47,340)	(47,340)	(32,577)	14,763	(42,579)
Amortization of bond issuance cost	-	-	(1,582)	(1,582)	(1,376)
Total Nonoperating Revenues (Expenses)	<u>(47,340)</u>	<u>(47,340)</u>	<u>412,581</u>	<u>459,921</u>	<u>72,745</u>
Capital in aid of construction	-	-	-	-	71,209
Contributed capital assets	-	-	-	-	-
Net Income	<u>\$ 34,182</u>	<u>\$ 34,182</u>	<u>758,525</u>	<u>\$ 724,343</u>	<u>180,645</u>
Retained Earnings, Beginning of Year			<u>4,768,756</u>		<u>4,588,111</u>
Retained Earnings, End of Year			<u>\$ 5,527,281</u>		<u>\$ 4,768,756</u>

See independent auditor's report.

City of Beatrice, Nebraska
WATER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2012
With comparative totals for September 30, 2011

	2012	2011
Cash Flows From Operating Activities		
Cash received from customers	\$ 2,679,638	\$ 2,020,382
Cash paid to suppliers for goods and services	(333,287)	(638,920)
Cash paid to employees for services	(965,747)	(950,667)
Net Cash Provided by Operating Activities	<u>1,380,604</u>	<u>430,795</u>
Cash Flows From Capital and Related Financing Activities		
Principal payments on long-term debt	(561,266)	(71,146)
Proceeds from long-term debt	558,900	-
Capital in aid of construction	-	71,209
Contributed capital assets	-	-
Bond issuance cost paid	(11,516)	-
Interest paid on revenue bond maturities	(38,207)	(45,898)
Grant proceeds	-	12,977
Purchases of capital assets	(816,795)	(494,503)
Net Cash Used in Capital and Related Financing Activities	<u>(868,884)</u>	<u>(527,361)</u>
Cash Flows From Investing Activities		
Interest received	6,184	5,174
Net Cash Provided by Investing Activities	<u>6,184</u>	<u>5,174</u>
Net Increase in Cash and Restricted Cash	517,904	(91,392)
Cash and Restricted Cash, Beginning of Year	489,777	581,169
Cash and Restricted Cash, End of Year	<u>\$ 1,007,681</u>	<u>\$ 489,777</u>
Cash, Cash Equivalents, and Investments Consist of:		
Cash and investments	\$ 872,516	\$ 410,502
Debt service reserve account	135,165	79,275
Total Cash, Cash Equivalents, and Investments	<u>\$ 1,007,681</u>	<u>\$ 489,777</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 345,944	\$ 36,691
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	484,300	447,804
Merchandise and miscellaneous revenue	439,590	98,189
(Increase) decrease in accounts receivable	(30,068)	(29,359)
(Increase) decrease in unbilled and accrued revenues	(11,356)	(17,790)
(Increase) decrease in inventory	168,747	(131,821)
(Increase) decrease in prepaid expenses	(28)	1,270
Increase (decrease) in accounts payable	(4,627)	4,703
Increase (decrease) in accrued payroll	(3,388)	3,598
Increase (decrease) in sales tax payable	-	41
Increase (decrease) in employee insurance payable	-	-
Increase (decrease) in accrued compensated absences	(8,510)	17,469
Increase (decrease) in customer deposits	-	-
Total Adjustments	<u>1,034,660</u>	<u>394,104</u>
Net Cash Provided by Operating Activities	<u>\$ 1,380,604</u>	<u>\$ 430,795</u>

See independent auditor's report.

City of Beatrice, Nebraska
WATER POLLUTION CONTROL ENTERPRISE FUND
BALANCE SHEET
September 30, 2012
With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 931,618	\$ 733,330
Accounts receivable, net	73,094	63,669
Unbilled and accrued revenues	85,240	83,504
Prepaid expenses	1,987	2,127
Interest receivable	2,361	618
Total Current Assets	<u>1,094,300</u>	<u>883,248</u>
Noncurrent Assets		
Certificates of deposit - unrestricted	150,000	150,000
Restricted Investments		
Debt service reserve account	184,560	67,950
Property, Plant and Equipment		
Land and land rights	16,588	16,588
Buildings and improvements	9,042,991	8,782,812
Improvements other than building	8,244,412	8,242,380
Machinery and equipment	1,693,921	1,700,723
	<u>18,997,912</u>	<u>18,742,503</u>
Less: accumulated depreciation	<u>(12,176,787)</u>	<u>(11,711,138)</u>
Net Property, Plant and Equipment	6,821,125	7,031,365
Other Assets		
Unamortized bond issuance cost, net of amortization		
of \$11,445 and \$9,150 for 2012 and 2011, respectively	28,066	8,894
Total Noncurrent Assets	<u>7,183,751</u>	<u>7,258,209</u>
Total Assets	<u><u>\$ 8,278,051</u></u>	<u><u>\$ 8,141,457</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
WATER POLLUTION CONTROL ENTERPRISE FUND
BALANCE SHEET - CONTINUED
September 30, 2012
With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 10,794	\$ 18,511
Accrued compensated absences	25,871	26,491
Accrued payroll	13,773	16,613
Sales tax payable	-	-
Employee insurance payable	-	-
Accrued interest	5,403	17,307
Customer deposits	-	-
Current portion of revenue bonds	150,618	134,553
Total Current Liabilities	<u>206,459</u>	<u>213,475</u>
Long-Term Liabilities		
Compensated absences, noncurrent	58,205	48,414
Revenue bonds, net of current portion	1,655,700	730,529
Notes payable, net of current maturities	86,176	973,943
Total Long-term Liabilities	<u>1,800,081</u>	<u>1,752,886</u>
Total Liabilities	<u>2,006,540</u>	<u>1,966,361</u>
Net Assets		
Invested in capital assets, net of related debt	4,956,697	5,192,340
Restricted for debt service	184,560	67,950
Unrestricted	1,130,254	914,806
Total Net Assets	<u>6,271,511</u>	<u>6,175,096</u>
Total Liabilities and Net Assets	<u><u>\$ 8,278,051</u></u>	<u><u>\$ 8,141,457</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, 2012
With comparative totals for September 30, 2011

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2011 Totals
Operating Revenues					
Charges for services	\$ 1,569,325	\$ 1,569,325	\$ 1,566,247	\$ (3,078)	\$ 1,453,143
Operating Expenses					
Operating and maintenance expense	558,500	558,500	579,755	(21,255)	545,326
Customer accounting expenses	70,100	70,100	72,440	(2,340)	70,199
Engineering services	-	-	16,000	(16,000)	16,000
Administrative and general expense	276,325	276,325	247,856	28,469	242,370
Municipal expenses	12,000	12,000	21,745	(9,745)	13,490
Depreciation and amortization	721,500	721,500	534,478	187,022	665,564
Total Operating Expenses	<u>1,638,425</u>	<u>1,638,425</u>	<u>1,472,274</u>	<u>166,151</u>	<u>1,552,949</u>
Operating Income	(69,100)	(69,100)	93,973	163,073	(99,806)
Nonoperating Revenues (Expenses)					
Merchandising, etc.	-	-	23,448	23,448	33,707
Interest income	-	-	9,593	9,593	5,122
Miscellaneous	-	-	8,446	8,446	6,985
Interest expense	(58,124)	(58,124)	(36,750)	21,374	(61,771)
Amortization of bond issuance cost	-	-	(2,295)	(2,295)	(1,490)
Total Nonoperating Revenues (Expenses)	<u>(58,124)</u>	<u>(58,124)</u>	<u>2,442</u>	<u>60,566</u>	<u>(17,447)</u>
Capital in aid of construction	-	-	-	-	262,085
Contributed capital assets	-	-	-	-	-
Net Income	<u>\$ (127,224)</u>	<u>\$ (127,224)</u>	96,415	<u>\$ 223,639</u>	144,832
Retained Earnings, Beginning of Year			<u>6,175,096</u>		<u>6,030,264</u>
Retained Earnings, End of Year			<u>\$ 6,271,511</u>		<u>\$ 6,175,096</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, 2012
With comparative totals for September 30, 2011

	2012	2011
Cash Flows From Operating Activities		
Cash received from customers	\$ 1,586,980	\$ 1,483,484
Cash paid to suppliers for goods and services	(331,663)	(285,515)
Cash paid to employees for services	(607,379)	(588,408)
Net Cash Provided by Operating Activities	<u>647,938</u>	<u>609,561</u>
Cash Flows From Capital and Related Financing Activities		
Principal payments on long-term debt	(1,112,631)	(133,823)
Proceeds from long-term debt	1,166,100	-
Capital in aid of construction	-	262,085
Bond issuance cost paid	(21,467)	-
Interest paid on revenue bond maturities	(48,654)	(63,240)
Grant proceeds	-	-
Purchases of capital assets	(324,238)	(608,455)
Net Cash Used in Capital and Related Financing Activities	<u>(340,890)</u>	<u>(543,433)</u>
Cash Flows From Investing Activities		
Interest received	7,850	4,516
Net Cash Provided by Investing Activities	<u>7,850</u>	<u>4,516</u>
Net Increase in Cash and Restricted Cash	314,898	70,644
Cash and Restricted Cash, Beginning of Year	951,280	880,636
Cash and Restricted Cash, End of Year	<u><u>\$ 1,266,178</u></u>	<u><u>\$ 951,280</u></u>
Cash, Cash Equivalents, and Investments Consist of:		
Cash and investments	\$ 931,618	\$ 733,330
Certificates of deposit	150,000	150,000
Debt service reserve account	184,560	67,950
Total Cash, Cash Equivalents, and Investments	<u><u>\$ 1,266,178</u></u>	<u><u>\$ 951,280</u></u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating income	\$ 93,973	\$ (99,806)
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation and amortization	534,478	665,564
Merchandise and miscellaneous revenue	31,894	40,692
(Increase) decrease in accounts receivable	(9,425)	(8,260)
(Increase) decrease in unbilled and accrued revenues	(1,736)	(2,091)
(Increase) decrease in prepaid expenses	140	(33)
Increase (decrease) in accounts payable	(7,717)	10,252
Increase (decrease) in accrued payroll	(2,840)	2,410
Increase (decrease) in accrued compensated absences	9,171	833
Total Adjustments	<u>553,965</u>	<u>709,367</u>
Net Cash Provided by Operating Activities	<u><u>\$ 647,938</u></u>	<u><u>\$ 609,561</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
 BEATRICE SANITATION ENTERPRISE FUND
 BALANCE SHEET
 September 30, 2012
 With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets		
Cash	\$ 1,168	\$ 28,165
Accounts receivable, net	<u>26,552</u>	<u>22,569</u>
Total Assets	<u><u>\$ 27,720</u></u>	<u><u>\$ 50,734</u></u>
Liabilities and Fund Equity		
Liabilities		
Accounts payable	\$ 27,720	\$ 50,734
Fund Equity		
Net assets	<u>-</u>	<u>-</u>
Total Liabilities and Fund Equity	<u><u>\$ 27,720</u></u>	<u><u>\$ 50,734</u></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, 2012
 With comparative totals for September 30, 2011

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2011 Totals
Operating Revenues					
Garbage service fees	\$ 1,270,800	\$ 1,270,800	\$ 1,233,849	\$ (36,951)	\$ 1,185,618
Operating Expenses					
Bad debt expense	2,000	2,000	915	1,085	1,597
Garbage disposal contract	712,800	712,800	677,434	35,366	647,570
Garbage hauler contract	556,000	556,000	555,500	500	536,451
Total Operating Expenses	1,270,800	1,270,800	1,233,849	36,951	1,185,618
Change in Net assets	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	-
Net Assets, Beginning of Year			-		-
Net Assets, 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, 2012
 With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 1,229,866	\$ 1,188,672
Cash paid to supplies for goods and services	<u>(1,256,863)</u>	<u>(1,160,673)</u>
Net Increase (Decrease) in Cash	(26,997)	27,999
Cash, Beginning of Year	<u>28,165</u>	<u>166</u>
Cash, End of Year	<u><u>\$ 1,168</u></u>	<u><u>\$ 28,165</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	(3,983)	3,054
Increase (decrease) in accounts payable	<u>(23,014)</u>	<u>24,945</u>
Total Adjustments	<u>(26,997)</u>	<u>27,999</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (26,997)</u></u>	<u><u>\$ 27,999</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
 BASWA ENTERPRISE FUND
 BALANCE SHEET
 September 30, 2012
 With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets		
Cash and investments	\$ 209,997	\$ 209,449
Accounts receivable, net	<u>90,877</u>	<u>117,749</u>
Total Current Assets	<u>300,874</u>	<u>327,198</u>
Noncurrent Assets		
Restricted Cash		
Debt service reserve account	237,926	241,238
Bond construction account	405,899	485,412
Restricted Investments		
Closure/postclosure maintenance account	<u>1,153,595</u>	<u>1,023,967</u>
Total Restricted Assets	<u>1,797,420</u>	<u>1,750,617</u>
Property, Plant and Equipment		
Improvements other than buildings	4,782,980	4,701,311
Machinery and equipment	<u>1,109,116</u>	<u>997,497</u>
Total Property, Plant and Equipment	<u>5,892,096</u>	<u>5,698,808</u>
Less: accumulated depreciation	<u>(3,737,246)</u>	<u>(3,392,312)</u>
Net Property, Plant and Equipment	<u>2,154,850</u>	<u>2,306,496</u>
Deferred Charges		
Bond issue costs, net of amortization of \$5,550	<u>40,238</u>	<u>44,261</u>
Total Noncurrent Assets	<u>3,992,508</u>	<u>4,101,374</u>
Total Assets	<u><u>\$ 4,293,382</u></u>	<u><u>\$ 4,428,572</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
 BASWA ENTERPRISE FUND
 BALANCE SHEET - CONTINUED
 September 30, 2012
 With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,219	\$ 5,393
Compensated absences	7,148	-
Accrued compensation	3,837	3,494
Accrued interest payable	21,768	16,292
Current maturities of lease obligation	47,321	45,771
Current maturities of bonds payable	160,000	135,000
Total Current Liabilities	<u>241,293</u>	<u>205,950</u>
Long-Term Liabilities		
Compensated absences, net of current portion	5,410	13,942
Revenue bonds payable, net of current portion	1,360,000	1,520,000
Lease obligation, net of current portion	103,938	155,141
Estimated current cost of closure and postclosure	2,286,000	1,977,000
Total Long-Term Liabilities	<u>3,755,348</u>	<u>3,666,083</u>
Total Liabilities	<u>3,996,641</u>	<u>3,872,033</u>
Net Assets		
Invested in capital assets, net of related debt	929,728	450,584
Restricted for debt service	237,926	241,238
Unrestricted	(870,913)	(135,283)
Net Assets	<u>296,741</u>	<u>556,539</u>
Total Liabilities and Net Assets	<u>\$ 4,293,382</u>	<u>\$ 4,428,572</u>

See independent auditor's report.

City of Beatrice, Nebraska
 BASWA ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 BUDGET AND ACTUAL - BUDGET BASIS
 For the year ended September 30, 2012
 With comparative totals for September 30, 2011

	2012				2011
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Totals
Operating Revenues					
Other government user fees	\$ 98,000	\$ 98,000	\$ 94,505	\$ (3,495)	\$ 97,659
Gate fees	297,000	297,000	306,627	9,627	261,999
Garbage service fees	731,500	731,500	711,491	(20,009)	656,207
Recycling income	2,000	2,000	1,571	(429)	2,066
Total Operating Revenues	<u>1,128,500</u>	<u>1,128,500</u>	<u>1,114,194</u>	<u>(14,306)</u>	<u>1,017,931</u>
Operating Expenses					
Personal services	258,200	258,200	253,659	4,541	278,159
Other services and charges	193,393	193,393	181,541	11,852	156,513
Supplies	111,400	111,400	114,530	(3,130)	108,012
Contractual services	97,702	97,702	104,950	(7,248)	93,409
Depreciation and amortization	300,000	300,000	348,957	(48,957)	316,112
Landfill closure and postclosure care	-	-	309,000	(309,000)	52,000
Total Operating Expenses	<u>960,695</u>	<u>960,695</u>	<u>1,312,637</u>	<u>(351,942)</u>	<u>1,004,205</u>
Operating Income (Loss)	167,805	167,805	(198,443)	(366,248)	13,726
Nonoperating Revenues (Expenses)					
Miscellaneous income	500	500	3,065	2,565	825
Interest earnings	11,100	11,100	7,370	(3,730)	11,619
Interest expense	(191,710)	(191,710)	(71,790)	119,920	(18,692)
Amortization of bond issue costs	-	-	-	-	(2,400)
Total Nonoperating Revenues (Expenses)	<u>(180,110)</u>	<u>(180,110)</u>	<u>(61,355)</u>	<u>118,755</u>	<u>(8,648)</u>
Change in Net assets	<u>\$ (12,305)</u>	<u>\$ (12,305)</u>	<u>(259,798)</u>	<u>\$ (247,493)</u>	<u>\$ 5,078</u>
Net Assets, Beginning of Year			<u>556,539</u>		<u>551,461</u>
Net Assets, End of Year			<u>\$ 296,741</u>		<u>556,539</u>

See independent auditor's report.

City of Beatrice, Nebraska
 BASWA ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 For the year ended September 30, 2012
 With comparative totals for September 30, 2011

	2012	2011
Cash Flows from Operating Activities		
Cash received from customers	\$ 1,144,131	\$ 993,700
Cash paid to suppliers for goods and services	(405,195)	(353,471)
Cash paid to employees for services	(254,700)	(276,482)
Net Cash Provided by Operating Activities	<u>484,236</u>	<u>363,747</u>
Cash Flows from Capital and Related Financing Activities		
Bond principal repayments	(135,000)	-
Note payable repayments	(49,653)	(27,445)
Proceeds from long-term debt	-	1,655,000
Interest expenditures	(66,314)	(5,269)
Bond origination costs	-	(45,788)
Capital expenditures	(193,288)	(1,218,357)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(444,255)</u>	<u>358,141</u>
Cash Flows from Investing Activities		
Interest received	<u>7,370</u>	<u>11,619</u>
Net Increase in Cash and Cash Equivalents	47,351	733,507
Cash and Cash Equivalents, Beginning of Year	<u>1,960,066</u>	<u>1,226,559</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,007,417</u></u>	<u><u>\$ 1,960,066</u></u>
Cash and Cash Equivalents Consist of:		
Cash and investments	\$ 209,997	\$ 209,449
Debt Service Reserve Account	237,926	241,238
Bond Construction Account	405,899	485,412
Closure/postclosure maintenance account	1,153,595	1,023,967
Total Cash and Cash Equivalents	<u><u>\$ 2,007,417</u></u>	<u><u>\$ 1,960,066</u></u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating income	\$ (198,443)	\$ 13,726
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	348,957	316,112
Other revenue	3,065	825
Increase in estimated current cost of closure and postclosure	309,000	52,000
(Increase) decrease in accounts receivable	26,872	(25,056)
Increase (decrease) in accounts payable	(4,174)	4,463
Increase (decrease) in accrued expenses	(1,041)	1,677
Total Adjustments	<u>682,679</u>	<u>350,021</u>
Net Cash Provided by Operating Activities	<u><u>\$ 484,236</u></u>	<u><u>\$ 363,747</u></u>
Noncash Investing, Capital and Financing Activities:		
September 30, 2011 - Equipment obtained through capital lease totaled \$238,580.		
September 30, 2012 - None		

See independent auditor's report.

City of Beatrice, Nebraska
INTERNAL SERVICE FUND
SELF-INSURED GROUP INSURANCE FUND
STATEMENT OF NET ASSETS
September 30, 2012
With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 20,078	\$ 7,917
Accounts receivable, net	<u>214,985</u>	<u>63,751</u>
Total Assets	<u><u>\$ 235,063</u></u>	<u><u>\$ 71,668</u></u>
Liabilities and Net Assets		
Liabilities		
Current Liabilities		
Claims incurred but not reported	\$ 47,632	\$ 79,801
Due to other funds	<u>215,242</u>	<u>65,000</u>
Total Current Liabilities	<u>262,874</u>	<u>144,801</u>
Total Liabilities	<u>262,874</u>	<u>144,801</u>
Net Assets		
Unrestricted	<u>(27,811)</u>	<u>(73,133)</u>
Total Net Assets	<u>(27,811)</u>	<u>(73,133)</u>
Total Liabilities and Net Assets	<u><u>\$ 235,063</u></u>	<u><u>\$ 71,668</u></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 ASSETS
BUDGET AND ACTUAL - BUDGET BASIS
For the year ended September 30, 2012
With comparative totals for September 30, 2011

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2011 Totals
Operating Revenues					
Charges for services	\$ 1,137,400	\$ 1,405,600	\$ 1,383,661	\$ (21,939)	\$ 1,386,327
Reinsurance coverage reimbursements	2,000	53,800	262,621	208,821	133,010
Total Operating Revenues	<u>1,139,400</u>	<u>1,459,400</u>	<u>1,646,282</u>	<u>186,882</u>	<u>1,519,337</u>
Operating Expenses					
Health insurance claims paid	830,000	1,080,000	1,249,461	(169,461)	1,302,369
Insurance premiums	128,700	138,700	171,535	(32,835)	115,431
Payflex expenditures	110,000	120,000	114,415	5,585	107,732
Workers' compensation claims paid	-	50,000	29,995	20,005	10
Other services and charges	<u>38,800</u>	<u>38,800</u>	<u>35,625</u>	<u>3,175</u>	<u>32,853</u>
Total Operating Expenses	<u>1,107,500</u>	<u>1,427,500</u>	<u>1,601,031</u>	<u>(173,531)</u>	<u>1,558,395</u>
Operating Income (Loss)	31,900	31,900	45,251	360,413	(39,058)
Nonoperating Revenues					
Interest	<u>200</u>	<u>200</u>	<u>71</u>	<u>(129)</u>	<u>247</u>
Change in Net assets	<u>32,100</u>	<u>32,100</u>	45,322	<u>\$ 360,284</u>	(38,811)
Net Assets, Beginning of Year			<u>(73,133)</u>		<u>(34,322)</u>
Net Assets, End of Year			<u>\$ (27,811)</u>		<u>\$ (73,133)</u>

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, 2012
With comparative totals for September 30, 2011

	2012	2011
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 1,495,048	\$ 1,556,772
Payments to suppliers	<u>(1,482,958)</u>	<u>(1,515,847)</u>
Net Cash Provided by Operating Activities	12,090	40,925
Cash Flows From Capital and Related Financing Activities		
Loans from General Fund	-	(37,000)
Cash Flows From Investing Activities		
Interest received	<u>71</u>	<u>247</u>
Net Increase in Cash	12,161	4,172
Cash, Beginning of Year	<u>7,917</u>	<u>3,745</u>
Cash, End of Year	<u><u>\$ 20,078</u></u>	<u><u>\$ 7,917</u></u>
Reconciliation of Operating Loss to Net Cash		
Provided by (Used in) Operating Activities:		
Operating loss	\$ 45,251	\$ (39,058)
Adjustments to Reconcile Operating Loss to Net		
Cash Provided by (Used in) Operating Activities:		
(Increase) decrease in accounts receivable	(151,234)	37,435
Increase (decrease) in due to other funds	150,242	-
Increase (decrease) in claims incurred but not reported	<u>(32,169)</u>	<u>42,548</u>
Total Adjustments	<u>(33,161)</u>	<u>79,983</u>
Net Cash Provided by Operating Activities	<u><u>\$ 12,090</u></u>	<u><u>\$ 40,925</u></u>

See independent auditor's report.

City of Beatrice
PENSION TRUST FUND - EMPLOYEE'S RETIREMENT SYSTEM
STATEMENT OF NET ASSETS
September 30, 2012
With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Assets		
Investments with fiscal agent:		
Demand deposits	\$ -	\$ 443,440
Guaranteed interest accounts	7,348,493	7,084,908
Publicly traded equities	<u>9,398,266</u>	<u>7,520,925</u>
Total Assets	\$ 16,746,759	\$ 15,049,273
Net Assets		
Reserved for employees' retirement system	<u>\$ 16,746,759</u>	<u>\$ 15,049,273</u>
Total Net Assets	<u><u>\$ 16,746,759</u></u>	<u><u>\$ 15,049,273</u></u>

See independent auditor's report.

City of Beatrice, Nebraska
PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
COMBINING STATEMENT OF NET ASSETS
September 30, 2012
With comparative totals for September 30, 2011

	2012					2011
	Firefighters	Police	General Government	Board of Public Works	Total	Totals
Assets						
Investments with fiscal agent:						
Demand deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 443,440
Guaranteed interest accounts	762,630	490,347	743,007	5,352,509	7,348,493	7,084,908
Publicly traded equities	4,259,354	1,573,808	1,677,195	1,887,909	9,398,266	7,520,925
Total Assets	\$ 5,021,984	\$ 2,064,155	\$ 2,420,202	\$ 7,240,418	\$ 16,746,759	\$ 15,049,273
Net Assets						
Reserved for employees' retirement system	\$ 5,021,984	\$ 2,064,155	\$ 2,420,202	\$ 7,240,418	\$ 16,746,759	\$ 15,049,273
Total Net Assets	<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>	<u>\$ 15,049,273</u>

See independent auditor's report.

City of Beatrice, Nebraska
PENSION TRUST FUND - EMPLOYEE'S RETIREMENT SYSTEM
STATEMENT OF CHANGES IN PLAN NET ASSETS
For the year ended September 30, 2012
With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Additions:		
Contributions:		
Employer	\$ 448,705	\$ 455,968
Employee	<u>382,354</u>	<u>532,257</u>
Total Contributions	831,059	988,225
Investment Income:		
Net appreciation (depreciation) in fair value of investments	<u>1,679,095</u>	<u>284,315</u>
Total Additions	2,510,154	1,272,540
Deductions:		
Benefit payments	194,471	514,369
Administrative costs	16,825	15,773
Transfers to another plan	<u>25</u>	<u>-</u>
Total Deductions	<u>211,321</u>	<u>530,142</u>
Net Increase	2,298,833	742,398
Net Assets Held in Trust for Pension Benefits,		
Beginning of Year - as previously stated	15,049,273	14,306,875
Prior period adjustment to remove Board of Public Works 457 plan	<u>(601,347)</u>	<u>-</u>
Beginning of Year - restated	14,447,926	14,306,875
Net Assets Held in Trust for Pension Benefits,		
End of Year	<u>\$ 16,746,759</u>	<u>\$ 15,049,273</u>

See independent auditor's report.

City of Beatrice, Nebraska
PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
For the year ended September 30, 2012
With comparative totals for the year ended September 30, 2011

	2012					2011
	Firefighters	Police	General Government	Board of Public Works	Total	Totals
Additions:						
Contributions:						
Employer	\$ 141,927	\$ 69,727	\$ 74,645	\$ 162,406	\$ 448,705	\$ 455,968
Employee	70,963	69,727	79,258	162,406	382,354	532,257
Total Contributions	212,890	139,454	153,903	324,812	831,059	988,225
Investment Income:						
Net appreciation (depreciation) in fair value of investments	664,201	251,198	224,179	539,517	1,679,095	284,315
Total Additions (Reductions)	877,091	390,652	378,082	864,329	2,510,154	1,272,540
Deductions:						
Benefit payments	98,328	-	75,474	20,669	194,471	514,369
Administrative costs	5,086	4,446	5,667	1,626	16,825	15,773
Transfers to another plan	-	-	-	25	25	-
Total Deductions	103,414	4,446	81,141	22,320	211,321	530,142
Net Increase (Decrease)	773,677	386,206	296,941	842,009	2,298,833	742,398
Net Assets Held in Trust for Pension Benefits,						
Beginning of Year - as previously stated	4,248,307	1,677,949	2,123,261	6,999,756	15,049,273	14,306,875
Prior period adjustment to remove Board of Public Works 457 plan	-	-	-	(601,347)	(601,347)	-
Beginning of Year - restated	4,248,307	1,677,949	2,123,261	6,398,409	14,447,926	14,306,875
Net Assets Held in Trust for Pension Benefits,						
End of Year	\$ 5,021,984	\$ 2,064,155	\$ 2,420,202	\$ 7,240,418	\$ 16,746,759	\$ 15,049,273

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, 2012
With comparative totals for the year ended September 30, 2011

	2012	2011
Cash Flows From Operating Activities		
Cash contributions received	\$ 831,059	\$ 988,225
Cash terminations/retirements paid	(194,471)	(514,369)
Other operating charges paid	(16,825)	(15,773)
Net Cash Provided by Operating Activities	<u>619,763</u>	<u>458,083</u>
Cash Flows From Investing Activities		
Interest and dividends on investments	(1,679,095)	(284,315)
Purchase of investments	1,059,332	(173,768)
Net Cash Used in Investing Activities	<u>(619,763)</u>	<u>(458,083)</u>
Net Increase in Cash	-	-
Cash and Cash Equivalents, Beginning of Year	<u>-</u>	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 2,298,833	\$ 742,398
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Interest and dividends on investments	(1,679,095)	(284,315)
Transfer to another plan	<u>25</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>\$ 619,763</u>	<u>\$ 458,083</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, 2012
With comparative totals for the year ended September 30, 2011

	2012					2011
	Firefighters	Police	General Government	Board of Public Works	Total	Totals
Cash Flows From Operating Activities						
Cash contributions received	\$ 212,890	\$ 139,454	\$ 153,903	\$ 324,812	\$ 831,059	\$ 915,966
Cash terminations/retirements paid	(98,328)	-	(75,474)	(20,669)	(194,471)	(394,261)
Other operating charges paid	(5,086)	(4,446)	(5,667)	(1,626)	(16,825)	(18,935)
Net Cash Provided by (Used in) Operating Activities	109,476	135,008	72,762	302,517	619,763	502,770
Cash Flows From Investing Activities						
Interest and dividends on investments	(664,201)	(251,198)	(224,179)	(539,517)	(1,679,095)	(953,645)
Sale (purchase) of investments	554,725	116,190	151,417	237,000	1,059,332	450,875
Net Cash Provided by (Used in) Investing Activities	(109,476)	(135,008)	(72,762)	(302,517)	(619,763)	(502,770)
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)	\$ 773,677	\$ 386,206	\$ 296,941	\$ 842,009	\$ 2,298,833	\$ 1,401,500
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:						
Interest and dividends on investments	(664,201)	(251,198)	(224,179)	(539,517)	(1,679,095)	(953,645)
Cash transferred to another plan	-	-	-	25	25	54,915
Net Cash Provided by (Used In) Operating Activities	<u>\$ 109,476</u>	<u>\$ 135,008</u>	<u>\$ 72,762</u>	<u>\$ 302,517</u>	<u>\$ 619,763</u>	<u>\$ 502,770</u>

See independent auditor's report.

City of Beatrice, Nebraska
 COMPONENT UNITS
 COMBINING STATEMENT OF NET ASSETS - COMPONENT UNITS
 September 30, 2012

	Beatrice Airport Authority	Beatrice Community Redevelopment Authority	Total Component Units
Assets			
Current Assets			
Cash and cash equivalents	\$ 703,855	\$ 110,459	\$ 814,314
Cash on deposit - County Treasurer	9,830	-	9,830
Accounts receivable	29,736	-	29,736
Taxes receivable	21,655	-	21,655
Inventories	51,362	-	51,362
Current portion of TIF notes receivable	-	404,574	404,574
Total Current Assets	816,438	515,033	1,331,471
Noncurrent Assets			
Capital Assets			
Land	1,321,356	-	1,321,356
Construction in progress	20,729	-	20,729
Capital assets, net of accumulated depreciation	1,641,357	-	1,641,357
Net Capital Assets	2,983,442	-	2,983,442
Other Assets			
TIF notes receivable, net of current portion	-	2,517,617	2,517,617
Bond issue costs, net of amortization of \$750	4,502	-	4,502
Total Other Assets	4,502	2,517,617	2,522,119
Total Noncurrent Assets	2,987,944	2,517,617	5,505,561
Total Assets	<u>\$ 3,804,382</u>	<u>\$ 3,032,650</u>	<u>\$ 6,837,032</u>
Liabilities			
Current Liabilities			
Accounts payable	\$ 40,969	\$ -	\$ 40,969
Accrued compensated absences	13,910	-	13,910
Accrued interest payable	2,303	1,833	4,136
Deferred revenues	13,636	-	13,636
Current maturities of TIF payable	-	184,574	184,574
Current maturities of long-term debt	40,000	220,000	260,000
Total Current Liabilities	110,818	406,407	517,225
Noncurrent Liabilities, Net of Current Portion			
Deferred rent	21,592	-	21,592
Compensated absences	32,061	-	32,061
Bonds payable	225,000	635,000	860,000
TIF payable	-	1,882,617	1,882,617
Total Noncurrent Liabilities	278,653	2,517,617	2,796,270
Total Liabilities	389,471	2,924,024	3,313,495
Net Assets			
Invested in capital assets, net of related debt	2,722,944	-	2,722,944
Restricted for debt service	21,986	-	21,986
Unrestricted net assets	669,981	108,626	778,607
Total Net Assets	3,414,911	108,626	3,523,537
Total Liabilities and Net Assets	<u>\$ 3,804,382</u>	<u>\$ 3,032,650</u>	<u>\$ 6,837,032</u>

See independent auditor's report.

CITY OF BEATRICE, NEBRASKA
 COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS
 For the year ended September 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Component Units		
	Expenses	Charges for Services	Capital Grants and Contributions	Beatrice Airport Authority	Beatrice Community Redevelopment Authority	Totals
Beatrice Airport Authority:						
Airport operations	\$ 865,613	\$ 492,877	\$ 500,650	\$ 127,914	\$ -	\$ 127,914
Interest on long-term debt	7,268	-	-	(7,268)	-	(7,268)
Total Beatrice Airport Authority	872,881	492,877	500,650	120,646	-	120,646
Beatrice Community Redevelopment Authority:						
Community development	591,716	-	-	-	(591,716)	(591,716)
Interest on long-term debt	52,571	-	-	-	(52,571)	-
Total Beatrice Community Redevelopment Authority	644,287	-	-	-	(644,287)	-
Total Component Units	<u>\$ 1,517,168</u>	<u>\$ 492,877</u>	<u>\$ 500,650</u>	<u>120,646</u>	<u>(644,287)</u>	<u>120,646</u>
General Revenues						
Property tax				206,357	-	206,357
Tax incremental financing				-	666,771	666,771
Unrestricted intergovernmental				-	-	-
Miscellaneous revenues				24,408	-	24,408
Unrestricted investment earnings				139	-	139
Total General Revenues				<u>230,904</u>	<u>666,771</u>	<u>897,675</u>
Change in Net Assets				351,550	22,484	374,034
Net Assets, Beginning of Year				<u>3,063,361</u>	<u>86,142</u>	<u>3,149,503</u>
Net Assets, End of Year				<u>\$ 3,414,911</u>	<u>\$ 108,626</u>	<u>\$ 3,523,537</u>

See independent auditor's report.

City of Beatrice, Nebraska
 BEATRICE COMMUNITY REDEVELOPMENT AUTHORITY - COMPONENT UNIT
 STATEMENT OF NET ASSETS

September 30, 2012
 With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets		
Cash	\$ 110,459	\$ 89,518
Cash on deposit - County Treasurer	-	13,380
Current portion of TIF notes receivable	404,574	562,898
Total Current Assets	<u>515,033</u>	<u>665,796</u>
Other Assets		
TIF notes receivable, net of current portion	<u>2,517,617</u>	<u>2,867,257</u>
Total Assets	<u><u>\$ 3,032,650</u></u>	<u><u>\$ 3,533,053</u></u>
Liabilities		
Current Liabilities		
Accrued interest payable	\$ 1,833	\$ 3,375
Warrants payable	-	2,327
Current maturities of TIF payable	184,574	-
Current maturities of long-term debt	220,000	215,000
Total Current Liabilities	<u>406,407</u>	<u>220,702</u>
Noncurrent Liabilities, Net of Current Portion		
Bonds payable	635,000	855,000
TIF payable	<u>1,882,617</u>	<u>2,371,209</u>
Total Noncurrent Liabilities	<u>2,517,617</u>	<u>3,226,209</u>
Total Liabilities	<u>2,924,024</u>	<u>3,446,911</u>
Net Assets		
Unrestricted net assets	108,626	86,142
Total Liabilities and Net Assets	<u><u>\$ 3,032,650</u></u>	<u><u>\$ 3,533,053</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, 2012
 With comparative totals for the year ended September 30, 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues		
Tax incremental financing	\$ 666,771	\$ 657,095
Operating Expenses		
Community development	591,716	573,977
Interest on long-term debt	<u>52,571</u>	<u>62,333</u>
Total Operating Expenses	<u>644,287</u>	<u>636,310</u>
Change in Net Assets	22,484	20,785
Net Assets, Beginning of Year	<u>86,142</u>	<u>65,357</u>
Net Assets, End of Year	<u><u>\$ 108,626</u></u>	<u><u>\$ 86,142</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, 2012
 With comparative totals for September 30, 2011

	<u>2012</u>	<u>2011</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 2,577,841	\$ 2,577,841
Buildings	6,883,209	5,773,093
Improvements other than buildings	4,011,886	3,924,463
Machinery and equipment	8,629,335	8,177,872
Infrastructure	26,646,231	25,324,246
Total	<u>\$48,748,502</u>	<u>\$45,777,515</u>
INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE		
General Obligation Bonds	\$ 4,811,020	\$ 4,811,020
Federal and State Grants	8,570,486	7,549,751
General Fund Revenues	31,964,732	30,450,102
Donations	3,402,264	2,966,642
Total Investments in Governmental Funds Capital Assets	<u>\$48,748,502</u>	<u>\$45,777,515</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 assets.

City of Beatrice, Nebraska
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 September 30, 2012
 With comparative totals for September 30, 2011

Function and Activity	2012						2011 Totals
	Land	Buildings and Improvements	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Total	
GENERAL GOVERNMENT							
Management and budget	\$ -	\$ -	\$ -	\$ 215,740	\$ -	\$ 215,740	\$ 187,563
Legal	-	-	-	5,692	-	5,692	4,278
Inspection	-	-	-	41,688	-	41,688	41,983
Total General Government	-	-	-	263,120	-	263,120	233,824
PUBLIC SAFETY							
Police	76,500	-	147,480	2,246,274	-	2,470,254	2,357,094
Fire	-	-	-	3,009,600	-	3,009,600	2,914,083
Total Public Safety	76,500	-	147,480	5,255,874	-	5,479,854	5,271,177
CULTURE AND RECREATION							
Public properties	2,400,764	4,090,599	3,782,202	953,297	-	11,226,862	9,870,214
Library	100,577	2,413,321	82,204	683,634	-	3,279,736	3,271,348
Total Culture and Recreation	2,501,341	6,503,920	3,864,406	1,636,931	-	14,506,598	13,141,562
STREETS	-	379,289	-	1,450,069	25,708,555	27,537,913	26,169,935
STORM WATER MANAGEMENT	-	-	-	23,341	937,676	961,017	961,017
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 2,577,841</u>	<u>\$ 6,883,209</u>	<u>\$ 4,011,886</u>	<u>\$ 8,629,335</u>	<u>\$26,646,231</u>	<u>\$48,748,502</u>	<u>\$45,777,515</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, 2012

Function and Activity	Governmental Funds Capital Assets 10/1/11	Additions	Deductions	Transfers	Governmental Funds Capital Assets 9/30/12
GENERAL GOVERNMENT					
Management and budget	\$ 187,563	\$ 31,044	\$ (2,867)	\$ -	\$ 215,740
Legal	4,278	1,414	-	-	5,692
Inspection	41,983	-	(295)	-	41,688
Total General Government	233,824	32,458	(3,162)	-	263,120
PUBLIC SAFETY					
Police	2,357,094	129,308	(16,149)	-	2,470,253
Fire	2,914,083	98,318	(2,800)	-	3,009,601
Total Public Safety	5,271,177	227,626	(18,949)	-	5,479,854
CULTURE AND RECREATION					
Public properties	9,870,214	1,369,350	(12,702)	-	11,226,862
Library	3,271,348	17,554	(9,166)	-	3,279,736
Total Culture and Recreation	13,141,562	1,386,904	(21,868)	-	14,506,598
STREETS	26,169,935	1,372,129	(4,151)	-	27,537,913
STORM WATER MANAGEMENT	961,017	-	-	-	961,017
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$45,777,515</u>	<u>\$ 3,019,117</u>	<u>\$ (48,130)</u>	<u>\$ -</u>	<u>\$48,748,502</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

(This page has been left blank intentionally)

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

Table 1

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in capital assets, net of related debt	\$ 20,075,667	\$ 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
Restricted	1,574,517	1,876,590	1,718,362	3,733,809	3,560,378	3,486,512	3,184,634	3,323,885	3,198,583	2,932,620
Unrestricted	1,243,908	(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
Total Governmental Activities Net Assets	\$ 22,894,092	\$ 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
Business-type Activities										
Invested in capital assets, net of related debt	\$ 21,503,986	\$ 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
Restricted	-	-	-	732,489	425,387	598,152	643,308	643,769	467,738	636,926
Unrestricted	5,300,332	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
Total Business-type Activities Net Assets	\$ 26,804,318	\$ 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
Primary Government										
Invested in capital assets, net of related debt	\$ 41,579,653	\$ 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
Restricted	1,574,517	1,876,590	1,718,362	4,466,298	3,985,765	4,084,664	3,827,942	3,967,654	3,666,321	3,569,546
Unrestricted	6,544,240	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
Total Primary Government Net Assets	\$ 49,698,410	\$ 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

2003 - Implementation of GASB 34

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 ASSETS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 2

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities:										
General Government*	\$ 3,856,369	\$ 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
Public Safety	3,954,312	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
Highways and Streets	3,000,884	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
Culture and Recreation	1,536,976	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
Interest on Long-Term Debt	81,337	58,176	141,854	156,582	51,357	49,910	38,318	31,322	23,868	21,945
Total Governmental Activities Expenses	12,429,878	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
Business-type Activities										
Electric	10,011,509	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
Water	1,558,393	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
Water Pollution Control	1,242,411	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
Off-Street Parking	28,182	-	-	-	-	-	-	-	-	-
Sanitation	1,023,608	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
Beatrice Area Solid Waste Agency	859,694	815,750	882,331	1,048,967	1,075,677	1,649,170	942,608	956,627	1,025,297	1,384,427
Total Business-type Activities Expenses	14,723,797	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
Total Primary Government Expenses	\$27,153,675	\$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
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 1,293,248	\$ 959,092	\$ 979,857	\$ 345,007	\$ 371,674	\$ 284,335	\$ 205,377	\$ 311,477	\$ 250,053	\$ 272,753
Public Safety	631,460	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
Culture and Recreation	375,281	356,773	246,427	250,418	192,847	187,454	212,136	234,027	212,851	234,840
Other Governmental Activities	950	6,390	26,757	37,492	34,318	38,457	26,790	22,865	50,147	68,552
Operating Grants and Contributions	1,500,639	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
Capital Grants and Contributions	1,830,176	458,219	307,453	461,506	1,378,513	597,350	290,637	654,092	2,307,752	2,332,445
Total Governmental Activities Program Revenues	5,631,754	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
Business-type Activities										
Charges for Services:										
Electric	10,409,284	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
Water	1,402,693	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
Water Pollution Control	1,077,881	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
Sanitation	1,023,608	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
Beatrice Area Solid Waste Agency	957,043	903,927	930,981	923,420	997,495	1,075,120	1,050,149	1,048,397	1,017,931	1,114,194
Other Business-type Activities	30,382	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	455,095	214,223	199,650	-	-	-	-
Total Business-type Activities Program Revenues	14,900,891	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
Total Primary Government Program Revenues	\$20,532,645	\$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

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

Table 2

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense) Revenue										
Governmental Activities:	\$ (6,798,124)	\$ (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)
Business-type Activities	177,094	(357,041)	43,779	188,789	(91,790)	(366,584)	156,570	1,026,015	854,753	637,737
Total Primary Government Net (Expense)	<u>\$ (6,621,030)</u>	<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>
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes	\$ 4,102,572	\$ 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
Unrestricted Intergovernmental	388,778	418,468	383,844	453,478	555,063	587,786	566,172	561,813	597,411	393,613
Miscellaneous Revenues	484,498	839,042	538,916	414,510	302,369	447,468	278,455	146,476	238,004	136,136
Unrestricted Investment Earnings	44,477	33,266	69,412	142,609	136,094	114,399	82,662	72,767	17,708	9,445
Lease Proceeds	299,990	-	-	-	-	-	-	-	-	-
Transfers	60,000	356,829	-	-	-	-	-	-	-	-
Gain (loss) on Sale of Capital Assets	40,000	4,071	(6,684)	4,451	(84,842)	(6,511)	-	-	-	-
Total Governmental Activities	<u>5,420,315</u>	<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>
Business-type Activities:										
Miscellaneous Revenues	252,942	116,105	335,657	121,725	171,536	277,591	321,312	196,031	810,950	727,763
Investment Earnings	53,154	38,857	59,192	110,699	131,793	98,880	53,384	60,022	67,018	50,857
Transfers	-	(356,829)	-	-	-	-	-	-	-	-
(Loss) Gain on Sale of Capital Assets	-	-	(60,692)	-	-	(4,897)	-	-	-	-
Total Business-type Activities	<u>306,096</u>	<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>
Total Primary Government	<u>\$ 5,726,411</u>	<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>
Change in Net Assets										
Governmental Activities	\$ (1,377,809)	\$ 291,339	\$ (163,638)	\$ 1,037,688	\$ 1,469,171	\$ 107,811	\$ 373,030	\$ 155,637	\$ 1,002,582	\$ 1,265,332
Business-type Activities	483,190	(558,908)	377,936	421,213	211,539	4,990	531,266	1,282,068	1,732,721	1,416,357
Total Primary Government	<u>\$ (894,619)</u>	<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>

2003 - Implementation of GASB 34

2005 - Restatement in 2006 Financials

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

*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>
2003	\$ 1,129,960	\$ 2,410,431	\$ 546,536	\$ 15,645	\$ 4,102,572
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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Restricted						128,019	48,584	21,354	52,588	63,979
Unassigned	\$ 990,220	\$ 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
Assigned for										
subsequent years' expenditures	570,000	570,000	570,000	445,000	491,000	629,500	592,106	716,164	734,960	644,444
Total General Fund	<u>\$ 1,560,220</u>	<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>
All other governmental funds										
Restricted for:										
Restricted for Economic Development	\$ 532,318	\$ 664,788	\$ 845,281	\$ 861,742	\$ 675,162	\$ 901,586	\$ 1,066,772	\$ 1,227,426	\$ 1,030,152	\$ 896,621
Restricted for Debt Service	492,957	370,480	233,006	223,587	217,103	450,392	235,800	212,370	212,845	171,982
Restricted for CDBG Revolving Loans	414,922	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
Restricted for E911 Public Safety	70,374	44,930	10,869	(8,651)	(5,964)	(4,065)	(2,095)	7,699	41,351	71,336
Restricted for Storm Water Management	0	0	0	0	31,262	11,086	31,680	72	21,438	36,900
Restricted for Streets	(156,693)	(153,334)	(70,922)	(163,548)	4,677	(3,304)	160,092	411,516	378,019	401,241
Committed for:										
Committed for Community Betterment	152,227	218,427	198,319	181,805	181,687	191,405	204,863	162,712	209,771	50,355
Committed for Library Capital	91,583	92,120	94,083	97,106	96,835	80,739	81,705	93,416	82,405	145,349
Committed for Public Safety	47,106	109,613	184,598	235,366	266,131	304,799	158,668	206,202	255,576	292,892
Committed for Capital Project	0	0	0	0	0	0	0	0	267,233	0
Assigned, reported in:										
subsequent years' expenditures	0	0	0	0	0	0	0	0	0	122,678
Unassigned, reported in:										
Special Revenue-CRA fund	0	(2,022,480)	(66,769)	0	0	0	0	0	0	0
Debt Service Funds	(199,997)	(84,177)	(159,872)	(183,671)	(235,058)	(214,234)	(129,833)	(53,427)	(16,416)	(146,182)
Capital Projects funds	63,863	30,075	22,766	34,799	3,462	91,430	0	0	0	0
Total all other governmental funds	<u>\$ 1,508,660</u>	<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>

2004 - Community Development 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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 4,102,572	\$ 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
Licenses & Permits	75,169	98,084	106,454	94,817	199,008	103,070	80,819	173,182	108,465	105,128
Intergovernmental and Grants	3,719,593	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
Charges for Services*	916,447	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
Keno Proceeds	179,889	172,674	135,253	93,706	109,558	113,062	89,668	75,178	83,401	79,132
Special Assessments	575,503	146,619	93,984	159,761	103,792	60,611	85,724	63,252	25,794	133,879
Interest	44,157	33,055	68,976	141,297	152,259	135,906	112,125	72,767	62,518	34,114
Donations and Misc Revenue	498,554	839,042	538,916	532,419	404,930	594,879	236,872	146,778	165,542	644,084
Lease Income	110,145	0	0	0	0	0	0	0	0	0
Total revenues	10,222,029	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
Expenditures										
General Government	1,925,040	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
Public Safety	3,667,750	3,660,010	3,900,882	4,105,029	4,552,974	4,732,030	4,697,661	4,975,019	5,148,150	5,333,697
Highways and Streets	2,464,023	1,677,969	1,968,128	898,007	968,064	1,101,521	1,069,722	1,263,739	1,224,442	1,054,987
Culture and Recreation	1,097,953	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
Lease Payments	110,145	0	0	0	0	0	0	0	0	0
Debt Service:										
Principal	394,372	354,803	535,000	325,000	165,000	230,000	375,000	360,148	305,444	270,000
Interest	81,337	58,176	141,854	156,582	51,357	49,910	38,318	31,322	23,868	21,945
Bond Insurance Costs	0	0	0	0	0	10,199	0	0	0	0
Capital Outlay	1,237,479	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
MFO Payments to Other Entities	121,332	118,336	120,880	122,576	122,907	124,292	126,877	126,499	124,994	113,445
Total Expenditures	11,099,431	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
Excess of Revenues over (under) Expenditures	(877,402)	(1,813,932)	(828,123)	(560,209)	(47,576)	(786,509)	(261,145)	447,459	24,717	(814,278)
Other Financing Sources (Uses)										
Transfers In	527,577	142,251	341,370	387,000	313,958	473,865	448,856	228,934	371,548	715,163
Transfers Out	(527,577)	(142,251)	(341,370)	(387,000)	(313,958)	(473,865)	(448,856)	(228,934)	(371,548)	(715,163)
Bond Issuance Costs	0	0	(33,834)	0	0	0	0	0	0	0
Grant write-off	0	0	0	0	0	(87,857)	0	0	0	0
Bond and Lease Proceeds	299,990	0	2,480,000	0	216,263	819,329	0	0	0	0
Sale of Capital Assets	40,000	540,043	359	39,100	17,854	0	0	0	0	0
Total Other Financing Sources (Uses)	339,990	540,043	2,446,525	39,100	234,117	731,472	0	0	0	0
Net Change in Fund Balances	\$ (537,412)	\$ (1,273,889)	\$ 1,618,402	\$ (521,109)	\$ 186,541	\$ (55,037)	\$ (261,145)	\$ 447,459	\$ 24,717	\$ (814,278)
Debt Service as a percentage of noncapital expenditures	4.9%	4.9%	7.4%	5.9%	2.6%	2.9%	5.3%	4.3%	3.4%	3.2%

**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 (2)	RATIO OF ASSESSED TO EST. ACTUAL
2003	\$ 415,500,759	n/a	\$ 415,500,759	0.314595	1
2004	437,194,620	n/a	437,194,620	0.320049	1
2005	453,422,564	n/a	453,422,564	0.318677	1
2006	463,420,813	n/a	463,420,813	0.335175	1
2007	481,285,347	16,002,826	497,288,173	0.333528	1
2008	486,617,931	15,869,700	502,487,631	0.385049	1
2009	525,995,213	18,150,178	544,145,391	0.355308	1
2010	532,301,625	25,190,566	557,492,191	0.359914	1
2011	530,661,631	15,296,532	545,958,163	0.360658	1
2012	528,758,221	13,937,124	542,695,345	0.380687	1

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

(2) The City levy and the Airport levy are combined for the total Direct Tax Rate

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>
2003	0.273985	1.167071	0.391282	0.125460	0.040610	1.998408
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

(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
2003	1.50%	5.50%	7.00%
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%

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

**CITY OF BEATRICE, NEBRASKA
PRINCIPAL TAXPAYERS
Current Year and Ten Years Ago**

Table 8

TAXPAYER	TYPE OF BUSINESS	2012			2003		
		(a) ASSESSED VALUATION	Rank	%OF TOTAL ASSESSED VALUATION	(a) ASSESSED VALUATION	Rank	%OF TOTAL ASSESSED VALUATION
KH Beatrice LLC	(1) Manufacturing	\$ 13,020,425	1	2.40%			
Flint Hills Resources Beatrice LL	(1) Manufacturing Plant	12,500,000	2	2.30%			
Wal-Mart Stores	Shopping Mall	6,373,165	3	1.17%	6,269,140	1	1.51%
Farmers Co-op Elevator	Grain/Feed Elevator	4,245,885	4	0.78%	4,173,475	3	1.00%
Beatrice Retirement Inc.	Retirement homes	3,197,850	5	0.59%	4,637,610	2	1.12%
Cornhusker Hospitality II, LLC	(1) Hotel	2,707,530	6	0.50%	2,821,370	5	0.68%
Stanley T & Judy E Meyer	Shopping Mall plus other	2,331,815	7	0.43%	1,700,000	10	0.41%
Store Kraft Mfg Co.	manufacturing	2,277,730	8	0.42%			
LTC Properties	Retirement home/assisted	2,027,485	9	0.37%	2,019,560	8	0.49%
Homestead Village	Retirement home/complex	1,933,715	10	0.36%	2,072,110	7	0.50%
Beatrice Housing Partners	apartment complex				1,752,000	9	0.42%
DDM Investments	Shopping Mall				3,162,500	4	0.76%
Sea Breeze Land Development	manufacturing				2,445,230	6	0.59%
		<u>\$ 50,615,600</u>		<u>9.33%</u>	<u>\$ 31,052,995</u>		<u>7.48%</u>

Source: Gage County Assessor

(a) Real Estate Valuation only, does not include personal property

(1) Currently under Tax Increment Financing

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

Table 8a

Business Classification	Calendar Year 2011			Calendar Year 2006		
	Net Taxable Sales	Rank	% of Total Net Taxable Sales	Net Taxable Sales	Rank	% of Total Net Taxable Sales
Retail Trade	\$ 73,565,310	1	45.8%	\$ 77,274,726	1	46.9%
Utilities	27,267,703	2	17.0%	21,922,078	2	13.3%
Accommodation & Food Services	18,373,165	3	11.4%	18,424,781	3	11.2%
Wholesale Trade	11,073,158	4	6.9%	9,760,521	4	5.9%
Information	3,301,134	6	2.1%	9,725,695	5	5.9%
Construction	5,404,903	5	3.4%	6,225,598	6	3.8%
Other	21,536,853		13.4%	21,593,149		13.1%
Total	<u>160,522,226</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 five years for comparison. Information only presented by business classification, individual taxpayer information is confidential.

Source: Nebraska Department of Revenue Net Taxable Sales by County
presented at 83% which is the City of Beatrice percent of Gage County Totals

**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
2003	\$ 1,138,409	\$ 1,072,347	94.20%	\$ 64,956	\$ 1,137,303	99.9%
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%	52,856	1,250,636	100.0%
2006	1,360,231	1,302,036	95.72%	57,985	1,360,021	100.0%
2007	1,459,640	1,393,092	95.44%	64,785	1,457,877	99.9%
2008	1,726,146	1,665,902	96.51%	69,835	1,735,737	100.6%
2009	1,715,278	1,635,184	95.33%	77,453	1,712,637	99.8%
2010	1,816,392	1,714,589	94.40%	65,980	1,780,569	98.0%
2011	1,778,950	1,704,384	95.81%	63,614	1,767,998	99.4%
2012	1,876,856	1,810,704	96.48%	0	1,810,704	96.5%

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			
2003	\$1,665,000	\$ -	\$ -	\$214,285	\$2,305,000	\$2,460,379	\$1,590,000	\$144,880	\$8,379,544	2.42%	669.83
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

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

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
2003	(a)	\$415,500,759	\$1,665,000	\$492,957	\$1,172,043	0.28%	93.69
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	(b)	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

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) Water Park Bonds were refunded in November 2002

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

**CITY OF BEATRICE, NEBRASKA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2012**

Table 12

<u>GOVERNMENTAL UNIT</u>	<u>NET 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	\$ 113,018	100.00%	\$ 113,018
Total Direct Debt			<u>113,018</u>
OVERLAPPING:			
Airport Authority	\$ 265,000	100.00%	\$ 265,000
School District #15	\$ 8,265,000	59.67%	\$ 4,931,726
Lower Big Blue Natural Resources District	\$ 145,612	15.04%	\$ 21,900
Gage County	\$ 1,783,034	26.84%	\$ 478,566
Total Overlapping Debt			<u>5,697,192</u>
Total Direct & Overlapping Debt			<u><u>5,810,210</u></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	
2003	\$12,889,858	\$ 10,894,933	\$ 1,994,925	\$ 399,599	\$123,640	\$523,239	3.81
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

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

**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)
2003	12,510	\$345,576,240	\$ 27,624	39.9	2,281	3.50%
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%

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 FIVE YEARS AGO**

Table 15

Employer	Type of Activity	2012			2006		
		Employees	Rank	% of County Employment	Employees	Rank	% of County Employment
Beatrice State Developmental Center	Home for mentally handicapped	715	1	6.28%	888	1	8.56%
Beatrice Community Hospital	Medical	441	2	3.87%	441	3	4.25%
Exmark Manufacturing	Manufacturing	400	3	3.51%	704	2	6.79%
Beatrice Public Schools	Education	360	4	3.16%	352	4	3.39%
Mosaic	Home for mentally handicapped	264	5	2.32%	164	10	1.58%
Store Kraft	Manufacturing	213	6	1.87%	280	6	2.70%
Good Samaritan Center	Elderly Care Facility	203	7	1.78%	180	9	1.73%
NEAPCO	Manufacturing	175	8	1.54%	226	7	2.18%
City of Beatrice	Government	163	9	1.43%	181	8	1.73%
Southeast Community College	Education	110	10	0.97%			
Husqvarna Turf Care	Manufacturing				350	5	3.37%
		<u>3,044</u>		<u>26.73%</u>	<u>3,766</u>		<u>36.28%</u>

Source: Nebraska Public Power District Community Facts Book

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>2003</u>	<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>
General Government	8	7	5	5	5	8	8	8	8	8
Public Safety										
Police										
Commissioned	22	22	22	22	22	22	22	21	21	22
Civilians	12	12	11	11	11	11	11	11	10	10
Fire										
Full-time Firefighters	23	23	23	23	23	23	23	23	23	23
Civilians	1	1	1	1	1	0	0	0	0	0
Culture and Recreation	13	13	14	14	13	9	9	9	8	7
Highways and Streets	9	10	10	9	10	10	10	9	9	9
Solid Waste Agency	4	4	4	4	4	4	4	4	4	4
Water	11	13	13	14	14	12	11	11	11	11
Sewer	7	7	7	7	7	7	7	7	7	7
Electric	33	35	34	33	33	30	30	30	30	29
Total	143	147	144	143	143	136	135	133	131	130

FUNCTION	<u>2003</u>	<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>
Public Safety										
Police										
Civilians	3	3	3	3	3	2	2	2	2	2
Fire										
Reserves	8	9	8	8	9	6	6	8	8	8
Culture and Recreation	17	17	20	20	20	16	18	18	18	18
Solid Waste Agency/WPC	5	5	5	5	5	6	6	6	5	5
Electric	2	2	2	2	2	2	0	0	0	0
Total	35	36	38	38	39	32	32	34	33	33
*Part-time employment is 1020 hours/yr or less										
C & R Summer Seasonal	50	54	40	40	40	45	48	48	45	40

**CITY OF BEATRICE, NEBRASKA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Table 17

FUNCTION	<u>2003</u>	<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>
General Government										
Building Permits Issued	232	264	267	208	253	227	471	395	454	458
Commercial Construction Value	\$6,608,349	\$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
Residential Construction Value	\$7,012,260	\$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
Public Safety										
Police										
Physical Arrests	1,179	746	1,382	1,191	988	1,048	808	662	928	1,099
Patrol Citations	2,284	1,216	3,509	2,815	2,437	3,078	2,507	2,025	1,699	1,758
Calls for Service	13,998	22,819	22,059	21,736	21,571	23,947	22,230	22,118	21,472	22,577
Fire										
Ambulance Calls	1,590	1,687	1,803	1,960	1,928	2,288	2,349	2,435	2,241	2,223
Fire & Rescue Calls	634	554	795	776	886	902	939	887	910	896
Culture and recreation										
Water Park Admissions	\$ 82,235	\$ 62,908	\$ 73,494	\$ 85,892	\$ 90,059	\$ 86,083	\$ 81,453	\$ 88,933	\$ 83,252	\$ 87,796
Electric										
Average Daily Usage Commercial (MWH)	285.7	272.1	281.8	286.6	283.5	283.2	262.7	282.8	272.7	264.4
Average Daily Usage Residential (MWH)	177.6	173.7	180.9	186.3	189.9	191.1	185.3	201.3	193.7	186.2
Water										
Average Daily Consumption (gal)	4.41m	4.06m	4.03m	4.25m	3.95m	3.40m	3.60m	3.36m	3.42m	3.93m
Water Pollution Control										
Average Daily Treatment (gal)	1.6m	1.45m	1.44m	1.5m	1.4m	1.3m	1.2m	1.2m	1.2m	1.1m

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

2001 Police data not available due to software conversion

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

Table 18

FUNCTION	<u>2003</u>	<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>
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	259	264.7	270	270	270.9	274.4	278.14	279.44	279.5
Street Lane Miles, Unpaved	34	34	32.4	31.7	31.7	31.5	31.5	34.15	34.15	34.45
Storm Sewer Miles	25	25	25	25	25	25	32	33	33.71	33.9
Bridges	11	11	11	11	11	11	9	9	9	9
Street Lights	1505	1520	1520	1535	1551	1566	1656	1496	1513	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	118	119	120	123	123	123	123	123	126	126
Fire Hydrants	617	627	632	652	652	659	668	673	703	703
Sewer										
Sanitary Sewer Miles	127	127	127	127	128	128	128	128	129.3	129.3
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Electric										
Substations	12	12	12	10	10	10	10	10	10	10
Miles 12.5KV Service	91	93	93	94	94	94	98	99	99	99
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	104.2	102.2	102.2	101	92	92	88	88	88	88

Information provided by department annual reports for the year ending during the fiscal year period.
2009 - new analysis made of storm sewer miles

(This page has been intentionally left blank)



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

To the City Council
City of Beatrice, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Beatrice, Nebraska (the City), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 11, 2013. 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.

Internal Control Over Financial Reporting

Management of the City, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hayes & Associates LLC

Hayes & Associates, L.L.C.
Omaha, Nebraska
March 11, 2013

City of Beatrice, Nebraska
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended September 30, 2012

None reported in the current year.

City of Beatrice, Nebraska
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended September 30, 2012

None reported in prior year.