

CITY OF BEATRICE, NEBRASKA

COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT

for the year ended

September 30, 2007

Prepared by
Management & Budget
Department

James W. Bauer
City Administrator

**CITY OF BEATRICE, NEBRASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

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SECTION 1

INTRODUCTORY SECTION

City of Beatrice

www.ci.beatrice.ne.us

402-228-5200

400 Ella Street

Beatrice, Nebraska 68310

March 24, 2008

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, 2007.

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.

Almquist, Maltzahn, Galloway & Luth, P.C., 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, 2007 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, 2007 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

The City of Beatrice, founded in 1857 and incorporated in 1873, is located in the 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 12,518. 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, among other things, for passing ordinances, adopting the budget, appointing committees and heads of the various departments. A City Administrator is appointed by the Mayor and confirmed by the governing council. 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.

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 3.6% is slightly higher than the 2006 rate of 3.3% however, it continues to be lower than the national rate of 4.7%. City sales tax collections increased 8% in 2007, as a result of an up-turn in the local economy plus an influx of out-of-town contractors due to a couple of large area construction projects, a pipeline construction project and the reconstruction of a local fertilizer plant. The local economy and retail sales greatly affect the City's reliance upon property taxes to support the main City governmental functions.

The City Council and Gage County Board of Supervisors continue to support the Gage County Economic Development, Inc. to promote and market the industrial climate jointly 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 has been extended to 2013 and is to provide funding to purchase and develop land, build infrastructure and buildings.

In 2003 the City in cooperation with Gage County Economic Development Inc., contracted with an outside company, Angelou Economics, to conduct a community assessment of Beatrice and Gage County in order to establish an economic development strategic plan. The community assessment is used to identify conditions in Beatrice and Gage County and to learn the issues that need to be addressed and the strengths that can be promoted to enhance economic growth.

In 2006 the City was successful in attracting a new manufacturing company, Beatrice Biodiesel. The company purchased the remaining property in Gage County Industrial Park #2. Construction of the 50-million gallon biodiesel manufacturing plant, which will utilize soybean oil to produce B100, a pure form of biodiesel, was nearly complete in 2007. The plant which should be operational in early 2008 will employ an estimated 21 people and is only the first phase. The company may expand its' operations to include a soybean crushing plant as phase two and an Ethanol plant as phase three. Beatrice Biodiesel both represents an important step in the City's ongoing efforts to diversify our economic base and helps to bolster and support the local agricultural economy.

In 2007 the City began development of Gage County Industrial Park #3. The first tenant, Precise Fabrication, constructed a new 41,250 square foot fully air conditioned facility in 2007. Precise Fabrication has 21 employees and fabricates raw sheet metal into complex component parts for the lawn and turf industries, for which 80% of its work is done for the local turf industry.

With this development, the Gage County Industrial Park now provides for ten manufacturing industries and four other businesses, employing 1,450 people. Also located in the City are four other long-time major industries employing an additional 700 people, plus several smaller companies. A new area was developed in 2004 adjacent to the Municipal Airport for the construction of a large manufacturing facility to handle the expansion of Husqvarna, a current local company, and also a new retail facility for Tractor Supply. Planning has expanded beyond industry to include the Beatrice Business Campus at a site adjacent to the Southeast Community College to attract higher technology businesses. The City of Beatrice is fortunate to have a large hospital serving much of the area south of Lincoln that employs over 400 health care professionals and staff. Another major presence within the area is a state mental health care facility that employs a staff of 888.

Directly to the west of Beatrice, is a fertilizer plant operated by Koch Nitrogen, a subsidiary of Koch Industries, Inc. which manufactures ammonia, UAN, and carbon dioxide. The plant which began operation in 1965, completed a \$26 million construction project in 2007 which will improve plant efficiency and ensure the plant's long-term viability. Approximately 400 employees of construction firm contractors settled in the Beatrice area to work on this project providing a temporary boost to the local economy. The company employs approximately 40 people from the Beatrice area.

To the north of Beatrice is Nebraska Public Power District's new Beatrice Power Station, a combined cycle gas-fired power plan located on 250 acres just to the northwest of Beatrice with an estimated construction cost of \$200 million. Gage County best met the selection criteria, including access to major natural gas pipelines, existing electric transmission infrastructure and water supply. This newly designed high efficient plant will protect NPPD's wholesale customers, which includes the City of Beatrice, against extremely high cost market-based power during periods of peak electric demand. The plant employs 12-17 people.

The Super Wal-Mart store located on the north edge of the City draws people from much of southeast Nebraska from south of Lincoln to northeast Kansas. The old K-Mart building vacated several years is now alive with activity with the addition of Ace Hardware and Hibbett Sports in 2007, and the expansion of the current restaurant tenant. The City's central business district maintains an average ninety-three percent (93%) occupancy rate with a variety of stores, specialty shops and commercial businesses. The downtown area has benefited from the development of Main Street Beatrice, an organization devoted to the organization, economic revitalization, design and promotion of the "heart" of the City.

The Building Permit Summary for the calendar year 2006 shows a total of \$17.9 million in commercial and residential construction and remodeling which is a large increase from \$9.3 million in 2005. The majority of the increase is due to the permit for the Beatrice Biodiesel facility. Residential construction made up \$5.7 million of the total, which is down 15% from 2005.

The City has endorsed the use of Tax Increment Financing (TIF), which assists developers in funding the basic infrastructure improvements to be made in designated areas for development of both residential and commercial property. Construction costs for these improvements may be amortized through the increased taxation created by the future property improvements. Residential developers have taken advantage of this program, developing a blighted area close to the City's industrial park with several new homes and duplexes. TIF financing has been very instrumental in commercial development and used to help attract new industries. As mentioned earlier, the development of property adjacent to the Airport allowed for the expansion of manufacturing and retail. TIF financing was used in the development of the property adjacent to the Airport, the Beatrice Biodiesel property, Precise Fabrication, and several other smaller companies within the designated area.

Financial Planning and Initiatives

City and community supporters have planned and designed for a hike/bike trail to run through the City's park system and along the Big Blue River, making a loop through the community and eventually connecting with the Homestead National Monument to the west. Federal grant funding provided 75% to 80% of the cost for the first three phases. Phase I and II of the trail connect the City's two major parks and provide a quiet scenic trail along the Big Blue River. Phase III was completed in 2003 and runs to the East towards the YMCA and the City's Water Park. Private donors providing beautification, benches, and markers have enhanced development along the trail. The City of Beatrice purchased the abandoned UPRR right-of-way, some of which will be used to interconnect the City's hike/bike trail development. During 2003, the area of the old depot location close to downtown Beatrice was transformed into the Trailhead Park. Grants along with public and private funds were used to beautify this area. With the help of private funding a beautiful memorial to the Veterans was completed along the trail in 2005. In the absence of grant funding in 2005, the City funded a portion of the development of the abandoned UPRR right-of-way within the City limits to keep this project moving along. In 2007 grant funding of \$500,000 provided the opportunity to extend this with the development of the 7 miles of abandoned UPRR right-of-way north to Pickrell using a crushed rock surface.

Several different federal and state grants have benefited the area of Public Safety in the City of Beatrice. The City receives grants from the Crime Commission to allow for the continuation of the Victim Assistance program and the Southeast Area Drug Enforcement task force. The Cops-in School program 3-year federal funding has ended but the program continues though 50/50 combined funding from the City and the Beatrice Public Schools. Homeland Security grants have provided equipment to enhance both police and fire services.

In 2006 a committee was established to take an "in depth" look at the overcrowding of the current fire department facility and analysis of future space requirements. In 2007 an architect was hired to prepare a study of the current fire station and provide construction details and cost estimates for the possibility of either expansion of the current facility or construction of a new fire station. The study provided cost estimates that range from \$3.1 million for the renovation/addition to the existing station to \$3.5 million for a newly constructed facility. Identified as a high priority, the Mayor and City Council voted unanimously to move forward with the project and the next step will be to determine location and financing before putting the item on the ballot for public consideration.

In 2007 a major fire claimed the total loss of the City's Park Shop. The loss was estimated at \$300,000 in building and contents. Funds to replace equipment lost in the fire were taken from 2007 cash reserves, with funds budgeted in the coming year to replace the building.

In 2007 the City approved a \$290,000 contract to correct a roof problem on the Beatrice Public Library building and to repair interior damage. The total cost of the project was just over \$300,000 for which the City had \$80,000 in funds available. The balance was funded with a no-interest loan from the Beatrice Public Library Foundation to be repaid over the next four years.

Every year 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. The City of Beatrice aggressively applies for and is successful in receiving grant funding to improve targeted arterial streets. In 2007 the City was able to complete the concrete reconstruction of Scott Street east to connect with Highway 136 and the Beatrice High School. Thirty percent (30%) of the City's 1% sales tax is allocated each year to the Street fund and combined with state highway allocation dollars funds these improvements.

In 2005 the EPA expanded the pollutant discharge portion of the Clean Water Act of 1972 to include storm water runoff from all communities with a population over 10,000. The City received a 2-year grant to help provide for the implementation of the city's Storm Water Management Plan. Local funding is currently taken from the street budget.

The Beatrice Area Solid Waste Agency is responsible for the operation and maintenance of the solid waste disposal facility. The landfill serves the City of Beatrice and surrounding communities through interlocal agreements. Construction of the Phase 3 cell was completed in 2004. The cost of this \$1 million project was paid from current reserves. A rate increase was implemented in 2007 to again build up reserves for the next cell construction and to provide financial assurance for closure/post-closure care costs.

Debt Administration

At September 30, 2007, the City of Beatrice, including its' component units, had outstanding bond issues and notes totaling \$7,174,952. Debt as of September 30, 2007 consisted of \$625,000 in Water Park General Obligation Refunding Bonds issued November, 2002, payable from a property tax levy; \$165,000 in Various Purpose Refunding Bonds issued February, 2005, payable from special assessments levied and if necessary a general tax levy; \$216,263 in a Note Payable to the Beatrice Public Library Foundation, issued in 2007, payable from property taxes; \$1,180,000 in Combined Utilities Revenue Refunding bonds issued August, 2002; \$2,045,825 in Bonds in the form of two Promissory Notes issuing indebtedness to the Nebraska Department of Environmental Quality issued in 2002; and \$855,000 in Solid Waste Disposal Facilities Revenue Refunding bonds issued May, 2002. As of September 30, 2007, the Airport Authority debt consisted of \$200,000 in Airport Bonds issued December, 2002, and \$27,864 in three Non-interest bearing Notes to the Nebraska Department of Aeronautics, both payable from a special property tax levy. As of September 30, 2007, the Community Redevelopment Authority debt consisted of \$815,000 in Highway Allocation Pledge Bonds issued November, 2004, payable from tax increment financing and, if necessary, Highway Allocation funds; \$860,000 in Community Redevelopment Authority Revenue Bonds issued December, 2004, payable from tax increment financing revenues and if necessary a special 2.6 cent levy; and \$185,000 in Community Redevelopment Revenue bonds issued January 2005.

Cash Management Policies and Practices

Cash from all general governmental funds, excluding the Community Development Block Grant funds, are pooled and invested in various investment instruments. During FY2007 these funds maintained an average daily balance of \$2.5 million. The City earned an average yield of 4.45% in FY2007, which was an increase of 20% when compared to 3.72% earned in FY2006. Investments were made in either certificates of deposit, for 30 to 180 days, U.S. Treasury Notes, or interest-bearing deposit accounts, based upon competitive bids received from local institutions. An increase in interest rates resulted in more competitive bidding between institutions with a rate range on certificates of deposit from 4.8% to 5.26%. Cash is deposited daily into an interest-bearing account, with transfers made to checking at the time checks are written. Deposits in these banks are covered by federal depository insurance and also are insured and collateralized by securities pledged by the owning bank. Cash from the enterprise funds are invested in the same way, however, are

not pooled with the general governmental. Principal Mutual Life Insurance or Ameritas, depending on the plan, manages the pension trust fund. The plans provide flexible investment options for the employees and retirement committees' use, and recognized average earnings rate of 8.6%.

Risk Management

When the City renewed the insurance policies in November 2002 and again in 2003, increased premium costs forced the City to assume higher deductibles for some policies. During 2005 the City reviewed the City's insurance policies and to what level the City could safely assume the risk of even higher deductibles, especially in the area of workers compensation. Effective with the November 2005 renewal, the City implemented a large workers compensation deductible of \$100,000 per claim with a projected cost savings of \$89,000 per year, and renewed the same policy deductibles in November 2006. Safety committees have been established as in accordance with Nebraska Statutes and safety programs are conducted on a department-by-department basis with each department being responsible for conducting safety programs that pertain to their job risks.

Pension Benefits

The City of Beatrice sponsors four pension plans for the benefit of its firefighters, police officers, general government employees and Board of Public Works employees. The firefighters and police officers plans are as required by Nebraska State Statutes. The City of Beatrice has set up retirement committees with representatives from the police, fire, general government, and administration.

The police, fire, and general government pension plans, not including the Board of Public Works, are contracted with Principal Mutual Life Insurance. Investment options available include guaranteed interest accounts, money markets, bond and mortgage, stock accounts, and real estate. Each pension plan has an investment policy, which outlines how participants may direct their money. The general government is a defined contribution plan and allows participants to direct contributions to all investment accounts with the matching employer share directed the same as the employees so long as no more than 50% is in stock accounts. In formulating the police and fire policies, consideration was given to the liabilities imposed on the taxpayers due to the minimum benefit requirements under the Nebraska Statutes and the absence of the minimum benefit requirements for those participants employed after January 1, 1984. Participants are allowed to direct contributions to all investment accounts with the exception that the total contributions in stock and real estate accounts be only 50% and that employer contributions will be invested the same as employee contributions. The unallocated funds contributed by the City of Beatrice are maintained in a separate account and invested as set forth in the investment policy by the retirement committee.

The actuarial valuation made as of January 1, 2000, for both police and fire plans continues to reflect the City's efforts to maintain plan funding to provide a minimum level of benefits according to Nebraska law. A review was made of both police and fire plans as of September 30, 2007 and it was actuarially determined that no deposits were required or made into the unallocated pension assets for the defined benefit portion of the plan. At September 30, 2007, there were only four remaining individuals provided the minimum benefit.

The Board of Public Works employees' pension plan is contracted with Ameritas Financial Services. It is a defined contribution plan and employees are allowed to self-direct the investment of their contributions into various investment options however the employer contributions are invested into guaranteed interest accounts.

Additional information on the City of Beatrice's pension plans can be found in Note D(1) in the Notes to the Financial Statements.

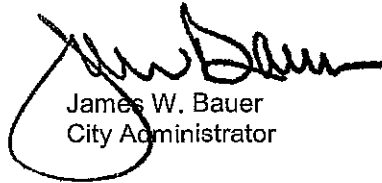
Awards and Acknowledgements

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, 2006. The City has also been awarded the Certificate of Achievement for fifteen previous consecutive years from 1991 to 2005, and also for the period from 1984 to 1987. 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 satisfied both accounting principles generally accepted in the United States of America 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. Thanks is extended to the members of our independent certified public accounting firm for their able assistance and for the professional manner in which they have performed their engagement. I would also like to thank the Mayor and City Council for their interest and 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 black ink, appearing to read "James W. Bauer", is written over a circular stamp or seal that is partially visible and mostly obscured by the signature.

James W. Bauer
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, 2006

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.



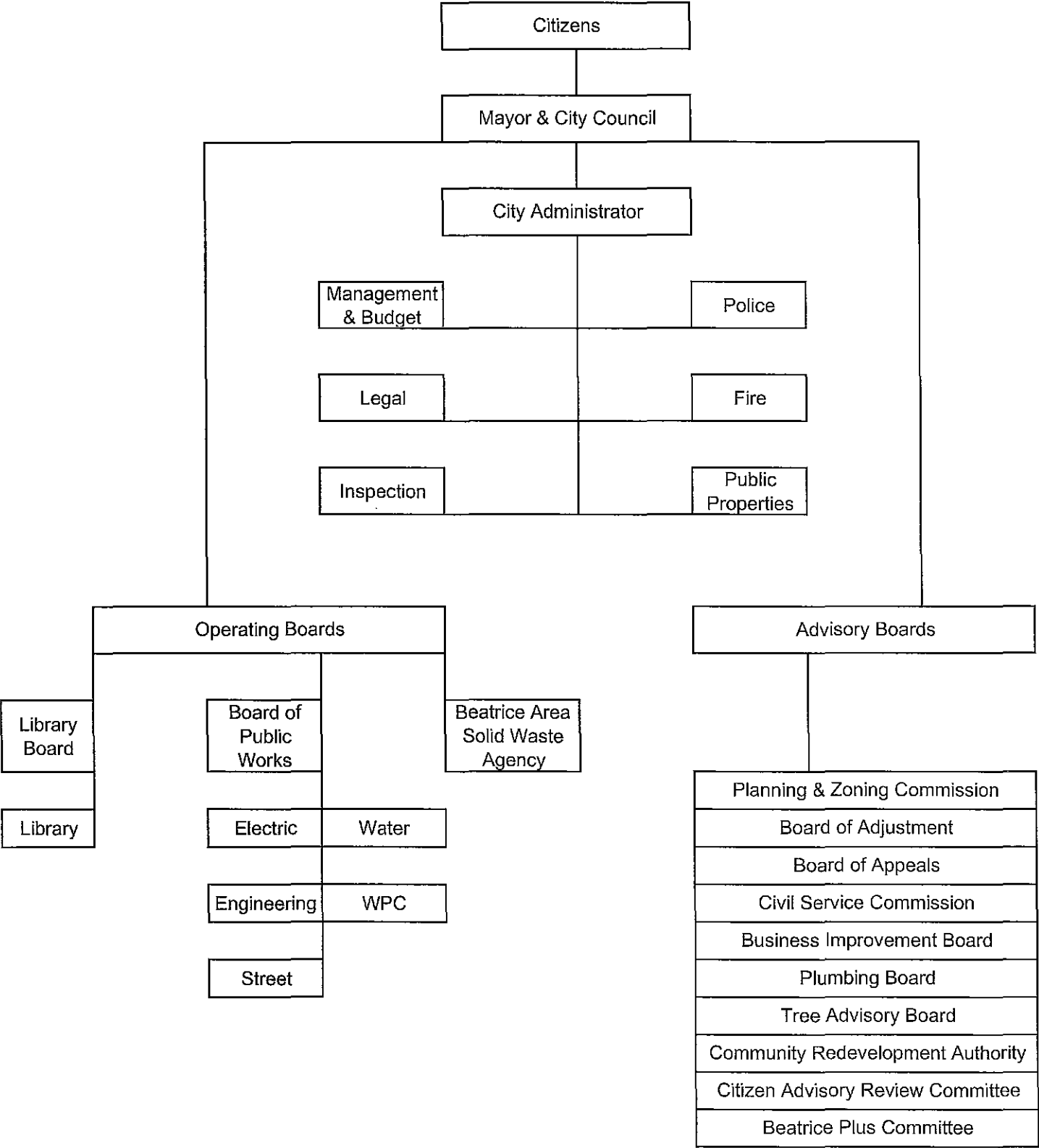
Charles S. Cox

President

Jeffrey R. Emer

Executive Director

CITY OF BEATRICE, NEBRASKA
ORGANIZATIONAL CHART



**CITY OF BEATRICE, NEBRASKA
OFFICIALS
2007**

MAYOR
Dennis Schuster

CITY COUNCIL MEMBERS

Phil Cook	Susan Witulski
Alan Fetty	Ted Fairbanks
Rich Kerr	Dwight Parde
David "Pede" Catlin	Gary Lytle

CITY ADMINISTRATOR
James W. Bauer

CITY OFFICIALS

Gwen Grabouski	City Clerk
Linda Koch	Deputy City Clerk/Treasurer
Bruce Lang	Police Chief
Brian Daake	Fire Chief
Mark Hyberger	Public Properties Director
Laureen Riedesel	Library Director
Robert Schafer	City Attorney
John Riggs	Chief Building Inspector
Rex Behrends	City Engineer
Robert Feit	BPW Administrative Services Director
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 Members of the City Council
City of Beatrice, Nebraska

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary funds of the City of Beatrice, Nebraska, as of and for the years ended September 30, 2007 and 2006, 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.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinion.

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, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary funds of the City of Beatrice, Nebraska, as of September 30, 2007 and 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the years 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 February 26, 2008, 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 our 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.

The accompanying management's discussion and analysis and required supplementary information on pages 3 through 11 and 75 through 77 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Beatrice, Nebraska's basic financial statements. The accompanying other supplementary information and the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Amquist, Mathyalm,
Galloway & Lusk, P.C.

Grand Island, Nebraska
February 26, 2008

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, 2007. 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 vii to xiii of this report.

FINANCIAL HIGHLIGHTS

The assets of the City of Beatrice exceeded its liabilities at the close of the most recent year by \$55,876,560. Of this amount, \$2,955,111 may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased \$1,680,710.

As of the close of the current fiscal year, the City of Beatrice's governmental funds reported combined ending fund balances of \$5,486,960, an increase of \$186,541 in comparison with the prior year.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,941,957, or 28.4% of total General Fund expenditures.

The City of Beatrice's total debt decreased \$800,863 (10%) during the current fiscal year, due to annual debt obligations being paid. The only addition was a note in the amount of \$216,263 to the Beatrice Library Foundation.

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, sanitation, economic development, and culture and recreation. The business-type activities of the City of Beatrice include an electric distribution operation, water pumping and distribution, sewage collection and treatment, and solid waste management.

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 included as discretely presented component units 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, the Street Fund, the Community Development Block Grant Fund, and the Unbonded Assessment Debt Service Fund all of which are considered to be major funds. Data from the other eight 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 74 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 75 to 77 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 \$55,876,560 at the close of the most recent fiscal year.

By far the largest portion of the City of Beatrice's net assets (87.6%) 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 thousand's, comparison to 2006)

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
ASSETS						
Current and other assets	7,050	6,056	5,196	5,361	12,246	11,417
Capital assets	25,999	24,618	28,198	28,393	54,197	53,011
TOTAL ASSETS	33,049	30,676	33,394	33,754	66,443	64,428
LIABILITIES						
Long-term liabilities outstanding	1,433	1,349	5,064	5,598	6,497	6,947
Other liabilities	1,797	976	2,272	2,309	4,069	3,285
TOTAL LIABILITIES	3,230	2,325	7,336	7,907	10,566	10,232
NET ASSETS						
Invested in capital assets, net of related debt	24,853	21,437	24,083	23,670	48,936	45,107
Restricted	3,560	3,734	426	732	3,986	4,466
Unrestricted	1,405	3,178	1,550	1,445	2,955	4,623
TOTAL NET ASSETS	29,818	28,349	26,059	25,847	55,877	54,196

An additional portion of the City of Beatrice's net assets (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$2,955,111 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 \$1.5 million 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 \$212,000. A breakdown of these activities is as follows:

City of Beatrice's Changes in Net Assets
(expressed in thousand's, comparison to 2006)

	Governmental activities		Business-type activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
REVENUES						
Program revenues						
Charges for services	2,001	1,939	16,417	15,761	18,418	17,700
Operating grants and contributions	1,830	1,526	-0-	-0-	1,830	1,526
Capital grants and contribution	1,378	461	215	455	1,593	916
General revenues						
Taxes	4,988	4,669	-0-	-0-	4,988	4,669
Unrestricted Intergovernmental	555	453	-0-	-0-	555	453
Other revenue	<u>353</u>	<u>562</u>	<u>303</u>	<u>232</u>	<u>656</u>	<u>794</u>
Total revenues	<u>11,105</u>	<u>9,610</u>	<u>16,935</u>	<u>16,448</u>	<u>28,040</u>	<u>26,058</u>
EXPENSES						
General Government	1,525	1,535			1,525	1,535
Public Safety	4,815	4,222			4,815	4,222
Highways/Streets	1,583	1,322			1,583	1,322
Culture and Recreation	1,662	1,337			1,662	1,337
Interest on long-term debt	51	156			51	156
Electric			11,352	10,754	11,352	10,754
Water			1,685	1,716	1,685	1,716
Water Pollution Control			1,470	1,435	1,470	1,435
Sanitation			1,140	1,073	1,140	1,073
Solid Waste Management			1,076	1,049	1,076	1,049
Total expenses	<u>9,636</u>	<u>8,572</u>	<u>16,723</u>	<u>16,027</u>	<u>26,359</u>	<u>24,599</u>
CHANGE IN NET ASSETS	1,469	1,038	212	421	1,681	1,459
NET ASSETS, beginning of year	28,349	25,152	25,847	25,426	54,196	50,578
Restatement of Net Assets		2,159				2,159
NET ASSETS, end of year	<u>29,818</u>	<u>28,349</u>	<u>26,059</u>	<u>25,847</u>	<u>55,877</u>	<u>54,196</u>

Governmental Activities

Tax revenues increased 7% in 2007 from the previous year. In 2007 property tax revenues increased 6.8% to meet the needs of the 2007 budget. Sales Tax revenues which were projected conservatively, increased 7.8% in 2007 due to a boon in the local economy from some area construction projects, and helped bring the unreserved fund balance back to the 2005 level. Occupation tax collections increased just 3% after a 2006 increase of 25% due to the inclusion of Alltel cellular phone services effective December 2005.

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 are a major funding source to maintain the street fund. The police department operates a victim assistance program and an area drug task force with grant funding and matching dollars coming from interlocal agreements. Interlocal agreements also provide funding for County-wide 911 services and ambulance services.

Capital Grants and contributions vary from year to year. During 2007 the City continued to receive grant funding for public safety equipment, acquisition of floodplain property, park trail development and street improvements. The major grant-funded projects in 2007 were the \$500,000 development of the hike/bike trail and the Scott Street reconstruction project.

For the most part, expenses closely paralleled inflation and growth in the demand for services. There were no major personnel changes which accounts for the majority of operating expenses. Any decreases are a direct result of capital grants expenses which vary from year to year.

Business-Type Activities

Charges for services for business-type activities increased 4%. The Electric fund, which distributes purchased power, increased rates effective January 1, 2007 an average of 3.5% due to an increase in the cost of purchased power of 3.5% from Nebraska Public Power District. The Water and Water Pollution Control funds which had increased rates in 2006 to fund a more aggressive main replacement and improvement schedule, did not increase rates in 2007. Garbage Service fees which are accounted for in the Sanitation fund, increased 7% May 1, 2007, to provide for the increased cost of a new four-year hauler contract and for the increased Beatrice Area Solid Waste Agency landfill disposal fees.

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Beatrice's governmental funds reported combined ending fund balances of \$5,486,960, an increase of \$186,541 in comparison with the prior year as restated. A large portion of this fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to pay for CDBG Revolving Loans (\$2,305,147); 2) to pay debt service (\$217,103); 3) for the LB840 Economic Development program (\$675,162) and 4) for other restricted fund purposes (\$394,228). The remaining balance is \$1,895,320 in unreserved fund balance which is available for spending at the government's discretion. This is an increase of \$328,710 when compared to 2006.

The General Fund is the chief operating fund of the City of Beatrice. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$1,941,957. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance to total fund expenditures. Unreserved fund balance represents 28.4% of total General Fund expenditures.

The fund balance of the City of Beatrice's General Fund increased by \$234,762 during the current fiscal year. The key factor in this increase is due to higher than anticipated revenues. A more detailed analysis of operational revenues and expenditures is as follows:

General fund revenues as a total increased 13% over the previous year. Tax revenues increased due to increased tax levy and increased sales tax revenue. Intergovernmental revenue available to fund general fund operations increased 34% through increased state aid from municipal equalization funds, the FEMA flood grant, and a housing grant. Charges for services are up 22.7%, largely due to an increase ambulance charges from to an increase in the number of calls. Miscellaneous revenues decreased from 2006 due to the donation of 911 communications

equipment through a county grant in that year only. Favorable interest rates continued to increase interest earnings another 6% in 2007.

General fund operating expenditures increased 10% from the previous year. Personnel costs increased just 4%. Other operational expenditures increased 19.5% which includes increases associated with fuel costs. A large increase in costs from contingencies were due to costs associated with an EPA claim for cleanup on a former gas plant site, funding a larger specific on one health insurance claim, disaster cleanups due to parks fire and flood. There was a transfer out of \$185,322 to fund 2007 capital projects.

The Street Fund has a fund balance of \$4,677 at the end of the fiscal year. The fund balance increased \$168,225 from the previous year, due to increased revenues and holding some minor projects. Operational costs were maintained in 2007. The City of Beatrice has made an aggressive move to maintain and improve the street system, and to convert arterial asphalt streets to concrete. The City of Beatrice has been successful in obtaining grant dollars to fund a significant portion of these improvements, as it did in 2007, but these costs have significantly reduced the available fund balance to where it is today.

The Community Development Block Grant fund has a fund balance of \$2,309,706 at the end of the fiscal year, of this \$2,305,147 is reserved for Revolving Loans, leaving an unreserved balance of \$4,559. A reuse loan in 2005 to Knowledge Marketing in the amount of \$635,000 was added to the reserve however, this loan will be forgiven if terms of the agreement are met within the five year time-frame ending July, 2009. During 2007 CDBG grants funds were received for the acquisition of floodplain property, leaving two remaining properties to be settled in 2008.

The Unbonded Assessment Debt Service fund has a negative fund balance of (\$235,058) at the end of the fiscal year. The fund balance decreased \$51,387 due to cost of infrastructure improvements. Those costs not repaid by Special Assessment revenue will be a cost of the City.

The Other governmental funds include four Special Revenue funds; the Economic Development fund, the Keno fund, the 911 Surcharge fund, and the Storm Water Management fund; and the Debt Service funds, and the Capital Improvement funds. The combined fund balances for these funds at the end of the fiscal year was \$1,465,678. A majority of this fund balance is reserved for specific purposes; \$675,162 for Economic Development; \$217,103 for Debt Service; and \$362,966 for Capital projects. The Economic Development fund received the maximum sales tax dollars of \$250,000, plus an increase in miscellaneous revenue of capital contributions of \$113,826 plus \$34,536 in interest earnings, which helped to fund the program expenditures, which in 2007 included capital outlay of \$410,661, reducing the fund balance by \$186,580. The Keno fund proceeds increased 17% from 2006, providing more dollars for community betterment projects. The Storm Water Management fund was created in 2007 to account for the costs associated with the implementation of the plan and the revenue sources, including grant specific funds. The Debt Service fund requirements were met by special levies. Capital Improvement fund balances changed slightly as there were sufficient revenue and other financing sources to meet expenditures. The reserve for Public Safety Equipment continues to increase in reserving funds for the planned purchase of a fire truck.

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 \$1,550,277. The total change in net assets for all funds was an increase of \$211,539 from 2006. Invested in Capital Assets increased from \$23,669,489 in FY2006 to \$24,082,895 in FY2007. Extension and replacement of capital assets is discussed later in this report. Analysis of the Beatrice Area Solid Waste Agency fund will determine the effect of current rate increases to fund capital expansion and future cost of closure and postclosure care. 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 amounted to an increase in appropriations of \$1,370,188 and can be briefly summarized as follows: Expenditures related to grants and additional donations received in the amount of \$281,836; \$80,000 in parks fire losses; \$165,000 in expenditures related to Medicare and Medicaid mandated adjustments to ambulance service charges; \$110,000 in funding the excess reinsurance specific and \$415,000 in excess health self-funding costs; \$198,000 in special assessment district construction

costs; and \$120,352 in excess operational costs for various reasons including snow removal and increased ambulance calls.

The increase was funded with a combination of grants, donations, loans, ambulance service charges and available fund balance. During the year revenues exceeded budgetary estimates therefore the need to draw upon existing fund balance did not result in a deficiency.

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, 2007, amounts to \$51,676,375 (net of accumulated depreciation) plus construction in progress of \$21,870 and land of \$2,498,611. 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 2.2 percent (a 5.6% increase for governmental activities and a .7% decrease for business-type activities).

City of Beatrice's Capital Assets
(net of depreciation, except land)
(expressed in thousands, as compared to 2006)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	2,405	2,374	94	94	2,499	2,468
Buildings and system	5,045	4,680	1,208	1,208	6,253	5,888
Improvements other than Buildings	3,594	3,523	55,002	52,982	58,596	56,505
Machinery and equipment	6,280	6,053	5,512	5,317	11,792	11,370
Infrastructure	22,548	20,763	-0-	-0-	22,548	20,763
Construction in progress	-0-	-0-	22	117	22	117
Less accumulated depreciation	(13,873)	(12,775)	(33,640)	(31,325)	(47,513)	(44,100)
 Total	 25,999	 24,618	 28,198	 28,393	 54,197	 53,011

Major changes in Capital Assets in the Governmental Activities during fiscal year 2007 included concrete street reconstruction, infrastructure improvements for development of the industrial park, residential infrastructure improvements to develop blighted areas, extension of the trail development, park improvements, and replacement and repair of the library roof. Increase in land included acquisition of floodplain property and property for the development of a new residential park. Homeland Security and other grant funds made possible needed equipment purchases to improve and enhance our public safety departments, and donations provided playground equipment to develop the new park. Also contributing to the increase was the replacement of equipment lost in the parks fire.

Major changes in Capital Assets in the Business-type Activities include: in the Electric Fund building of circuit and transformer replacement of Sub 9 to serve the new Bio-Diesel plant, continued 12.5 Kv conversion projects, new transformers, re-conductor 34.5 lines, new residential developments, and other overhead projects; in the Water fund installation of new water main service to industrial and residential areas, water main replacement projects along 8th Street, Well #7 rehab and Beatrice North Pump Station; in the Water Pollution Control fund installation of Insituform pipe liner in sewer mains, WWTP grit removal system improvements, and purchase of a sludge belt conveyor.

Additional information on the City of Beatrice's capital assets can be found in Note C.4 on pages 50 to 52 of this report.

Long-Term Debt

At the end of the current fiscal year, the City of Beatrice had total bonded debt outstanding of \$5,087,088. Of this amount, \$625,000 comprises debt backed by the full faith and credit of the government and \$165,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. 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 thousand's)

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	625	735	-0-	-0-	625	735
General Notes	216	-0-	-0-	-0-	216	-0-
Special assessment debt with governmental commitment	165	220	-0-	-0-	165	220
Revenue bonds		-0-	4,081	4,679	4,081	4,679
Total	<u>1,006</u>	<u>955</u>	<u>4,081</u>	<u>4,679</u>	<u>5,087</u>	<u>5,634</u>
	=====	=====	=====	=====	=====	=====

During the current fiscal year, the City of Beatrice issued new notes payable in the amount of \$216,263, with the payment of annual bond maturities in the amount of \$763,594, the net change in debts decreased by \$547,331 (13.5%).

The Beatrice Airport Authority, a component unit of the City of Beatrice, had outstanding debt at 9/30/2007 of \$227,864, after annual bond and note maturities were paid. Of this amount \$200,000 comprises debt paid through a special levy approved by the City of Beatrice.

The Community Redevelopment Authority, a component unit of the City of Beatrice, had outstanding debt at 9/30/2007 of \$1,860,000, after annual bond maturities were paid. The revenue bonds are repaid through proceeds from tax increment financing.

Additional information on the City of Beatrice's long-term debt can be found in Note C.6 on pages 54 to 57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate for the City of Beatrice is currently 3.6 percent, a slight increase from a rate of 3.3 percent a year ago. This is slightly higher than the state's average unemployment rate of 3.1 percent but is favorably lower than the national average rate of 4.7 percent.

The occupancy rate of the government's central business district maintained an average of 93% for the past three years. In other retail business, the loss of two major retailers has been partially absorbed by a super retailer, Wal-Mart. Two new retail stores, Ace Hardware and Hibbett Sports, opened in 2007. An increase in sales tax revenues in 2007 are a result of an up-turn in the local economy and influx of out-of-town contractors in the area.

Economic Development efforts continue to be successful in attracting new companies. Construction of a new ethanol plant by Beatrice Biodiesel in 2007 and development of the 3rd Industrial Park made possible the construction of a new facility for Precise Fabrication. Land purchased on West Highway 136 was selected as the site for the new National Regional Nebraska Guard Armory. A new commercial development Crest Addition will provide for business development along the east entrance to the City.

During the current fiscal year, the unreserved fund balance in the General Fund increased from \$1,707,195 to \$1,941,957 at the end of fiscal year 2007 due to revenues in excess of projections. In preparing the budget for fiscal year 2008, the City of Beatrice took a conservative increase in sales tax projections and used the slight property valuation increase of 1% to increase the property tax dollars and keep the levy the same at .293520, plus an additional 5 cent levy to fund proposed public safety equipment bonds for the purchase of a new fire ladder truck. General fund dollars of \$217,304 and Keno dollars of \$82,552 will be used to fund the City's Capital Projects in 2008. Revenue projections will be sufficient to maintain the City's operating expenditures and personnel staffing at the 2007 level. The addition of a Code Enforcement Officer will raise the personnel full-time staff by one, however, the announcement of several retirements will allow for a reorganization of administrative staff, which will affect the 2009 budget. The 2008 budget and future budgets will be affected by the implementation of the Storm Water Management Program.

Electric fund revenue projections and expenses will require a 5% rate increase in the 2008 budget due to a projected 12% rate increase in purchased power in the spring of 2008. A rate increase will also be necessary in the Water Pollution Control fund to implement the investigative type program approved in the budget. The Garbage rates increased in April of 2007 will be sufficient to fund the garbage hauler contract rate increase and to fund the Beatrice Area Solid Waste Agency projected closure and postclosure costs project for 2008.

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.

**CITY OF BEATRICE
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007,**

Exhibit 1

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	Primary Government				2007
	Governmental Activities	Business-type Activities	2007 Total	2006 Total	Component Units
Assets					
Current Assets					
Cash and cash equivalents	\$ 2,127,643	\$ 1,307,153	\$ 3,434,796	\$ 3,221,313	\$ 94,742
Investments	770,000	-	770,000	660,000	150,000
Cash on deposit - County Treasurer	235,499	-	235,499	208,869	36,527
Accounts receivable	1,376,406	1,229,072	2,605,478	1,933,399	104,748
Assessments receivable	329,178	-	329,178	248,563	-
In-lieu-of assessments receivable	10,105	-	10,105	11,669	-
Taxes receivable	85,375	-	85,375	76,933	25,836
Unbilled and accrued revenues	-	567,817	567,817	493,355	-
Materials and supplies inventories	-	758,996	758,996	671,216	57,416
Prepaid expenses	-	15,045	15,045	12,867	-
Current portion of CRA bonds receivable	-	185,000	185,000	180,000	-
Current portion of notes receivable	170,000	-	170,000	-	377,178
Interest receivable	18,307	4,349	22,656	17,283	-
Total Current Assets	5,122,513	4,067,432	9,189,945	7,735,467	846,447
Noncurrent Assets					
Restricted Cash and Cash Equivalents					
Employee benefits	-	13,263	13,263	26,150	-
Grants and capital projects	310,757	-	310,757	285,816	-
Debt service reserve account	-	425,387	425,387	732,489	-
Restricted Investments					
Customer deposits	-	143,845	143,845	111,180	-
Grants and capital projects	96,835	-	96,835	97,106	-
Closure/postclosure maintenance	-	521,176	521,176	370,325	-
Total Restricted Assets	407,592	1,103,671	1,511,263	1,623,066	-
Capital Assets					
Land	2,404,759	93,852	2,498,611	2,467,517	337,622
Construction in progress	-	21,870	21,870	117,374	-
Capital assets (net of accumulated depreciation)	23,594,282	28,082,093	51,676,375	50,426,350	2,103,611
Net Capital Assets	25,999,041	28,197,815	54,196,856	53,011,241	2,441,233
Other Assets					
Loans receivable, net of current portion	1,519,429	-	1,519,429	1,841,175	4,305,301
Bonds receivable, net of current portion	-	-	-	185,000	-
Unamortized bond issuance costs	-	25,369	25,369	32,311	3,034
Total Other Assets	1,519,429	25,369	1,544,798	2,058,486	4,308,335
Total Noncurrent Assets	27,926,062	29,326,855	57,252,917	56,692,793	6,749,568
Total Assets	33,048,575	33,394,287	66,442,862	64,428,260	7,596,015

CITY OF BEATRICE
STATEMENT OF NET ASSETS, Continued
SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

Exhibit 1

	Primary Government				2007
	Governmental Activities	Business-type Activities	2007 Total	2006 Total	Component Units
Liabilities					
Current Liabilities					
Accounts payable	781,791	1,017,983	1,799,774	1,363,149	107,969
Accrued expenses	-	44,185	44,185	-	39,693
Registered warrants payable	374,022	-	374,022	329,927	65,801
Claims incurred but not reported	35,000	-	35,000	65,000	-
Accrued compensated absences	-	255,867	255,867	181,086	-
Sales tax payable	-	75,784	75,784	64,491	-
Employee insurance payable	-	68,000	68,000	62,000	-
Accrued interest payable	45,219	31,273	76,492	69,225	18,014
Deferred revenues	324,846	-	324,846	263,227	22,600
Customer deposits	-	143,845	143,845	111,180	-
Due to City (from Component Unit)	(50,000)	-	(50,000)	-	50,000
Current maturities of TIF payable	-	-	-	-	58,363
Current maturities of long-term debt	286,726	634,890	921,616	776,115	258,532
Total Current Liabilities	1,797,604	2,271,827	4,069,431	3,285,400	620,972
Noncurrent liabilities, net of current portion					
Revenue bonds	-	1,530,000	1,530,000	2,035,000	1,810,000
General obligation bonds	620,000	-	620,000	790,000	-
Notes and leases payable	239,526	1,975,399	2,214,925	2,245,484	19,332
Noncurrent deferred revenue	-	-	-	-	89,774
TIF payable	-	-	-	-	2,642,837
Compensated absences, noncurrent	573,444	288,502	861,946	756,526	-
Estimated current cost of closure and postclosure	-	1,270,000	1,270,000	1,120,000	-
Total Noncurrent Liabilities	1,432,970	5,063,901	6,496,871	6,947,010	4,561,943
Total Liabilities	3,230,574	7,335,728	10,566,302	10,232,410	5,182,915
Net Assets					
Invested in capital assets, net of related debt	24,852,789	24,082,895	48,935,684	45,106,953	2,216,403
Restricted net assets					
Restricted for economic development	675,162	-	675,162	861,742	-
Restricted for debt service	217,103	425,387	642,490	956,076	36,225
Restricted for library capital improvements	96,835	-	96,835	97,106	-
Restricted for public safety equipment	266,131	-	266,131	235,366	-
Restricted loan fund	2,305,147	-	2,305,147	2,316,008	-
Unrestricted net assets	1,404,834	1,550,277	2,955,111	4,622,599	160,472
Total Net Assets	\$ 29,818,001	\$ 26,058,559	\$ 55,876,560	\$ 54,195,850	\$ 2,413,100

See Accompanying Notes to Financial Statements.

CITY OF BEATRICE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			2007 Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	2007 Total	
							2006 Total	
Primary Government:								
Governmental Activities								
General government	\$ 1,525,313	\$ 371,674	\$ -	\$ 247,961	\$ (905,678)	\$ -	\$ (905,678)	\$ (1,159,753)
Public safety	4,814,618	1,402,026	664,238	35,478	(2,712,876)	-	(2,712,876)	(2,302,853)
Highways and streets	1,583,261	34,318	1,140,177	429,808	21,042	-	21,042	(26,231)
Culture and recreation	1,661,496	192,847	25,211	665,266	(778,172)	-	(778,172)	(1,000,724)
Interest on long-term debt	51,357	-	-	-	(51,357)	-	(51,357)	(156,582)
Total Governmental Activities	9,636,045	2,000,865	1,829,626	1,378,513	(4,427,041)	-	(4,427,041)	(4,646,143)
Business-type Activities								
Electric	11,352,226	11,524,236	-	-	-	172,010	172,010	210,242
Water	1,685,340	1,625,956	-	129,235	-	69,851	69,851	(72,559)
Water pollution control	1,469,718	1,129,261	-	84,988	-	(255,469)	(255,469)	176,653
Sanitation	1,139,633	1,139,633	-	-	-	-	-	-
BASWA	1,075,677	997,495	-	-	-	(78,182)	(78,182)	(125,547)
Total Business-type Activities	16,722,594	16,416,581	-	214,223	(91,790)	(91,790)	(91,790)	188,789
Total Primary Government	\$ 26,358,639	\$ 18,417,446	\$ 1,829,626	\$ 1,592,736	(4,427,041)	(91,790)	(4,518,831)	(4,457,354)
Component Units:								
Airport Authority	\$ 764,237	\$ 373,570	\$ -	\$ 189,953				\$ (200,714)
Community Redevelopment Auth.	343,595	-	184,085	-				(159,510)
Total Component Units	\$ 1,107,832	\$ 373,570	\$ 184,085	\$ 189,953				(360,224)
General Revenues								
Taxes								
Property tax					1,437,813	-	1,437,813	184,188
Tax Increment					-	-	-	326,665
Sales tax					2,813,973	-	2,813,973	-
Occupation tax					735,742	-	735,742	-
Unrestricted intergovernmental					555,063	-	555,063	15,991
Miscellaneous revenues					302,369	171,536	473,905	27,442
Unrestricted investment earnings					136,094	131,793	267,887	8,747
Gain (loss) on sale of capital assets					(84,842)	-	(84,842)	-
Total General Revenues					5,896,212	303,329	6,199,541	563,033
Change in Net Assets					1,469,171	211,539	1,680,710	202,809
Net Assets, Beginning of Year, as previously reported					28,348,830	25,847,020	54,195,850	2,387,818
Restatement of Net Assets					-	-	-	(177,527)
Net Assets, Beginning of Year, as restated					28,348,830	25,847,020	54,195,850	2,210,291
Net Assets, End of Year					\$ 29,818,001	\$ 26,058,559	\$ 55,876,560	\$ 2,413,100

See Accompanying Notes to Financial Statements.

**CITY OF BEATRICE
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006**

Exhibit 3

	2007						2006
	General	Streets	CDBG	Unbonded Assessment Debt Service	Other Governmental Funds	Total Governmental Funds	Total
Assets							
Cash and cash equivalents	\$ 337,081	\$ 337,970	\$ 620,277	\$ 17,710	\$ 793,100	\$ 2,106,138	\$ 1,759,316
Investments	770,000	-	-	-	-	770,000	660,000
Cash on deposit - County Treasurer	208,518	-	-	-	26,981	235,499	208,869
Accounts receivable (net)	499,912	414,334	-	-	331,969	1,246,215	484,310
Interest receivable	-	-	-	14,419	3,888	18,307	12,223
Assessments receivable	-	-	-	313,367	15,811	329,178	248,563
Restricted:							
Cash	44,626	-	-	-	266,131	310,757	285,816
Investments	-	-	-	-	96,835	96,835	97,106
In-lieu-of assessments	-	-	-	-	10,105	10,105	11,669
Due from other funds	115,000	-	-	78,029	123,039	316,068	573,032
Loans receivable	-	-	1,689,429	-	-	1,689,429	1,841,175
Taxes receivable	85,375	-	-	-	-	85,375	76,933
Total Assets	\$ 2,060,512	\$ 752,304	\$ 2,309,706	\$ 423,525	\$ 1,667,859	\$ 7,213,906	\$ 6,259,012
Liabilities							
Accounts payable	\$ 60,900	\$ 546,559	\$ -	\$ -	\$ 174,332	\$ 781,791	\$ 122,893
Registered warrants payable	-	-	-	374,022	-	374,022	329,927
Accrued interest payable	-	-	-	38,991	6,228	45,219	34,514
Deferred revenues	57,655	-	-	245,570	21,621	324,846	263,227
Due to other funds	-	201,068	-	-	-	201,068	208,032
Total Liabilities	118,555	747,627	-	658,583	202,181	1,726,946	958,593
Fund Balances							
Reserved for:							
Reserved for economic development	-	-	-	-	675,162	675,162	861,742
Reserved for debt service	-	-	-	-	217,103	217,103	223,587
Reserved for library capital improvements	-	-	-	-	96,835	96,835	97,106
Reserved for public safety equipment	-	-	-	-	266,131	266,131	235,366
Reserved for storm water management	-	-	-	-	31,262	31,262	-
Revolving loan fund	-	-	2,305,147	-	-	2,305,147	2,316,008
Unreserved, Undesignated, Reported in:							
General fund	1,450,957	-	-	-	-	1,450,957	1,262,195
Special revenue funds	-	4,677	4,559	-	175,723	184,959	8,287
Debt service funds	-	-	-	(235,058)	-	(235,058)	(183,671)
Capital projects funds	-	-	-	-	3,462	3,462	34,799
Unreserved, Designated:							
General Fund subsequent years' expenditures	491,000	-	-	-	-	491,000	445,000
Total Fund Balances	1,941,957	4,677	2,309,706	(235,058)	1,465,678	5,486,960	5,300,419
Total Liabilities and Fund Balances	\$ 2,060,512	\$ 752,304	\$ 2,309,706	\$ 423,525	\$ 1,667,859		

**CITY OF BEATRICE
BALANCE SHEET, Continued
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006**

Exhibit 3

	2007					2006 Total
	General	Streets	CDBG	Unbonded Assessment Debt Service	Other Governmental Funds	Total Governmental Funds
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.						25,999,041
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.						51,696
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds as follows:						
Bonds Payable						(790,000)
Notes and Leases Payable						(356,252)
Noncurrent Accrued Absences						(573,444)
Net Assets of Governmental Activities						<u>\$ 29,818,001</u>
						<u>\$ 28,348,830</u>

See Accompanying Notes to Financial Statements.

CITY OF BEATRICE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

Exhibit 4

	2007						
	General	Streets	CDBG	Unbonded Assessment Debt Service	Other Governmental Funds	Total Governmental Funds	2006 Total
Revenues							
Taxes							
Property tax	\$ 1,260,966	\$ -	\$ -	\$ -	\$ 176,847	\$ 1,437,813	\$ 1,345,681
Sales tax	2,001,191	562,782	-	-	250,000	2,813,973	2,609,294
Occupation tax	735,742	-	-	-	-	735,742	713,808
Licenses and permits	199,008	-	-	-	-	199,008	94,817
Intergovernmental	1,184,967	1,470,262	64,213	-	738,381	3,457,823	2,452,508
Charges for services	1,664,723	34,318	-	-	74,005	1,773,046	1,461,191
Keno proceeds	-	-	-	-	109,558	109,558	93,706
Special assessments	-	-	-	95,681	8,111	103,792	159,761
Interest	75,268	-	20,667	16,579	39,745	152,259	141,297
Loan proceeds	-	-	-	-	216,263	216,263	-
Donations and miscellaneous revenue	120,905	65,599	21,985	-	196,441	404,930	532,419
Total Revenues	7,242,770	2,132,961	106,865	112,260	1,809,351	11,404,207	9,604,482
Expenditures							
Current							
General government	1,022,521	-	63,848	-	211,624	1,297,993	1,338,934
Public safety	4,502,256	-	-	-	50,718	4,552,974	4,105,029
Highways and streets	-	968,064	-	-	-	968,064	898,007
Culture and recreation	1,321,558	-	-	-	-	1,321,558	1,141,291
Debt Service							
Principal	-	-	-	-	165,000	165,000	325,000
Interest	-	-	-	22,412	28,945	51,357	156,582
Capital outlay	-	978,636	48,000	159,271	1,569,760	2,755,667	2,077,272
MFO payments - other entities	-	-	-	-	122,907	122,907	122,576
Total Expenditures	6,846,335	1,946,700	111,848	181,683	2,148,954	11,235,520	10,164,691
Excess (Deficiency) of Revenues Over (Under) Expenditures	396,435	186,261	(4,983)	(69,423)	(339,603)	168,687	(560,209)
Other Financing Sources (Uses)							
Transfers in	20,600	-	-	18,036	275,322	313,958	387,000
Transfers out	(185,322)	(18,036)	-	-	(110,600)	(313,958)	(387,000)
Sale of capital assets	3,049	-	-	-	14,805	17,854	39,100
Total Other Financing Sources and Uses	(161,673)	(18,036)	-	18,036	179,527	17,854	39,100
Net Change in Fund Balances	234,762	168,225	(4,983)	(51,387)	(160,076)	186,541	(521,109)
Fund Balances, Beginning of Year, as previously reported	1,707,195	(163,548)	2,314,689	(183,671)	1,625,754	5,300,419	5,537,745
Restatement of Fund Balance	-	-	-	-	-	-	283,783
Fund Balances, Beginning of Year, as restated	1,707,195	(163,548)	2,314,689	(183,671)	1,625,754	5,300,419	5,821,528
Fund Balances, End of Year	\$ 1,941,957	\$ 4,677	\$ 2,309,706	\$ (235,058)	\$ 1,465,678	\$ 5,486,960	\$ 5,300,419

See Accompanying Notes to Financial Statements.

Exhibit 5

CITY OF BEATRICE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Net change in fund balances - total governmental funds	\$ 186,541	\$ (521,109)
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	2,801,289	1,984,442
Depreciation Expense	(1,317,755)	(792,932)
The issuance of long-term debt provides current financial resources to governmental funds, 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.	(5,513)	197,125
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 in compensated absences.	(154,397)	(17,878)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets.	(102,696)	(34,648)
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>61,702</u>	<u>47,688</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 1,469,171</u></u>	<u><u>\$ 862,688</u></u>

See Accompanying Notes to Financial Statements.

**CITY OF BEATRICE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2007,**

Exhibit 6

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	2007					Governmental	
	Business-type Activities Enterprise Funds					Activities Internal Service Funds	2006 Totals
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	Totals	
Current Assets							
Cash and investments	\$ 550,028	\$ 485,785	\$ 147,216	\$ 123,148	\$ 976	\$ 1,307,153	\$ 1,439,807
Accounts receivable (net)	868,902	92,431	58,222	132,064	77,453	1,229,072	1,101,285
Unbilled and accrued revenues	432,662	75,062	60,093	-	-	567,817	493,355
Materials and supplies inventories	512,631	246,365	-	-	-	758,996	671,216
Prepaid expenses	8,854	4,177	2,014	-	-	15,045	12,867
Current portion of CRA bonds receivable	185,000	-	-	-	-	185,000	180,000
Interest receivable	3,789	232	328	-	-	4,349	5,060
Total Current Assets	2,561,866	904,052	267,873	255,212	78,429	4,067,432	3,903,590
Noncurrent Assets							
Restricted Cash and Cash Equivalents							
Employee benefits	13,263	-	-	-	-	13,263	26,150
Debt Service Reserve Account	170,999	36,722	54,431	163,235	-	425,387	732,489
Restricted Investments							
Customer deposits	143,845	-	-	-	-	143,845	111,180
Closure/postclosure maintenance and care	-	-	-	521,176	-	521,176	370,325
Total Restricted Cash, Cash Equivalents and Investments	328,107	36,722	54,431	684,411	-	1,103,671	1,240,144
Capital Assets							
Land and land rights	17,432	59,832	16,588	-	-	93,852	93,852
Buildings and improvements	1,144,846	63,555	-	-	-	1,208,401	1,208,401
Improvements other than buildings	23,370,413	12,041,235	16,006,070	3,584,215	-	55,001,933	52,981,561
Machinery and equipment	2,727,704	776,984	1,383,851	623,179	-	5,511,718	5,317,486
Construction in progress	13,132	8,738	-	-	-	21,870	117,374
	27,273,527	12,950,344	17,406,509	4,207,394	-	61,837,774	59,718,674
Less accumulated depreciation	14,335,284	7,919,971	9,169,924	2,214,780	-	33,639,959	31,325,636
Net Capital Assets	12,938,243	5,030,373	8,236,585	1,992,614	-	28,197,815	28,393,038
Other Assets							
Bonds receivable (less current portion)	-	-	-	-	-	-	185,000
Unamortized bond issuance cost	9,588	2,226	3,152	10,403	-	25,369	32,311
Total Other Assets	9,588	2,226	3,152	10,403	-	25,369	217,311
Total Noncurrent Assets	13,275,938	5,069,321	8,294,168	2,687,428	-	29,326,855	29,850,493
Total Assets	15,837,804	5,973,373	8,562,041	2,942,640	78,429	33,394,287	33,754,083

CITY OF BEATRICE
STATEMENT OF NET ASSETS, Continued
PROPRIETARY FUNDS
SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

Exhibit 6

	2007							
	Business-type Activities Enterprise Funds						Governmental Activities	
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	Totals	Internal Service Funds	2006 Totals
Liabilities								
Current Liabilities								
Accounts payable	\$ 916,674	\$ 10,885	\$ 7,459	\$ 4,536	\$ 78,429	\$ 1,017,983	\$ -	\$ 1,240,256
Claims incurred but not reported	-	-	-	-	-	-	35,000	-
Accrued compensated absences	100,831	92,201	38,580	24,255	-	255,867	-	181,086
Accrued payroll	24,808	12,686	6,691	-	-	44,185	-	-
Sales tax payable	75,688	96	-	-	-	75,784	-	64,491
Employee insurance payable	68,000	-	-	-	-	68,000	-	62,000
Accrued interest	1,267	6,427	13,311	10,268	-	31,273	-	34,711
Customer deposits	143,845	-	-	-	-	143,845	-	111,180
Due to Other Funds	-	-	-	-	-	-	65,000	-
Current maturities of long-term debt	194,742	81,089	141,243	217,816	-	634,890	-	615,587
Total Current Liabilities	<u>1,525,855</u>	<u>203,384</u>	<u>207,284</u>	<u>256,875</u>	<u>78,429</u>	<u>2,271,827</u>	<u>100,000</u>	<u>2,309,311</u>
Noncurrent Liabilities								
Compensated absences, noncurrent	137,422	118,077	33,003	-	-	288,502	-	337,479
Revenue bonds, net of current maturities	558,688	130,900	185,412	655,000	-	1,530,000	-	2,035,000
Notes payable, net of current maturities	-	623,866	1,309,885	41,648	-	1,975,399	-	2,105,273
Noncurrent cost of closure and postclosure	-	-	-	1,270,000	-	1,270,000	-	1,120,000
Total Noncurrent Liabilities	<u>696,110</u>	<u>872,843</u>	<u>1,528,300</u>	<u>1,966,648</u>	<u>-</u>	<u>5,063,901</u>	<u>-</u>	<u>5,597,752</u>
Total Liabilities	<u>2,221,965</u>	<u>1,076,227</u>	<u>1,735,584</u>	<u>2,223,523</u>	<u>78,429</u>	<u>7,335,728</u>	<u>100,000</u>	<u>7,907,063</u>
Net Assets								
Invested in capital assets, net of related debt	12,194,401	4,196,744	6,603,197	1,088,553	-	24,082,895	-	23,669,489
Restricted for debt service	170,999	36,722	54,431	163,235	-	425,387	-	732,489
Unrestricted	1,250,439	663,680	168,829	(532,671)	-	1,550,277	51,696	1,445,042
Total Net Assets	<u>\$ 13,615,839</u>	<u>\$ 4,897,146</u>	<u>\$ 6,826,457</u>	<u>\$ 719,117</u>	<u>\$ -</u>	<u>\$ 26,058,559</u>	<u>\$ 51,696</u>	<u>\$ 25,847,020</u>

See Accompanying Notes to Financial Statements.

CITY OF BEATRICE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

Exhibit 7

	2007						2006 Totals
	Business-type Activities Enterprise Funds					Governmental Activities	
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	Totals	Internal Service Funds
Operating Revenues							
Charges for services	\$ 11,512,137	\$ 1,537,399	\$ 1,116,545	\$ 997,495	\$ 1,139,633	\$ 16,303,209	\$ 1,000,706
Reimbursements	-	-	-	-	-	-	371,583
Total Operating Revenues	<u>11,512,137</u>	<u>1,537,399</u>	<u>1,116,545</u>	<u>997,495</u>	<u>1,139,633</u>	<u>16,303,209</u>	<u>1,372,289</u>
Operating Expenses							
Electric energy purchased	7,973,033	-	-	-	-	7,973,033	-
Operating and maintenance expenses	875,675	723,181	433,942	-	1,139,633	3,172,431	-
Customer accounting expenses	230,571	122,139	61,964	-	-	414,674	-
Engineering services	122,776	16,000	16,000	-	-	154,776	-
Administrative and general expense	803,350	357,755	206,044	524,000	-	1,891,149	-
Municipal expenses	365,924	37,650	9,826	-	-	413,400	-
Depreciation and amortization	941,593	397,943	683,730	294,256	-	2,317,522	-
Landfill operating contracts	-	-	-	218,981	-	218,981	-
Health insurance claims paid	-	-	-	-	-	-	1,029,796
Health and life insurance premiums	-	-	-	-	-	-	130,768
Payflex expenditures	-	-	-	-	-	-	55,955
Workers compensation claims paid	-	-	-	-	-	-	68,102
Other services and charges	-	-	-	-	-	-	28,080
Total Operating Expenses	<u>11,312,922</u>	<u>1,654,668</u>	<u>1,411,506</u>	<u>1,037,237</u>	<u>1,139,633</u>	<u>16,555,966</u>	<u>1,312,701</u>
Operating Income (Loss)	<u>199,215</u>	<u>(117,269)</u>	<u>(294,961)</u>	<u>(39,742)</u>	<u>-</u>	<u>(252,757)</u>	<u>59,588</u>
Nonoperating Revenues (Expenses)							
Interest income	82,657	8,445	5,205	35,486	-	131,793	2,114
Merchandising, etc.	12,099	88,557	12,716	-	-	113,372	-
Contribution in aid of construction	-	129,235	84,988	-	-	214,223	-
Grant income	-	-	-	-	-	-	-
Miscellaneous	146,603	15,718	9,154	61	-	171,536	-
Interest expense	(36,907)	(30,116)	(57,424)	(38,440)	-	(162,887)	-
Amortization of bond issuance cost	(2,397)	(556)	(788)	-	-	(3,741)	-
Total Nonoperating Revenues (Expenses)	<u>202,055</u>	<u>211,283</u>	<u>53,851</u>	<u>(2,893)</u>	<u>-</u>	<u>464,296</u>	<u>2,114</u>
Transfer from other funds	-	-	-	-	-	-	-
Change in Net Assets	<u>401,270</u>	<u>94,014</u>	<u>(241,110)</u>	<u>(42,635)</u>	<u>-</u>	<u>211,539</u>	<u>61,702</u>
Net Assets, Beginning of Year	<u>13,214,569</u>	<u>4,803,132</u>	<u>7,067,567</u>	<u>761,752</u>	<u>-</u>	<u>25,847,020</u>	<u>(10,006)</u>
Net Assets, End of Year	<u>\$ 13,615,839</u>	<u>\$ 4,897,146</u>	<u>\$ 6,826,457</u>	<u>\$ 719,117</u>	<u>\$ -</u>	<u>\$ 26,058,559</u>	<u>\$ 51,696</u>

See Accompanying Notes to Financial Statements.

CITY OF BEATRICE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

Exhibit 8

	Business-type Activities Enterprise Funds					Governmental Activities	
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	2007 Totals	Internal Service Funds
							2006 Totals
Cash Flows From Operating Activities							
Cash received from customers	\$ 11,538,187	\$ 1,630,961	\$ 1,132,701	\$ 992,853	\$ 1,135,124	\$ 16,429,826	\$ 1,589,902
Cash paid to suppliers for goods and services	(9,028,359)	(490,575)	(288,599)	(371,024)	(1,134,176)	(11,312,733)	(1,342,701)
Cash paid to employees for services	(1,385,978)	(784,231)	(471,765)	(211,683)	-	(2,853,657)	-
Net Cash Provided by Operating Activities	1,123,850	356,155	372,337	410,146	948	2,263,436	247,201
Cash Flows from Capital and Related Financing Activities							
Principal payments on long-term debt	(188,358)	(78,492)	(136,744)	(195,000)	-	(598,594)	-
Principal advances on long-term debt	-	-	-	(16,977)	-	(16,977)	-
Advance from (repayment to) General Fund	-	-	-	-	-	-	(250,000)
Interest paid on revenue bond maturities	(37,181)	(30,499)	(58,204)	(40,441)	-	(166,325)	-
Grant proceeds	-	-	-	-	-	-	-
Capital expenditures	(1,105,748)	(473,587)	(483,836)	-	-	(2,063,171)	-
Net Cash Used in Capital and Related Financing Activities	(1,331,287)	(582,578)	(678,784)	(252,418)	-	(2,845,067)	(250,000)
Cash Flows From Investing Activities							
Purchase of bond	-	-	-	-	-	-	-
Receipt of principal payments on bond receivable	180,000	-	-	-	-	180,000	-
Interest received	83,368	8,445	5,205	35,486	-	132,504	2,114
Net Cash Provided by Investing Activities	263,368	8,445	5,205	35,486	-	312,504	2,114
Net Increase (Decrease) in Cash and Cash Equivalents	55,931	(217,978)	(301,242)	193,214	948	(269,127)	(685)
Cash and Cash Equivalents, Beginning of Year	822,204	740,485	502,889	614,345	28	2,679,951	22,190
Cash and Cash Equivalents, End of Year	\$ 878,135	\$ 522,507	\$ 201,647	\$ 807,559	\$ 976	\$ 2,410,824	\$ 21,505
Cash and Cash Equivalents consist of:							
Cash and Investments	\$ 550,028	\$ 485,785	\$ 147,216	\$ 123,148	\$ 976	\$ 1,307,153	\$ 21,505
Employee Benefits Cash	13,263	-	-	-	-	13,263	-
Debt Service Reserve Account	170,999	36,722	54,431	163,235	-	425,387	-
Customer Deposits Investments	143,845	-	-	-	-	143,845	-
Closure/Postclosure Maintenance and Care	-	-	-	521,176	-	521,176	-
Total Cash and Cash Equivalents	\$ 878,135	\$ 522,507	\$ 201,647	\$ 807,559	\$ 976	\$ 2,410,824	\$ 21,505

CITY OF BEATRICE
STATEMENT OF CASH FLOWS, Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

Exhibit 8

	Business-type Activities						Governmental	2006 Totals
	Enterprise Funds					Activities		
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	2007 Totals	Internal Service Funds	
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:								
Operating income (loss)	\$ 199,215	\$ (117,269)	\$ (294,961)	\$ (39,742)	\$ -	\$ (252,757)	\$ 59,588	\$ (105,167)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities								
Depreciation	941,593	397,943	683,730	294,256	-	2,317,522	-	2,294,099
Merchandise and miscellaneous revenue	158,702	104,275	21,870	61	-	284,908	-	204,769
(Increase) decrease in estimated cost of closure and postclosure	-	-	-	150,000	-	150,000	-	96,445
(Increase) decrease in unbilled and accrued revenues	(60,491)	(6,620)	(7,351)	-	-	(74,462)	-	133,463
(Increase) decrease in accounts receivable	(116,023)	(4,189)	1,637	(4,703)	(4,509)	(127,787)	217,613	56,230
(Increase) decrease in inventory	(78,113)	(9,667)	-	-	-	(87,780)	-	70,715
(Increase) decrease in prepaid insurance	(1,604)	(725)	151	-	-	(2,178)	-	(5,764)
Increase (decrease) in accounts payable	(9,461)	(33,678)	(27,695)	1,400	5,457	(63,977)	-	(224,675)
Increase (decrease) in sales tax payable	11,197	96	-	-	-	11,293	-	(2,172)
Increase in employee insurance payable	6,000	-	-	-	-	6,000	-	20,919
Increase (decrease) in accrued compensated absences	40,170	25,989	(5,044)	8,874	-	69,989	-	47,407
Increase in customer deposits	32,665	-	-	-	-	32,665	-	4,350
Decrease in claims incurred but not reported	-	-	-	-	-	-	(30,000)	-
Total Adjustments	924,635	473,424	667,298	449,888	948	2,516,193	187,613	2,695,786
Net Cash Provided by Operating Activities	\$ 1,123,850	\$ 356,155	\$ 372,337	\$ 410,146	\$ 948	\$ 2,263,436	\$ 247,201	\$ 2,590,619

Noncash Investing, Capital, and Financing Activities:

The Water Fund received \$129,235 of Contributions in Aid of Construction on distribution systems put in by developers or the City's governmental funds during the year ended September 30, 2007.

The Water Pollution Control Fund received \$84,988 and \$93,637 of Contributions in Aid of Construction on distribution systems put in by developers or the City's governmental funds during the years ended September 30, 2007 and 2006, respectively.

BASWA acquired a loader by issuing a \$90,000 note payable during the year ended September 30, 2006.

See Accompanying Notes to Financial Statements.

CITY OF BEATRICE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2007 AND 2006

Exhibit 9

	Pension Trust Fund	
	2007	2006
Assets		
Investments with fiscal agent	\$ 15,684,766	\$ 14,540,272
Total Assets	15,684,766	14,540,272
Liabilities	-	-
Net Assets		
Reserved for employees' retirement system	15,684,766	14,540,272
Total Net Assets	<u>\$ 15,684,766</u>	<u>\$ 14,540,272</u>

See Accompanying Notes to Financial Statements.

CITY OF BEATRICE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

Exhibit 10

	Pension Trust Fund	
	2007	2006
Additions		
Contributions		
Employer	\$ 430,811	\$ 442,993
Employee	418,159	397,105
Total Contributions	<u>848,970</u>	<u>840,098</u>
Investment Earnings		
Net increase in the fair value of investments	1,350,663	858,878
Total Additions	<u>2,199,633</u>	<u>1,698,976</u>
Deductions		
Benefits	1,037,897	1,556,027
Administrative expenses	17,242	14,104
Total Deductions	<u>1,055,139</u>	<u>1,570,131</u>
Change in Net Assets	1,144,494	128,845
Net Assets, Beginning of Year	<u>14,540,272</u>	<u>14,411,427</u>
Net Assets, End of Year	<u>\$ 15,684,766</u>	<u>\$ 14,540,272</u>

See Accompanying Notes to Financial Statements.

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

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CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

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 Accounting 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

SEPTEMBER 30, 2007

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, *The Financial Reporting Entity*, 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 and the County of Gage, Nebraska. BASWA is the operator of a solid waste disposal facility. BASWA is governed by the Mayor and eight members of the City Council.

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

1. Financial Reporting Entity, continued

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 is the discretely presented component unit:

	<u>Brief Description of Activities and Relationship To The City:</u>
Beatrice Airport Authority	Established to provide for the operations of the Beatrice Airport. The City is financially accountable for the Airport Authority as a result of fiscal dependency. 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.

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 units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Government-wide Financial Statements, continued

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*.

Fund Financial Statements

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

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

Governmental Funds

The City reports the following major governmental funds:

General Fund

The General Fund is the primary 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.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

Special Revenue – Street Fund

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

Special Revenue – Community Development Block Grant Fund

The Community Development Block Grant Fund accounts for federal grant monies received through the State Department of Economic Development for economic development i.e., industrial tract expansion, working capital and job training, and any other federal block grants.

Debt Service – Unbonded Assessment Debt Service Fund

This fund is used to account for collection of special assessments and debt service related to paving, water, and sewer projects.

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 Economic Development, Keno, 911 surcharges, and storm water management.

Debt Service Funds

The Debt Service Funds account for the servicing of general long-term debt not being financed by proprietary funds. These nonmajor funds consist of water park and bonded districts.

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.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Proprietary Funds

Enterprise Funds

The 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

The 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 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 District and retails it to the residents of the City.

Water Fund

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

Water Pollution Control Fund

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

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Proprietary Funds, continued

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 operates and manages the facilities, as agent acting on behalf of the Agency. The City contracts with a private contractor for operation of the recycling center.

Additionally, the City reports the following nonmajor enterprise fund:

Sanitation Fund

This enterprise fund accounts for the sanitation activities of the City.

Fiduciary Funds (not included in government-wide statements)

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 three trust funds:

Firefighters Pension	Accounts for the administration of 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
SEPTEMBER 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Equity Restatements:

	<u>Governmental</u>	
	<u>Net Assets</u>	<u>Fund Balance</u>
Beginning net assets/fund balance, September 30, 2005	\$ 26,190,025	\$ 5,537,745
General Fund – compensated absences	-	141,878
Street Fund – compensated absences	-	23,100
CRA – reclass to component unit	<u>2,158,805</u>	<u>118,805</u>
Total Restatements	<u>2,158,805</u>	<u>283,783</u>
Restated net assets/fund balance, September 30, 2005	\$ <u>28,348,830</u>	\$ <u>5,821,528</u>
		<u>Component Unit</u>
		<u>Net Assets</u>
Beginning net assets, September 30, 2006 Beatrice Airport Authority		\$ 2,387,818
Add Component Unit – CRA		(<u>177,527</u>)
Component unit net assets, September 30, 2006		\$ <u>2,210,291</u>

3. Measurement Focus and Basis of Accounting

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

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus

On the government-wide Statement of Net 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:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net 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.

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Basis of Accounting, continued

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

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

4. Assets, Liabilities, and Equity

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

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 Notes B2, C1, and D2.

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.

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

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 CDBG loans, special assessments, sales tax, and property taxes. Business-type activities report utility billings as their major receivable.

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

Inventories

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

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.

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 are 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

SEPTEMBER 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

4. Assets, Liabilities, and Equity, *continued*

Capital assets, *continued*

*Government-wide Statements, *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 increase 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 years	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.

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.

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

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.

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 up to a maximum amount as stated in the employee handbook. The accumulated vacation is limited to the amount of vacation earned in the previous year. All accumulated vacation is paid upon the employee's termination. Fifty percent, but not exceeding -0- hours for firefighters, 360 hours for police, 900 hours for Board of Public Works employees, and 600 hours for all other City employees, of unused sick leave is paid at resignation. Fifty percent, but not exceeding 540 hours for firefighters and 720 hours for police, of unused sick leave is paid at retirement. Employees of the Board of Public Works and the City are paid seventy-five percent of their unused sick leave when they retire, up to 900 hours. Compensatory time rather than overtime compensation may be given for all hours actually worked in excess of forty hours in a week. 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 or her termination.

The amounts of unpaid vacation and compensatory time accumulated by City employees are accrued as expenses when incurred in proprietary funds, and reported as a fund liability. In the governmental funds the amount is limited to compensated absences that are payable to terminated employees. Compensated absences for employees whose compensation is accounted for in the governmental funds are reported as long-term liabilities in the Statement of Net Assets. The expenditure is reported as an expense in the Statement of Activities for these amounts.

Long-term Debt

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

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-term Debt, continued

Government-wide Statements

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

Fund Financial Statements

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

Equity Classifications

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 the 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.”

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements. See Note C9 for additional disclosures.

5. Revenues, Expenditures, and Expenses

Comparative Data

Comparative total data for the prior period have been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Interfund Transactions

During the course of normal operations the City has numerous transactions between funds, including expenditures and transfers of resources to provide operating subsidies, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers to other funds. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by City management. Interfund Services provided and used 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.

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.

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Property Taxes, continued

Property tax revenues 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, 2006
	Levy date	October 15, 2006
	Tax bills mailed	December 1, 2006
	Due date	December 31, 2006
	First Installment payment delinquent	May 1, 2007
	Second installment payment delinquent	September 1, 2007

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

The City is permitted to levy taxes up to \$.499942 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, 2007, was \$.28086 per \$100 of assessed value, which means the City has a tax margin of \$.219082 per \$100 of assessed value and could raise taxes by \$1,089,469 based on the present assessed valuation of \$497,288,173 before the limit is reached.

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 31, 2003, and 100% of the proceeds derived after March 31, 2003, was to be used for property tax relief.

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures and Expenses, continued

Sales and Use Tax, continued

The citizens of the City voted on November 3, 1998, to extend the effective dates of this resolution by ten years to March 21, 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.

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.

Contributions in Aid of Construction

Contributions in aid of construction are development projects constructed and contributed from 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.

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:

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

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. The City's cash deposits, including certificates of deposit, are insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC). Any cash deposits or certificates of deposit in excess of the \$100,000 FDIC limits are insured by collateral held by the pledging institution in the City's Name.

3. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources are described in Note A2 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.

5. Budgetary Data

An appropriated budget is adopted each fiscal period for the General, Special Revenue, Public Safety Debt Service, and Capital Projects Funds on the modified accrual basis, which is consistent with generally accepted accounting principles (GAAP). An appropriated budget is adopted each fiscal period for the Water Park and Unbonded Debt Service Funds on a non-GAAP (cash) basis. Reconciliation of the budgetary-basis and GAAP-basis reporting of revenues and expenditures of the Debt Service Funds is presented in Note D5. An appropriated budget is adopted each fiscal period for each Enterprise Fund and Internal Service Fund on the accrual basis, which is consistent with GAAP.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

The City follows these procedures in establishing the budgetary data 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, 2006 and ending September 30, 2007. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing was duly published and held 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 reflect the original and final authorized amounts for the fiscal period. Revisions during the period increased the budget in the following funds:

General Fund	\$ 566,100
Street Fund	56,000
Unbonded Districts Debt Service Fund	198,000
Self-Insured Health Care Fund	415,000
Storm Water Management Plan Fund	4,000
Capital Improvements Fund	129,000
Library Capital Improvement Fund	2,088
Community Redevelopment Authority	<u>552,034</u>
Total	\$ <u>1,922,222</u>

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for the City's various assets, liabilities, equity, revenues, and expenditures/expenses.

1. Cash and Investments

Deposits

The City's policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2007. The categories of collateral are defined as follows:

Category 1 – Insured by FDIC or collateralized with securities held by the City (or public trust) or by its agent in its name

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the City's name; or collateralized with no written or approved collateral agreement.

Types of Deposits	Total Bank Balance	Category 1	Category 2	Category 3	Total Carrying Value
Demand deposits	\$ 5,737,544	\$ 827,985	\$ 4,909,559	\$ -	\$ 4,278,945

Reconciliation to Government-wide Statement of Net Assets:

Primary Government –

Unrestricted cash and cash equivalents \$ 3,434,796

Restricted cash and cash equivalents 749,407

Component Units –

Unrestricted cash and cash equivalents 94,742

\$ 4,278,945

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

1. Cash and Investments, continued

Investments

The City's policies and applicable laws regarding investments are discussed in Notes A4 and B2. The table presented below is designed to disclose whether the investments are insured or registered and who holds the security at September 30, 2007. The categories of investments are defined as follows:

Category 1 – Insured or registered with securities held by the entity or its agent in the entity's name

Category 2 – Uninsured and unregistered with securities held by counterparty's trust department or agent in the entity's name

Category 3 – Uninsured and unregistered with securities held by the counterparty or by its trust department or agent, but not in the City's name.

Type of Investment	Category 1	Category 2	Category 3	Carrying Amount	Fair Value
Demand Deposits	\$ 160,680	\$ 978,301	\$ -	\$ 1,138,981	\$ 1,138,981
Time Deposits	1,521,176	-	-	1,521,176	1,521,176
Publicly Traded Equities	-	7,293,055	-	7,293,055	7,293,055
Guaranteed Investment Securities	-	7,413,410	-	<u>7,413,410</u>	<u>7,413,410</u>
				<u>\$ 17,366,622</u>	<u>\$ 17,366,622</u>

Reconciliation to Government-wide Statements of Net Assets:

Primary Government --

Unrestricted investments \$ 770,000

Restricted investments 761,856

Component Units --

Unrestricted investments 150,000

Employee Pension Funds (not included in
government-wide statements)

15,684,766

\$ 17,366,622

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

2. Restricted Assets

The restricted assets as of September 30, 2007, are as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>
Type of Restricted Assets:			
Cash and cash equivalents	\$ 310,757	\$ 438,650	\$ 749,407
Investments	<u>96,835</u>	<u>665,021</u>	<u>761,856</u>
	<u>\$ 407,592</u>	<u>\$ 1,103,671</u>	<u>\$ 1,511,263</u>

3. Accounts and Notes Receivable

Accounts receivable of the business-type activities consist of utilities accounts receivable. Accounts receivable of the governmental activities consist of ambulance (17.5%), reinsurance (9.5%), sales tax (17.7%), street grants (34.0%), and other (21.3%) receivables. Accounts receivable for the component unit consist of fuel and repair services. Receivables detail at September 30, 2007, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Accounts receivable	\$1,416,406	\$1,229,072	\$2,645,478	\$ 104,748
Allowance for doubtful accounts	<u>(40,000)</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>
Net accounts receivable	<u>\$1,376,406</u>	<u>\$1,229,072</u>	<u>\$2,605,478</u>	<u>\$ 104,748</u>

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE C -- DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

3. Accounts and Notes Receivable, continued

Assessments receivable consist of the following as of September 30:

	<u>2007</u>	<u>2006</u>
Current	\$ 51,583	\$ 35,725
Delinquent	28,499	11,991
Deferred	<u>249,096</u>	<u>200,847</u>
	<u>\$ 329,178</u>	<u>\$ 248,563</u>
In-lieu-of Assessments	<u>\$ 10,105</u>	<u>\$ 11,669</u>

CDBG notes receivable in the governmental funds consist of the following at September 30, 2007.

<u>Due From</u>	<u>Balance 9/30/2007</u>	<u>Terms</u>
Precise Fabrication, Inc.	\$ 76,731	5%; due in monthly payments of \$5,654 through November 2008.
Sea Breeze Land Development Co.	151,272	5%; \$3,782 due March 2009, \$7,564 due March 2010 and 2011, with the balance due September 2011.
Goldenrod Research Corporation	62,528	3%; due three years following the final payment to the primary lender.
Sea Breeze Land Development Co.	136,183	5%; \$3,405 due March 2009, \$6,809 due March 2010 and 2011, with the balance due September 2011.
Borgman Crate & Pallet, Inc.	209,818	5.25%; due in monthly payments of \$3,216 through February 2014.
Sea Breeze Land Development Co.	63,330	5%; \$1,583 due March 2009, \$3,167 due March 2010 and 2011, with the balance due September 2011.
Nebraska's Own Network, Inc.	25,400	3.5%; due in monthly installments of \$1,341 through April 2009.
Store Kraft Manufacturing Co.	329,167	0%; due in monthly payments of \$4,167 through April 2014.
Knowledge Marketing, LLC	<u>635,000</u>	3%; forgivable as follows: 40% after 2 years (or July 1, 2006) and 20% every year thereafter until all is forgiven. They are currently in default and have been given additional time to meet the requirements, therefore, none has been forgiven at September 30, 2007.
Total	<u>\$ 1,689,429</u>	

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE C -- DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

4. Capital Assets

Components of the City's capital assets at September 30, 2007, are summarized as follows:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Land and land rights	\$ 2,404,759	\$ 93,852	\$ 2,498,611
Construction in progress	-	21,870	21,870
Buildings and improvements	5,045,007	1,208,401	6,253,408
Improvements other than buildings	3,594,326	55,001,933	58,596,259
Machinery and equipment	6,280,101	5,511,718	11,791,819
Infrastructure	<u>22,548,334</u>	<u>-</u>	<u>22,548,334</u>
	39,872,527	61,837,774	101,710,301
Accumulated depreciation	(13,873,486)	(33,639,959)	(47,513,445)
	<u>\$ 25,999,041</u>	<u>\$ 28,197,815</u>	<u>\$ 54,196,856</u>

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

	Balance <u>10/01/06</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>09/30/07</u>
Buildings and improvements	\$ 4,679,861	\$ 365,146	\$ -	\$ 5,045,007
Improvements other than buildings	3,523,125	71,201	-	3,594,326
Machinery and equipment	6,053,342	524,208	(297,449)	6,280,101
Infrastructure	<u>20,763,400</u>	<u>1,784,934</u>	<u>-</u>	<u>22,548,334</u>
	35,019,728	2,745,489	(297,449)	37,467,768
Land	<u>2,373,665</u>	<u>55,800</u>	<u>(24,706)</u>	<u>2,404,759</u>
	<u>\$ 37,393,393</u>	<u>\$ 2,801,289</u>	<u>\$ (322,155)</u>	<u>\$ 39,872,527</u>

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

	Balance <u>10/01/06</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>09/30/07</u>
Buildings and improvements	\$ 1,208,401	\$ -	\$ -	\$ 1,208,401
Improvements other than buildings	52,981,561	2,020,372	-	55,001,933
Machinery and equipment	<u>5,317,486</u>	<u>194,232</u>	<u>-</u>	<u>5,511,718</u>
	59,507,448	2,214,604	-	61,722,052
Land and land rights	93,852	-	-	93,852
Construction in Progress	<u>117,374</u>	<u>21,870</u>	<u>(117,374)</u>	<u>21,870</u>
	<u>\$ 59,718,674</u>	<u>\$ 2,236,474</u>	<u>\$ (117,374)</u>	<u>\$ 61,837,774</u>

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

4. Capital Assets, continued

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

	Balance <u>10/01/06</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>09/30/07</u>
Land and land rights	\$ 337,622	\$ -	\$ -	\$ 337,622
Buildings and improvements	1,684,358	4,956	-	1,689,314
Improvements other than buildings	4,174,539	169,772	-	4,344,311
Machinery and equipment	<u>307,131</u>	<u>1,300</u>	<u>-</u>	<u>308,431</u>
	\$ <u>6,503,650</u>	\$ <u>176,028</u>	\$ <u>-</u>	\$ <u>6,679,678</u>

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

	Balance <u>10/01/06</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>09/30/07</u>
Buildings and improvements	\$ 1,584,566	\$ 120,341	\$ -	\$ 1,704,907
Improvements other than buildings	1,560,990	160,724	-	1,721,714
Machinery and equipment	3,543,504	466,846	(219,459)	3,790,891
Infrastructure	<u>6,086,130</u>	<u>569,844</u>	<u>-</u>	<u>6,655,974</u>
	\$ <u>12,775,190</u>	\$ <u>1,317,755</u>	\$ <u>(219,459)</u>	\$ <u>13,873,486</u>

Depreciation was charged to the following governmental functions in the government-wide statement of activities during the year ended September 30, 2007:

General Government	\$ 14,344
Public Safety	304,492
Highways and Streets	658,981
Culture and Recreation	<u>339,938</u>
Total Depreciation	\$ <u>1,317,755</u>

The following table summarizes the changes in the accumulated depreciation of the business-type activities:

	Balance <u>10/01/06</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>09/30/07</u>
Buildings and improvements	\$ 411,649	\$ 288,004	\$ -	\$ 699,653
Improvements other than buildings	27,625,803	1,651,675	-	29,277,478
Machinery and equipment	<u>3,288,184</u>	<u>374,644</u>	<u>-</u>	<u>3,662,828</u>
	\$ <u>31,325,636</u>	\$ <u>2,314,323</u>	\$ <u>-</u>	\$ <u>33,639,959</u>

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

4. Capital Assets, continued

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

	Balance <u>10/01/06</u>	Additions	Deletions	Balance <u>09/30/07</u>
Buildings and improvements	\$ 906,000	\$ 59,691	\$ -	\$ 965,691
Improvements other than buildings	2,945,440	148,933	-	3,094,373
Machinery and equipment	<u>151,629</u>	<u>26,752</u>	<u>-</u>	<u>178,381</u>
	\$ <u>4,003,069</u>	\$ <u>235,376</u>	\$ <u>-</u>	\$ <u>4,238,445</u>

Construction in progress at September 30, 2007, consists of an electrical project at South 40 Estates with a projected cost of \$41,141 and fencing the well field with a projected cost of \$12,155. These projects are expected to be completed during the fiscal year ending September 30, 2008.

5. Capital Leases

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. At September 30, 2007, the amount included in the government activities in the government-wide statements is \$1,559. The gross cost of the equipment obtained through this lease was \$11,255, and is included in machinery and equipment.

The City has entered into a lease agreement, as lessee, to finance the acquisition of licensed software for the police department. 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. At September 30, 2007, the amount included in the governmental activities in the government-wide statements is \$138,430. The gross cost of the equipment obtained through this lease was \$300,000, and is included in machinery and equipment.

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

5. Capital Leases, continued

Capital leases in the enterprise funds consist of:

The City has entered into a lease agreement, as lessee, to finance the acquisition of a John Deere Loader 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. At September 30, 2007, the amount included in the Beatrice Area Solid Waste Agency Enterprise Fund was \$59,464. The gross cost of the equipment obtained through this lease was \$162,507, and is included in machinery and equipment.

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, 2007:

<u>Year Ending September 30,</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
2008	\$ 54,226	\$ 20,256	\$ 74,482
2009	52,646	20,256	72,902
2010	48,174	20,256	68,430
2011	<u>-</u>	<u>3,399</u>	<u>3,399</u>
Total minimum lease payments	155,046	64,167	219,213
Less: amount representing interest	<u>15,057</u>	<u>4,703</u>	<u>19,760</u>
Present value of future minimum lease payments	\$ <u>139,989</u>	\$ <u>59,464</u>	\$ <u>199,453</u>

The capital leases transaction summary for the year ended September 30, 2007, follows:

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Capital Leases 10/01/06	\$ 185,739	\$ 76,441	\$ 262,180
Capital Leases Additions	-	-	-
Capital Leases Payments	(45,750)	(16,977)	(62,727)
Capital Leases 09/30/07	\$ <u>139,989</u>	\$ <u>59,464</u>	\$ <u>199,453</u>

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

6. Long-term Debt

The summary of bond and note transactions of the City for the year ended September 30, 2007, follows:

	Balance 9/30/06	Additions	Deletions	Balance 09/30/07	Amounts Due Within One Year
Governmental Activities:					
Note and bonds payable	\$ 955,000	\$ 216,263	\$ (165,000)	\$ 1,006,263	\$ 232,500
Business-type Activities:					
Note, lease, and bonds payable	4,679,419	-	(598,594)	4,080,825	617,074
Component Units;					
Bonds and Notes payable	<u>2,341,396</u>	<u>-</u>	<u>(253,532)</u>	<u>2,087,864</u>	<u>258,532</u>
Totals	<u>\$ 7,975,815</u>	<u>\$ 216,263</u>	<u>\$ (1,017,126)</u>	<u>\$ 7,174,952</u>	<u>\$ 1,108,106</u>

Bonds and notes payable as of September 30, 2007, comprise the following individual issues:

Governmental Activities

General Obligation Refunding Bonds issued February 14, 2005, interest rates ranging from 5.1% to 5.45%. Principal and interest due in annual installments ranging from \$45,000 due February 15, 2006, to \$55,000 due February 15, 2010. \$ 165,000

Outdoor Swimming Pool and Park Facility Bonds issued November 12, 2002, interest rates ranging from 1.75% to 3.70%. Interest due in annual installments beginning February 15, 2003. Principal due in annual installments ranging from \$30,000 due February 15, 2003, to \$135,000 due February 15, 2012. 625,000

Note payable to the Beatrice Library Foundation is due in four annual installments of \$62,500 beginning May 1, 2008. The note is non-interest-bearing if paid according to terms.

216,263
\$ 1,006,263

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

6. Long-term Debt, continued

Business-type Activities

Note payable from the State of Nebraska Department of Environmental Quality issued June 2002, with an interest rate of 3.18%. Semiannual installments for principal and interest of \$60,049.55 plus fees due December 15, 2012. \$ 1,386,498

Note payable from the State of Nebraska Department of Environmental Quality issued December 15, 2002, with an interest rate of 3.18%. Semiannual installments for principal and interest of \$28,074.07 plus fees due June 15, 2022. 659,327

Combined Utilities Revenue Bonds issued August 20, 2002, interest rates ranging from 2.00% to 4.30%, due in semiannual installments ranging from \$270,000 due September 15, 2003, to \$335,000 due September 15, 2010, and the final installment of \$215,000 due September 15, 2011. 1,180,000

Solid Waste Disposal Facilities Revenue Bonds issued May 6, 2002, interest rates ranging from 1.75% to 4.35%, due in annual installments ranging from \$60,000 due December 15, 2002, to \$225,000 due December 15, 2010. 855,000
\$ 4,080,825

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2007, are as follows:

Year Ending September 30,	<u>Governmental Activities</u> Note and Bonds Payable		<u>Business-type Activities</u> Note and Bonds Payable		NDEQ Fees
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2008	\$ 232,500	\$ 24,096	\$ 617,074	\$ 143,306	\$ 20,180
2009	237,500	18,698	650,666	120,124	19,051
2010	242,500	12,770	674,373	94,596	17,885
2011	158,763	7,335	563,200	67,186	16,682
2012	135,000	2,497	127,149	49,098	15,440
2013-2017	-	-	699,552	181,684	57,133
2018-2022	-	-	<u>748,811</u>	<u>231,137</u>	<u>19,544</u>
	<u>\$ 1,006,263</u>	<u>\$ 65,396</u>	<u>\$ 4,080,825</u>	<u>\$ 887,131</u>	<u>\$ 165,915</u>

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, *continued*

6. Long-term Debt, continued

Component Unit Bonds and Notes Payable

Airport Authority:

Airport Authority Bonds, Series 2002, issued December 20, 2002, interest rates ranging from 1.8% to 3.55%. Interest due in semiannual installments beginning April 1, 2003. Principal due in annual installments ranging from \$60,000 due October 1, 2003, to \$70,000 due October 1, 2009. \$ 200,000

Non-interest-bearing note payable to the Nebraska Department of Aeronautics, due in monthly installments of \$311, through September 2009. 7,464

Non-interest-bearing note payable to the Nebraska Department of Aeronautics, due in monthly installments of \$200, through February 2012. 10,600

Non-interest-bearing note payable to the Nebraska Department of Aeronautics, due in monthly installments of \$200, through October 2011. 9,800

\$ 227,864

Community Redevelopment Authority:

Redevelopment Revenue Bonds issued December 6, 2004, interest rates ranging from 4.60% to 6.05%. Interest due in semiannual installments due September 15 and March 15. Principal due in annual installments ranging from \$70,000 due September 15, 2009, to \$110,000 due September 15, 2018. \$ 860,000

Redevelopment Revenue Bonds issued January 11, 2005, interest rates at 4.25%. Interest due in semiannual installments due September 15 and March 15. Principal due in annual installments ranging from \$175,000 due September 15, 2006, to \$185,000 due September 15, 2008. 185,000

Redevelopment Revenue Bonds issued November 15, 2004, interest rates ranging from 3.05% to 3.95%. Interest due in semiannual installments due September 15 and March 15. Principal due in annual installments ranging from \$125,000 due September 15, 2009, to \$150,000 due September 15, 2014. 815,000
\$ 1,860,000

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

6. Long-term Debt, continued

Component Unit Bonds and Notes Payable, continued

The outstanding balance of September 30, 2007, is estimated to be repaid as follows:

Year Ended September 30,	Airport Authority Notes and Bonds Payable		Community Redevelopment Authority Bonds Payable	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 73,532	\$ 5,654	\$ 185,000	\$ 84,320
2009	73,532	3,574	195,000	76,457
2010	74,800	1,242	200,000	69,425
2011	4,800	-	210,000	61,740
2012	1,200	-	215,000	53,190
2013-2017	-	-	745,000	133,390
2018	-	-	110,000	6,655
Total	\$ <u>227,864</u>	\$ <u>10,470</u>	\$ <u>1,860,000</u>	\$ <u>485,177</u>

7. Registered Warrants

Registered warrants were issued to finance various projects of the City of Beatrice and the Beatrice Community Redevelopment Authority. There are no specific repayment terms and interest is due upon repayment of the registered warrants. Interest rates range from 5.5% to 6.5%. The following is a summary of registered warrants transactions for the year ended September 30, 2007.

	Governmental <u>Funds</u>	Community Redevelopment <u>Authority</u>
Registered warrants payable September 30, 2006	\$ 329,926	\$ 65,801
Registered warrants issued	159,272	177,391
Registered warrants paid	(115,176)	(177,391)
Registered warrants payable September 30, 2007	\$ <u>374,022</u>	\$ <u>65,801</u>

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

8. Notes Receivable/Payable - Tax Increment Financing

Estimated future receivables and payables under TIF agreements were as follows as of September 30, 2007:

	<u>Receivable</u>	<u>Payable</u>
Cornhusker Hospitality II, LLC	\$ 224,433	\$ 224,433
Airport Authority of Beatrice	1,690,742	1,690,742
E-6 Investments, Inc.	186,999	186,999
E-6 Investments, Inc.	40,502	40,502
Fakler Development, LLC	63,035	63,035
E-6 Investments, Inc.	50,290	50,290
Toby and Teresa Bissegger	26,478	26,478
Beatrice Biodiesel, LLC	2,210,000	2,210,000
Precise Bldg, LLC	<u>190,000</u>	<u>190,000</u>
	\$ <u>4,682,479</u>	\$ <u>4,682,479</u>
Current Portion	\$ 377,178	\$ 377,178
Noncurrent Portion	<u>4,305,301</u>	<u>4,305,301</u>
	\$ <u>4,682,479</u>	\$ <u>4,682,479</u>

9. Interfund Payables and Receivables

All interfund payables arise due to ongoing operations of the City. The following balances at September 30, 2007, represent individual fund interfund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Special Revenue Funds: Street Fund	\$ -	\$ 201,068
Debt Service Funds: Bonded	123,039	-
Debt Service Funds: Unbonded	78,029	-
Internal Service Fund	-	65,000
Component Unit: CRA	-	50,000
General Fund	<u>115,000</u>	<u>-</u>
	\$ <u>316,068</u>	\$ <u>316,068</u>

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

10. Deficit Fund Balances

The Debt Service Fund had a deficit fund balance for Unbonded Assessments of \$235,058 at September 30, 2007. The Special Revenue Fund had a deficit fund balance for 911 Surcharge of \$5,964 at September 30, 2007.

NOTE D – OTHER NOTES

1. Pension 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

Police and Firefighters Pension Plan

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 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

SEPTEMBER 30, 2007

NOTE D – OTHER NOTES, continued

1. Pension Plans, continued

Police and Firefighters Pension Plan, continued

Contribution Requirements and Contributions Made – The contribution rate for police employees is 6% of gross with the City also contributing 6% as adopted by the City. The City's total police payroll for 2007 was \$998,416 and the City contributions were based on a payroll of \$988,416. Both the City and the covered employees made the required contributions, amounting to \$59,336 (retirement rate of 6% of covered payroll) for the City and \$59,336 (6%) 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. The City's total fire payroll for 2007 was \$1,111,457 and the City's contributions were based on a payroll of \$938,632. Both the City and the covered employees made the required contributions, amounting to \$122,022 (retirement rate of 13% of covered payroll) for the City and \$61,011 (6.5%) for the employees.

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

The Police and Firefighters 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
SEPTEMBER 30, 2007

NOTE D – OTHER NOTES, continued

1. Pension Plans, continued

Police and Firefighters Plan (Pre-1984), 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.

Police 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 percent for pre-retirement and 5 percent for post-retirement per annum, and (b) projected annual salary increases of 3 percent.

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, 2007	\$ 337,208
Benefit liability at January 1, 2003, plus	
an inflation factor to September 30, 2007	<u>377,924</u>
Funded Status	<u>(40,716)*</u>
 Prepaid (accrued) benefit cost recognized	
in the balance sheet	 \$ <u> - </u>

* The deficit is covered by other investments available in the fiduciary fund from the Firefighters Plan.

The actuarially determined recommended contribution under the defined benefit plan was zero, and no contributions were made for the year ended September 30, 2007.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE D – OTHER NOTES, continued

1. Pension Plans, continued

Firefighters 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 which have an account balance greater than the future benefits payable under the defined benefit 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 percent for pre-retirement and 5 percent for post-retirement per annum, and (b) projected annual salary increases of 3 percent.

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, 2007	\$ 2,886,231
Benefit liability at January 1, 2003, plus an inflation factor to September 30, 2007	<u>1,272,298</u>
Funded Status	\$ <u>1,613,933</u>
Prepaid (accrued) benefit cost recognized in the balance sheet	\$ <u>-</u>

The actuarially determined recommended contribution under the defined benefit plan was zero, and no contributions were made for the year ended September 30, 2007.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE D – OTHER NOTES, continued

1. Pension Plans, continued

Non-Uniformed Employees (Other than Board 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 which is a component unit 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. Vesting begins after five years of participation in the plan at the rate of 2.0% per month. Participants are fully vested after nine years and two months of participation.

Contribution Requirements and Contributions Made – The contribution rate for the non-uniformed employees is 6% of base pay with the City contribution 6%, as adopted by the City. The City's total non-uniformed employee payroll for 2007 was \$1,556,970 and the City's contributions were based on a payroll of \$1,188,137. Both the City and covered employees made required contributions, totaling \$71,288 (retirement rate of 6% of covered payroll) for the City and \$71,288 (6%) for the employees, plus \$7,142 in additional voluntary contributions. 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.

Board of Public Works

Defined Contribution Plan:

Defined Contribution Plan Description – The 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 21. 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 employee may make after-tax contributions ranging from 1% to 100% of their compensation. 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 their Plan contributions, plus any earnings generated. Employer contributions to the Plan, plus any earnings generated, are vested as follows:

Vesting begins at a rate of 20% after 3 years, i.e., less than 2 years, 0%; 3 years, 20%; 4 years, 40%; 5 years, 60%; 6 years, 80%, and 7 or more years, 100%.

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE D – OTHER NOTES, continued

1. Pension Plans, continued

Board of Public Works, continued

Defined Contribution Plan, continued:

Employees may select funds to invest in for their portion of the contribution; however, the Board of Public Works contribution is always invested in a Guaranteed Investment Account.

Contribution Requirements and Contributions Made – Contributions of \$154,018 were made by the Board of Public Works to match required contributions for the year ended September 30, 2007. Contributions were based on wages totaling \$2,566,971 for the year ending September 30, 2007. Total wages paid by the Board of Public Works were \$2,707,421 for the year ended September 30, 2007. Benefits under the plan will be based on accumulated contributions.

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

Deferred Compensation Plan:

The City of Beatrice Board 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.

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, 2007, was \$928,319, which is funded by the unallocated account in the Firefighters Defined Benefit Plan.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE D – OTHER NOTES, continued

1. Pension Plans, continued

Three-year Trend Information for Public Safety Employees Retirement System

<u>Fiscal Year Ending</u>	<u>Annual Pension Percentage of APC</u>		<u>Net Pension Obligation</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	
9/30/05	\$ -	N/A	\$ -
9/30/06	-	N/A	-
9/30/07	-	N/A	-

2. Risk Management

Insurance

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.

The City is exposed to various risks of loss related to medical claims of employees and dependents. The City established a Self-Insured Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Self-Insured Insurance Fund provides coverage for up to a maximum of \$90,000 per person annually for medical claims. The City is also self-insured for workers' compensation claims up to \$100,000 per occurrence and per employee and \$300,000 per aggregate. 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 \$103,000 and \$127,000 reported in the financial statements at September 30, 2007 and 2006, is based on the requirements of Governmental Accounting Standards Board Pronouncements, which require 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 as of the date of the financial statements and the amount of the loss can be reasonably estimated.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Insurance, continued

Changes in the City's claims liability amount in fiscal 2007 and 2006 were:

	Beginning of Fiscal <u>Period Liability</u>	Current Period Claims and Change in <u>Estimates</u>	Charges and <u>Reimbursements</u>	Balance at Fiscal <u>Period-End</u>
2006-2007	\$ 127,000	\$ 1,216,519	\$ 1,192,519	\$ 103,000
2005-2006	62,111	1,132,449	1,197,338	127,000

Deposits 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."

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

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

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

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

The City Treasurer shall not have on deposit in any bank at any time more than either (1) the maximum amount of the bond given by said bank if the bank gives a surety bond, nor in any bank giving a personal bond, more than one-half of the amount of the bond of such bank, and the amounts so 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.

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.

Custodial Credit Risk. 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, 2007, 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.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising 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:

<u>Maturities by Month</u>	<u>Amount</u>
October 2007	\$ 1,375,000
November 2007	500,000
December 2007	300,000
March 2008	521,176
September 2008	80,000
	<u>\$ 2,776,176</u>

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's investments consist of certificates of deposit, money market funds, and other securities backed by U.S. Government obligations, minimizing credit risk associated with the City's investment portfolio.

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, 2007, the City's investments in certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
First National Bank of Omaha	\$ 751,176
Bank of the West	1,100,000
TierOne Bank	450,000
First National Bank and Trust Company of Beatrice	<u>475,000</u>
	<u>\$ 2,776,176</u>

The only other investments owned by the City of Beatrice are held by a fiscal agent in the Pension Trust Fund.

The Pension Trust Fund of the City's employees (other than the Board of Public Works) is managed by Principal Financial Group. 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, 2007, was \$15,632,848.

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.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

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 held no investments denominated in foreign currency at September 30, 2007.

3. Commitments and Contingencies

Closure and Post-Closure Care Cost

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure 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 post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,270,000 reported as landfill closure and post-closure care liability at September 30, 2007, represents the cumulative amount reported to date based on 40.9% used of the estimated capacity of the landfill, and is an increase of \$150,000 over the previous fiscal year.

The City will recognize the remaining estimated cost of closure and post-closure care of \$1,673,700 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2002. The City expects to close the landfill in 2027. Actual cost of closure and post-closure care 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 be in compliance with the financial assurance regulations by passing the local government financial tests to demonstrate financial assurance for closure and post-closure care. The City is in compliance with these requirements, and at September 30, 2007, investments of \$521,176 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 post-closure 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.

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Economic Development

The City has entered into an agreement with Gage County Economic Development, Inc. (GCED) According to the agreement, the City will reimburse the corporation periodically for certain funds expended for the purpose of encouraging immigration, new industries, and investment and to conduct and carry on a publicity campaign as authorized by NEB. REV. STAT. 13-315. Pursuant to this agreement, the City agrees to reimburse GCED for qualified expenditures during each year as follows:

September 30, 2008	\$ 180,000
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The City has entered into an agreement with Main Street Nebraska, Inc. According to the agreement, the City will reimburse the corporation periodically for certain funds expended for the purpose of encouraging immigration, new industries, and investment and to conduct and carry on a publicity campaign as authorized by NEB. REV. STATE. 13-315.

Pursuant to this agreement, the City agrees to reimburse Main Street for qualified expenditures during each year as follows:

September 30, 2008	\$ 24,000
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The City has entered into an agreement with the Pickrell Rural Fire Protection District to perform basic life support/non-transport services within the City of Beatrice. It is payable as follows:

September 30, 2008	\$ 5,907
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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 the 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. During 2008, the City will participate in studies to evaluate the best course of action to clean up the site.

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2007:

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, 2006, through June 30, 2007. Renewed for the term July 1, 2007, through June 30, 2008	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 County of Gage	August 1, 2000, until 90- day written notice is given to terminate	To provide necessary ambulance service to the City of Beatrice and certain areas of Gage County.
Pickrell Rural Fire Dist City of Beatrice	February 5, 2001, as long as District maintains State license	To perform basic life support/nontransport services needed due to medical emergencies.
City of Beatrice County of Gage	August 1, 2006, to July 31, 2009	To provide for administration of 911 services.
City of Beatrice City of Wymore	August 1, 2003, perpetually	To provide for administration of 911 services.
City of Beatrice Village of Odell	May 19, 2003, through May 19, 2008	To provide for satellite lottery operations in Odell.

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements, continued

Parties to Agreement	Term	Description
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	December 1, 2000, 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 County of Gage	May 19, 2003, until terminated by either party	To provide assistance to juveniles in Gage County through referrals from law enforcement depts. paid from federal funding.
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, 2005, through August 31, 2008	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, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE D – OTHER NOTES, continued

5. Reconciliation of the Legal Budgetary and GAAP Basis – Debt Service Funds

The City Council approves formal budgets for Bonded and Unbonded and Water Park Debt Service Funds on a non-GAAP (cash) basis for revenues and expenditures. For financial reporting purposes revenues are recognized when measurable and available and expenditures are recognized as incurred. The following summary reconciles operations for the period from the budgetary basis to the GAAP basis of reporting.

	Bonded and <u>Unbonded</u>	Water Park	<u>Total</u>
Revenues			
Revenues on budgetary basis	\$ 284,251	\$ 135,146	\$ 419,397
Cash to accrual adjustments	(120,821)	<u>1,145</u>	(119,676)
Revenues on GAAP basis	<u>163,430</u>	<u>136,291</u>	<u>299,721</u>
Expenditures			
Expenditures on budgetary basis	351,412	133,115	484,527
Cash to accrual adjustments	(108,899)	<u>-</u>	(108,899)
Expenditures on GAAP basis	<u>242,513</u>	<u>133,115</u>	<u>375,628</u>
Transfers			
Transfers on budgetary basis	25,000	-	25,000
Cash to accrual adjustments	(6,964)	<u>-</u>	(6,964)
Revenues on GAAP basis	<u>18,036</u>	<u>-</u>	<u>18,036</u>
Excess (Deficit) of Revenues Over (Under)			
Expenditures on a GAAP Basis	\$ (61,047)	\$ <u>3,176</u>	\$ (57,871)

6. New Pronouncement

On October 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The basic premise of the statement is that Other Postemployment Benefits (OPEB) are earned by employees and should be recognized by the employer as the employee provides services. GASB 45 requires employers to account for and report the annual cost of OPEB and the outstanding obligations and commitments related to them in the same manner as they currently do for pensions. The City's retirees can continue to receive health insurance benefits by paying COBRA premiums.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE D – OTHER NOTES, continued

6. New Pronouncement, continued

Accounting for OPEB under GASB No. 45 will result in the City reporting an actuarially-based liability for benefits. The City will be required to implement GASB No. 45 in the fiscal year beginning October 1, 2008. The City has not yet determined the impact on the financial statements of implementing this statement, whether to retroactively implement the statement, or whether to change retiree benefits.

**REQUIRED SUPPLEMENTARY
INFORMATION**

GENERAL FUND

**MAJOR FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	2007				
	Original Budget	Final Budget	Actual	Variance Over/ (Under)	2006 Totals
Revenues					
Taxes					
Property tax	\$ 1,272,723	\$ 1,272,723	\$ 1,260,966	\$ (11,757)	\$ 1,181,723
Sales tax	1,840,000	1,840,000	2,001,191	161,191	1,837,435
Occupation tax	749,600	749,600	735,742	(13,858)	713,808
Licenses and permits	97,800	97,800	199,008	101,208	94,817
Intergovernmental	1,062,134	1,062,134	1,184,967	122,833	884,795
Charges for services	1,433,668	1,433,668	1,664,723	231,055	1,356,417
Miscellaneous	181,484	181,484	199,222	17,738	351,329
Total Revenues	<u>6,637,409</u>	<u>6,637,409</u>	<u>7,245,819</u>	<u>608,410</u>	<u>6,420,324</u>
Expenditures					
General government	876,110	1,112,858	1,022,521	(90,337)	768,412
Public safety	4,261,634	4,510,986	4,502,256	(8,730)	4,245,137
Culture and recreation	1,270,533	1,350,533	1,321,558	(28,975)	1,199,996
Total Expenditures	<u>6,408,277</u>	<u>6,974,377</u>	<u>6,846,335</u>	<u>(128,042)</u>	<u>6,213,545</u>
Excess of Revenues Over Expenditures	229,132	(336,968)	399,484	736,452	206,779
Other Financing Sources (Uses)					
Transfers from Other Funds	30,927	30,927	20,600	(10,327)	26,000
Transfers to Other Funds	(224,059)	(224,059)	(185,322)	38,737	(268,364)
Total Other Financing Sources (Uses)	<u>(193,132)</u>	<u>(193,132)</u>	<u>(164,722)</u>	<u>28,410</u>	<u>(242,364)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 36,000</u>	<u>\$ (530,100)</u>	<u>\$ 234,762</u>	<u>\$ 764,862</u>	<u>\$ (35,585)</u>

Note: The basis of budgeting complies with Generally Accepted Accounting Principles.

CITY OF BEATRICE, NEBRASKA
STREETS SPECIAL REVENUE FUND
MAJOR FUND SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

Schedule A-2

	2007			Variance Over/ (Under)	2006 Totals
	Original Budget	Final Budget	Actual		
Revenues					
Taxes					
Sales tax	\$ 530,000	\$ 530,000	\$ 562,782	\$ 32,782	\$ 521,859
Intergovernmental:					
Local shared revenue	17,500	17,500	-	(17,500)	-
State shared revenue	1,446,904	1,446,904	1,470,262	23,358	1,055,633
Total Intergovernmental	1,464,404	1,464,404	1,470,262	5,858	1,055,633
Charges for services	22,950	22,950	34,318	11,368	37,492
Miscellaneous	-	-	65,599	65,599	203,127
	<u>22,950</u>	<u>22,950</u>	<u>99,917</u>	<u>76,967</u>	<u>240,619</u>
Total Revenues	2,017,354	2,017,354	2,132,961	115,607	1,818,111
Expenditures					
Personal Services:					
Salaries	396,514	452,514	451,582	(932)	423,725
Social Security	30,000	30,000	29,365	(635)	28,385
Retirement	20,000	20,000	18,112	(1,888)	16,781
Health and life insurance	120,102	120,102	122,498	2,396	118,426
Workmen's compensation	37,500	37,500	37,500	-	35,700
Total Personal Services	604,116	660,116	659,057	(1,059)	623,017
Supplies:					
Operating supplies	73,000	73,000	56,050	(16,950)	70,942
Repairs and maintenance supplies	107,000	107,000	147,243	40,243	118,554
Total Supplies	180,000	180,000	203,293	23,293	189,496
Other Services and Charges:					
Insurance	22,150	22,150	24,182	2,032	21,306
Engineering services	12,900	12,900	1,906	(10,994)	2,460
Utilities	1,500	1,500	1,715	215	1,715
Maintenance and repairs	16,800	16,800	33,554	16,754	21,528
Rentals	35,800	35,800	38,849	3,049	33,797
Training and transportation	1,700	1,700	1,953	253	1,580
Communications	2,000	2,000	3,029	1,029	2,497
Miscellaneous	2,570	2,570	526	(2,044)	611
Total Other Services and Charges	95,420	95,420	105,714	10,294	85,494
Capital Outlay:					
Improvements other than buildings	964,500	964,500	867,195	(97,305)	968,631
Machinery and equipment	118,900	118,900	111,441	(7,459)	38,314
Total Capital Outlay	1,083,400	1,083,400	978,636	(104,764)	1,006,945
Total Expenditures	1,962,936	2,018,936	1,946,700	(72,236)	1,904,952
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>\$ 54,418</u>	<u>\$ (1,582)</u>	<u>\$ 186,261</u>	<u>\$ 187,843</u>	<u>\$ (86,841)</u>

Note: The basis of budgeting complies with Generally Accepted Accounting Principles.

CITY OF BEATRICE, NEBRASKA
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
MAJOR FUND SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

Schedule A-3

	2007				
	Original Budget	Final Budget	Actual	Variance Over/ (Under)	2006 Totals
Revenues					
Grants	\$ 565,000	\$ 565,000	\$ 64,213	\$ (500,787)	\$ 450
Interest earnings	15,000	15,000	20,667	5,667	15,571
Miscellaneous revenue	-	-	3,500	3,500	-
Loan payments	18,364	18,364	18,485	121	23,206
Total Revenues	<u>598,364</u>	<u>598,364</u>	<u>106,865</u>	<u>(491,499)</u>	<u>39,227</u>
Expenditures					
Administration	5,000	5,000	695	(4,305)	232
Professional services	1,800	1,800	4,695	2,895	1,800
Grant repayments	50,000	50,000	50,000	-	50,000
Reuse loans	1,113,741	1,113,741	-	(1,113,741)	25,000
Loan forgiveness	-	-	-	-	321,875
Demolition expense	-	-	8,458	8,458	-
Capital outlay	58,200	58,200	48,000	(10,200)	-
Total Expenditures	<u>1,228,741</u>	<u>1,228,741</u>	<u>111,848</u>	<u>(1,116,893)</u>	<u>398,907</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>\$ (630,377)</u>	<u>\$ (630,377)</u>	<u>\$ (4,983)</u>	<u>\$ (625,394)</u>	<u>\$ (359,680)</u>

Note: The basis of budgeting complies with Generally Accepted Accounting Principles.

**OTHER SUPPLEMENTARY
INFORMATION**

CITY OF BEATRICE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2007

Schedule B-1

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 888,375	\$ 47,045	\$(142,320)	\$ 793,100
Cash on deposit - County Treasurer	-	26,981	-	26,981
Accounts receivable	-	11,855	320,114	331,969
Interest receivable	-	3,888	-	3,888
Assessments receivable	-	15,811	-	15,811
Restricted:				
Cash	-	-	266,131	266,131
Investments	-	-	96,835	96,835
In-lieu-of assessments	-	10,105	-	10,105
Due from other funds	-	123,039	-	123,039
Total Assets	<u>\$ 888,375</u>	<u>\$ 238,724</u>	<u>\$ 540,760</u>	<u>\$ 1,667,859</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 174,332	\$ 174,332
Accrued interest payable	6,228	-	-	6,228
Deferred revenues	-	21,621	-	21,621
Total Liabilities	<u>6,228</u>	<u>21,621</u>	<u>174,332</u>	<u>202,181</u>
Fund Balances				
Reserved for economic development	675,162	-	-	675,162
Reserved for debt service	-	217,103	-	217,103
Reserved for library capital improvements	-	-	96,835	96,835
Reserved for public safety equipment	-	-	266,131	266,131
Reserved for storm water management	31,262	-	-	31,262
Unreserved, undesignated	175,723	-	3,462	179,185
Total Fund Balances	<u>882,147</u>	<u>217,103</u>	<u>366,428</u>	<u>1,465,678</u>
Total Liabilities and Fund Balances	<u>\$ 888,375</u>	<u>\$ 238,724</u>	<u>\$ 540,760</u>	<u>\$ 1,667,859</u>

CITY OF BEATRICE

Schedule B-2

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$ -	\$ 176,847	\$ -	\$ 176,847
Sales tax	250,000	-	-	250,000
Intergovernmental	34,124	803	703,454	738,381
Charges for services	74,005	-	-	74,005
Keno proceeds	109,558	-	-	109,558
Special assessments	-	8,111	-	8,111
Interest	34,536	1,700	3,509	39,745
Loan proceeds	-	-	216,263	216,263
Donations and miscellaneous revenue	113,826	-	82,615	196,441
Total Revenues	<u>616,049</u>	<u>187,461</u>	<u>1,005,841</u>	<u>1,809,351</u>
Expenditures				
General government	211,624	-	-	211,624
Public safety	50,718	-	-	50,718
Capital outlay	410,661	-	1,159,099	1,569,760
Debt Service:				
Principal	-	165,000	-	165,000
Interest	-	28,945	-	28,945
MFO payments - other entities	-	-	122,907	122,907
Total Expenditures	<u>673,003</u>	<u>193,945</u>	<u>1,282,006</u>	<u>2,148,954</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,954)	(6,484)	(276,165)	(339,603)
Other Financing Sources (Uses)				
Sale of capital assets	14,805	-	-	14,805
Transfer from Other Funds	-	-	275,322	275,322
Transfer to Other Funds	(110,600)	-	-	(110,600)
Total Other Financing Sources (Uses)	<u>(95,795)</u>	<u>-</u>	<u>275,322</u>	<u>179,527</u>
Net Change in Fund Balances	(152,749)	(6,484)	(843)	(160,076)
Fund Balances, Beginning of Year	<u>1,034,896</u>	<u>223,587</u>	<u>367,271</u>	<u>1,625,754</u>
Fund Balances, End of Year	<u>\$ 882,147</u>	<u>\$ 217,103</u>	<u>\$ 366,428</u>	<u>\$ 1,465,678</u>

CITY OF BEATRICE, NEBRASKA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2007

Schedule C-1

	<u>Economic Development</u>	<u>Keno</u>	<u>911 Surcharge</u>	<u>Storm Water Management</u>	<u>Total</u>
Assets					
Cash and investments	<u>\$675,162</u>	<u>\$181,687</u>	<u>\$ 264</u>	<u>\$ 31,262</u>	<u>\$ 888,375</u>
Total Assets	<u><u>\$675,162</u></u>	<u><u>\$181,687</u></u>	<u><u>\$ 264</u></u>	<u><u>\$ 31,262</u></u>	<u><u>\$ 888,375</u></u>
Liabilities and Fund Balance					
Liabilities					
Accrued interest payable	\$ -	\$ -	\$ 6,228	\$ -	\$ 6,228
Fund Balance					
Reserved for:					
Economic development	675,162	-	-	-	675,162
Storm Water Management	-	-	-	31,262	31,262
Unreserved:					
Undesignated	<u>-</u>	<u>181,687</u>	<u>(5,964)</u>	<u>-</u>	<u>175,723</u>
Total Fund Balance	<u><u>675,162</u></u>	<u><u>181,687</u></u>	<u><u>(5,964)</u></u>	<u><u>31,262</u></u>	<u><u>882,147</u></u>
Total Liabilities and Fund Balance	<u><u>\$675,162</u></u>	<u><u>\$181,687</u></u>	<u><u>\$ 264</u></u>	<u><u>\$ 31,262</u></u>	<u><u>\$ 888,375</u></u>

CITY OF BEATRICE, NEBRASKA
NONMAJOR SPECIAL REVENUE FUNDS

Schedule C-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Economic Development</u>	<u>Keno</u>	<u>911 Surcharge</u>	<u>Storm Water Management</u>	<u>Total</u>
Revenues					
Sales tax	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000
Intergovernmental	-	-	-	34,124	34,124
Charges for services	-	-	74,005	-	74,005
Keno proceeds	-	109,558	-	-	109,558
Interest	34,536	-	-	-	34,536
Other revenue	113,826	-	-	-	113,826
Total Revenues	<u>398,362</u>	<u>109,558</u>	<u>74,005</u>	<u>34,124</u>	<u>616,049</u>
Expenditures					
General government	189,086	19,676	-	2,862	211,624
Public safety	-	-	50,718	-	50,718
Capital outlay	410,661	-	-	-	410,661
Total Expenditures	<u>599,747</u>	<u>19,676</u>	<u>50,718</u>	<u>2,862</u>	<u>673,003</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(201,385)	89,882	23,287	31,262	(56,954)
Other Financing Sources (Uses)					
Sale of Capital Assets	14,805	-	-	-	14,805
Transfers to Other Funds	-	(90,000)	(20,600)	-	(110,600)
Total Other Financing Sources (Uses)	<u>14,805</u>	<u>(90,000)</u>	<u>(20,600)</u>	<u>-</u>	<u>(95,795)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(186,580)	(118)	2,687	31,262	(152,749)
Fund Balances, Beginning of Year	<u>861,742</u>	<u>181,805</u>	<u>(8,651)</u>	<u>-</u>	<u>1,034,896</u>
Fund Balances, End of Year	<u>\$ 675,162</u>	<u>\$181,687</u>	<u>\$ (5,964)</u>	<u>\$ 31,262</u>	<u>\$ 882,147</u>

**CITY OF BEATRICE, NEBRASKA
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2007**

Schedule C-3

	Water Park	Bonded Districts	Total
Assets			
Cash and investments	\$ 37,594	\$ 9,451	\$ 47,045
Cash on deposit - County Treasurer	26,981	-	26,981
Accounts receivable	11,855	-	11,855
Interest receivable	-	3,888	3,888
Assessments receivable	-	15,811	15,811
In-lieu-of assessments	-	10,105	10,105
Due from other funds	-	123,039	123,039
Total Assets	<u>\$ 76,430</u>	<u>\$ 162,294</u>	<u>\$ 238,724</u>
Liabilities and Fund Balance			
Liabilities			
Deferred Revenue	\$ 7,990	\$ 13,631	\$ 21,621
Fund Balance			
Reserved for:			
Debt Service	<u>68,440</u>	<u>148,663</u>	<u>217,103</u>
Total Liabilities and Fund Balance	<u>\$ 76,430</u>	<u>\$ 162,294</u>	<u>\$ 238,724</u>

CITY OF BEATRICE, NEBRASKA
NONMAJOR DEBT SERVICE FUNDS

Schedule C-4

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Water Park	Bonded Districts	Total
Revenues			
Taxes	\$ 135,488	\$ 41,359	\$ 176,847
Intergovernmental	803	-	803
Special assessments	-	8,111	8,111
Interest on special assessments	-	1,700	1,700
Total Revenues	<u>136,291</u>	<u>51,170</u>	<u>187,461</u>
Expenditures			
Debt Service:			
Interest	23,115	5,830	28,945
Principal	110,000	55,000	165,000
Total Expenditures	<u>133,115</u>	<u>60,830</u>	<u>193,945</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,176	(9,660)	(6,484)
Fund Balances, Beginning of Year	<u>65,264</u>	<u>158,323</u>	<u>223,587</u>
Fund Balances, End of Year	<u><u>\$ 68,440</u></u>	<u><u>\$ 148,663</u></u>	<u><u>\$ 217,103</u></u>

**CITY OF BEATRICE, NEBRASKA
GENERAL FUND
COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2007
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006**

Schedule D-1

	<u>2007</u>	<u>2006</u>
Assets		
Unrestricted cash	\$ 337,081	\$ 19,378
Restricted cash	44,626	50,450
Investments	770,000	660,000
Cash on deposit - County Treasurer	208,518	185,848
Accounts receivable (net)	499,912	418,411
Taxes receivable	85,375	76,933
Due from other Funds	<u>115,000</u>	<u>365,000</u>
Total Assets	<u><u>\$ 2,060,512</u></u>	<u><u>\$ 1,776,020</u></u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 60,900	\$ 24,304
Deferred revenues	<u>57,655</u>	<u>44,521</u>
Total Liabilities	118,555	68,825
Fund Balance		
Unreserved:		
Designated for subsequent years' expenditures	491,000	445,000
Undesignated	<u>1,450,957</u>	<u>1,262,195</u>
Total Fund Balance	<u><u>1,941,957</u></u>	<u><u>1,707,195</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 2,060,512</u></u>	<u><u>\$ 1,776,020</u></u>

CITY OF BEATRICE, NEBRASKA

Schedule D-2

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,**

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2006 Totals
Revenues					
Taxes	\$ 3,862,323	\$ 3,862,323	\$ 3,997,899	\$ 135,576	\$ 3,732,966
Licenses and permits	97,800	97,800	199,008	101,208	94,817
Intergovernmental	1,062,134	1,062,134	1,184,967	122,833	884,795
Charges for services	1,433,668	1,433,668	1,664,723	231,055	1,356,417
Miscellaneous	181,484	181,484	199,222	17,738	351,329
Total Revenues	<u>6,637,409</u>	<u>6,637,409</u>	<u>7,245,819</u>	<u>608,410</u>	<u>6,420,324</u>
Expenditures					
General government	876,110	1,112,858	1,022,521	90,337	768,412
Public safety	4,261,634	4,510,986	4,502,256	8,730	4,245,137
Culture and recreation	1,270,533	1,350,533	1,321,558	28,975	1,199,996
Total Expenditures	<u>6,408,277</u>	<u>6,974,377</u>	<u>6,846,335</u>	<u>128,042</u>	<u>6,213,545</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	229,132	(336,968)	399,484	736,452	206,779
Other Financing Sources (Uses)					
Transfers from Other Funds	30,927	30,927	20,600	(10,327)	26,000
Transfers to Other Funds	(224,059)	(224,059)	(185,322)	38,737	(268,364)
Total Other Financing Sources (Uses)	<u>(193,132)</u>	<u>(193,132)</u>	<u>(164,722)</u>	<u>28,410</u>	<u>(242,364)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 36,000</u>	<u>\$ (530,100)</u>	234,762	<u>\$ 764,862</u>	(35,585)
Fund Balance, Beginning of Year, as previously reported			1,707,195		1,600,902
Restatement of Fund Balance			-		141,878
Fund Balance, Beginning of Year, as restated			<u>1,707,195</u>		<u>1,742,780</u>
Fund Balance, End of Year			<u>\$ 1,941,957</u>		<u>\$ 1,707,195</u>

**CITY OF BEATRICE, NEBRASKA
GENERAL FUND**

Schedule D-3

**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP)
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	2007				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2006 Totals
General Government:					
Management and Budget:					
Personal Services	\$ 259,328	\$ 259,328	\$ 259,191	\$ 137	\$ 240,260
Supplies	4,500	4,500	2,895	1,605	3,881
Other Services and Charges	68,144	68,144	64,608	3,536	67,380
Capital Outlay	50,000	50,000	26,093	23,907	3,526
Contingency	165,570	325,570	263,707	61,863	185,690
Contractual Services	120,396	197,144	198,144	(1,000)	86,595
Total Management and Budget	<u>667,938</u>	<u>904,686</u>	<u>814,638</u>	<u>90,048</u>	<u>587,332</u>
Legal:					
Personal Services	-	-	112	(112)	60
Other Services and Charges	89,300	89,300	93,885	(4,585)	70,186
Total Legal	<u>89,300</u>	<u>89,300</u>	<u>93,997</u>	<u>(4,697)</u>	<u>70,246</u>
Inspection:					
Personal Services	109,502	109,502	99,556	9,946	102,989
Supplies	2,570	2,570	1,899	671	2,190
Other Services and Charges	6,800	6,800	12,431	(5,631)	4,660
Capital Outlay	-	-	-	-	995
Total Inspection	<u>118,872</u>	<u>118,872</u>	<u>113,886</u>	<u>4,986</u>	<u>110,834</u>
Total General Government	<u>876,110</u>	<u>1,112,858</u>	<u>1,022,521</u>	<u>90,337</u>	<u>768,412</u>
Public Safety					
Police:					
Personal Services	1,915,792	1,915,792	1,917,693	(1,901)	1,865,305
Supplies	69,461	69,461	66,275	3,186	58,733
Other Services and Charges	140,586	140,586	155,137	(14,551)	140,359
Capital Outlay	69,131	89,131	58,902	30,229	160,416
Contingencies	4,657	4,657	-	4,657	-
Total Police	<u>2,199,627</u>	<u>2,219,627</u>	<u>2,198,007</u>	<u>21,620</u>	<u>2,224,813</u>
Fire and Ambulance:					
Personal Services	1,589,980	1,645,532	1,633,355	12,177	1,552,276
Supplies	69,425	78,225	79,476	(1,251)	70,648
Other Services and Charges	385,639	550,639	576,241	(25,602)	373,375
Capital Outlay	11,200	11,200	9,414	1,786	18,403
Contractual Services	5,763	5,763	5,763	-	5,622
Total Fire	<u>2,062,007</u>	<u>2,291,359</u>	<u>2,304,249</u>	<u>(12,890)</u>	<u>2,020,324</u>
Total Public Safety	<u>4,261,634</u>	<u>4,510,986</u>	<u>4,502,256</u>	<u>8,730</u>	<u>4,245,137</u>

CITY OF BEATRICE, NEBRASKA
GENERAL FUND

Schedule D-3

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP), Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2006 Totals
Culture and Recreation					
Public Properties:					
Personal Services	568,753	568,753	562,107	6,646	542,847
Supplies	108,215	108,215	107,527	688	100,108
Other Services and Charges	96,670	96,670	94,507	2,163	86,877
Capital Outlay	19,175	19,175	14,583	4,592	17,981
Contingency	-	80,000	71,416	8,584	-
Contractual Services	22,600	22,600	21,550	1,050	11,200
Total Public Properties	<u>815,413</u>	<u>895,413</u>	<u>871,690</u>	<u>23,723</u>	<u>759,013</u>
Library:					
Personal Services	290,938	290,938	294,975	(4,037)	282,775
Supplies	8,495	8,495	7,703	792	9,620
Other Services and Charges	65,479	65,479	65,035	444	59,565
Capital Outlay	90,208	90,208	82,155	8,053	89,023
Total Library	<u>455,120</u>	<u>455,120</u>	<u>449,868</u>	<u>5,252</u>	<u>440,983</u>
Total Culture and Recreation	<u>1,270,533</u>	<u>1,350,533</u>	<u>1,321,558</u>	<u>28,975</u>	<u>1,199,996</u>
Total Expenditures	<u>\$6,408,277</u>	<u>\$6,974,377</u>	<u>\$6,846,335</u>	<u>\$ 128,042</u>	<u>\$6,213,545</u>

CITY OF BEATRICE, NEBRASKA
SUPPORTING SCHEDULE - GENERAL FUND REVENUES - BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007				2006
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Totals
Taxes:					
Property taxes	\$ 1,202,723	\$ 1,202,723	\$ 1,182,143	\$ (20,580)	\$ 1,111,985
Homestead exemption allocation	65,000	65,000	73,955	8,955	65,232
Interest on delinquent taxes	5,000	5,000	4,868	(132)	4,506
City sales tax	1,840,000	1,840,000	2,001,191	161,191	1,837,435
Utilities occupation tax	700,000	700,000	715,056	15,056	693,266
Beer and liquor occupation tax	17,000	17,000	17,916	916	17,480
Insurance company occupation tax	100	100	60	(40)	65
Miscellaneous occupation tax	32,500	32,500	2,710	(29,790)	2,997
	<u>3,862,323</u>	<u>3,862,323</u>	<u>3,997,899</u>	<u>135,576</u>	<u>3,732,966</u>
Licenses and Permits:					
Bicycle licenses	300	300	145	(155)	145
Dog licenses	4,500	4,500	4,201	(299)	4,059
Plumbers' licenses	1,000	1,000	685	(315)	1,245
Building permits	80,000	80,000	181,602	101,602	76,753
Plumbing permits	5,000	5,000	5,433	433	5,379
Mechanical permits	2,000	2,000	1,791	(209)	1,426
Miscellaneous permits	5,000	5,000	5,151	151	5,810
	<u>97,800</u>	<u>97,800</u>	<u>199,008</u>	<u>101,208</u>	<u>94,817</u>
Intergovernmental:					
County library aid	18,804	18,804	20,893	2,089	18,804
Motor vehicle tax	196,000	196,000	215,719	19,719	209,810
County ambulance aid	144,962	144,962	144,962	-	141,426
Interlocal 911 dispatch aid	60,090	60,090	60,090	-	55,067
Governmental sub/state aid	110,639	110,639	110,628	(11)	110,674
Victim assist. coordinator/OJT	38,000	38,000	39,964	1,964	38,000
Local match - SEADE	37,142	37,142	37,053	(89)	36,414
Library grants	2,000	2,000	1,000	(1,000)	2,465
Prorate motor vehicle tax	4,800	4,800	5,878	1,078	5,291
State library aid	2,461	2,461	3,318	857	2,325
Municipal equilization funds	218,098	218,098	222,035	3,937	127,000
Federal Crime Commission	116,983	116,983	97,130	(19,853)	91,900
Federal grant - FEMA	25,350	25,350	56,313	30,963	-
Housing grant	-	-	76,748	76,748	-
Other intergovernmental	67,829	67,829	66,363	(1,466)	45,619
Federal law enforcement grant	18,976	18,976	26,873	7,897	-
	<u>1,062,134</u>	<u>1,062,134</u>	<u>1,184,967</u>	<u>122,833</u>	<u>884,795</u>
Charges for Services:					
Publication cost income	1,500	1,500	425	(1,075)	1,561
Management and budget					
miscellaneous charges	3,000	3,000	1,355	(1,645)	1,407
Accounting Services	11,200	11,200	11,426	226	10,912
BASWA management services	16,000	16,000	16,000	-	16,000
Legal services	35,000	35,000	35,183	183	32,213
Legal miscellaneous charges	100	100	52	(48)	977
Restitution - fees and damages	2,000	2,000	1,030	(970)	-
Inspection miscellaneous charges	1,200	1,200	676	(524)	615
Police charges	2,500	2,500	2,327	(173)	2,328

CITY OF BEATRICE, NEBRASKA
SUPPORTING SCHEDULE - GENERAL FUND REVENUES -
BUDGET (GAAP) AND ACTUAL, Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007			Variance Favorable (Unfavorable)	2006 Totals
	Original Budget	Final Budget	Actual		
Charges for Services, continued:					
Fire charges	21,000	21,000	21,431	431	21,080
Hazardous materials cleanup	2,000	2,000	176	(1,824)	4,169
Fire inspections	2,000	2,000	2,343	343	1,442
Ambulance charges	1,063,500	1,063,500	1,277,349	213,849	956,705
Public safety miscellaneous charges	11,900	11,900	20,415	8,515	56,590
Auditorium use fee	7,000	7,000	5,853	(1,147)	7,236
Water Park admissions	87,000	87,000	90,059	3,059	85,892
Camping receipts	25,000	25,000	43,029	18,029	24,473
Water Park concessions and sales	37,000	37,000	31,970	(5,030)	31,237
Public properties miscellaneous charges	8,000	8,000	7,663	(337)	8,663
Park building use fees	1,000	1,000	1,251	251	897
BASWA administration charges	72,055	72,055	72,055	-	70,298
BASWA facility maintenance	5,653	5,653	5,653	-	5,515
Library use fees	10,500	10,500	9,157	(1,343)	9,305
Library copying fees	3,200	3,200	3,038	(162)	2,954
Library miscellaneous charges	500	500	451	(49)	412
NHC Program Grant	300	300	-	(300)	222
Interlibrary loan revenue	360	360	376	16	346
Parking fines and rents	3,200	3,200	3,980	780	2,968
	<u>1,433,668</u>	<u>1,433,668</u>	<u>1,664,723</u>	<u>231,055</u>	<u>1,356,417</u>
Miscellaneous:					
Interest earnings	70,000	70,000	75,268	5,268	70,834
Reimbursements	2,000	2,000	36,740	34,740	-
Donations - Beatrice Program Plus	6,000	6,000	5,260	(740)	5,325
Police donations	20,484	20,484	7,173	(13,311)	181,795
Fire donations	1,500	1,500	1,432	(68)	3,695
Public properties donations -					
Water Park	2,500	2,500	1,000	(1,500)	5,315
Parks donations	4,000	4,000	2,900	(1,100)	6,026
Library donations	5,000	5,000	8,873	3,873	8,654
Library donations/foundation	31,000	31,000	23,527	(7,473)	31,585
Lease Income - BASWA	34,000	34,000	34,000	-	34,000
Sales of capital assets	5,000	5,000	3,049	(1,951)	4,100
	<u>181,484</u>	<u>181,484</u>	<u>199,222</u>	<u>17,738</u>	<u>351,329</u>
Total Revenues	<u>\$ 6,637,409</u>	<u>\$ 6,637,409</u>	<u>\$ 7,245,819</u>	<u>\$ 608,410</u>	<u>\$ 6,420,324</u>

CITY OF BEATRICE, NEBRASKA
STREETS SPECIAL REVENUE FUND
BALANCE SHEET
SEPTEMBER 30, 2007,

Schedule E-1

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash	\$ 337,970	\$ 17,078
Accounts Receivable	<u>414,334</u>	<u>45,648</u>
Total Assets	<u><u>\$ 752,304</u></u>	<u><u>\$ 62,726</u></u>
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	\$ 546,559	\$ 18,242
Due to Other Funds	<u>201,068</u>	<u>208,032</u>
Total Liabilities	<u><u>747,627</u></u>	<u><u>226,274</u></u>
Fund Balance		
Unreserved		
Undesignated	<u>4,677</u>	<u>(163,548)</u>
Total Fund Balance	<u><u>4,677</u></u>	<u><u>(163,548)</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 752,304</u></u>	<u><u>\$ 62,726</u></u>

CITY OF BEATRICE, NEBRASKA
STREETS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

Schedule E-2

	2007				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2006 Totals
Revenues					
Taxes:					
Sales Tax	\$ 530,000	\$ 530,000	\$ 562,782	\$ 32,782	\$ 521,859
Intergovernmental:					
Local Shared Revenue	17,500	17,500	-	(17,500)	-
State Shared Revenue	1,446,904	1,446,904	1,470,262	23,358	1,055,633
Total Intergovernmental	1,464,404	1,464,404	1,470,262	5,858	1,055,633
Charges for Services	22,950	22,950	34,318	11,368	37,492
In-kind Contributions	-	-	65,599	65,599	203,127
	<u>22,950</u>	<u>22,950</u>	<u>99,917</u>	<u>76,967</u>	<u>240,619</u>
Total Revenues	2,017,354	2,017,354	2,132,961	115,607	1,818,111
Expenditures					
Personal Services:					
Salaries	396,514	452,514	451,582	932	423,725
Social Security	30,000	30,000	29,365	635	28,385
Retirement	20,000	20,000	18,112	1,888	16,781
Health and Life Insurance	120,102	120,102	122,498	(2,396)	118,426
Workmen's Compensation	37,500	37,500	37,500	-	35,700
Total Personal Services	604,116	660,116	659,057	1,059	623,017
Supplies:					
Operating Supplies	73,000	73,000	56,050	16,950	70,942
Repairs and Maintenance Supplies	107,000	107,000	147,243	(40,243)	118,554
Total Supplies	180,000	180,000	203,293	(23,293)	189,496
Other Services and Charges:					
Insurance	22,150	22,150	24,182	(2,032)	21,306
Engineering Services	12,900	12,900	1,906	10,994	2,460
Utilities	1,500	1,500	1,715	(215)	1,715
Maintenance and Repairs	16,800	16,800	33,554	(16,754)	21,528
Rentals	35,800	35,800	38,849	(3,049)	33,797
Training and Transportation	1,700	1,700	1,953	(253)	1,580
Communications	2,000	2,000	3,029	(1,029)	2,497
Miscellaneous	2,570	2,570	526	2,044	611
Total Other Services and Charges	95,420	95,420	105,714	(10,294)	85,494

**CITY OF BEATRICE, NEBRASKA
STREETS SPECIAL REVENUE FUND**

Schedule E-2

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL, Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	2007				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2006 Totals
Improvements Other Than Buildings	964,500	964,500	867,195	97,305	968,631
Machinery and Equipment	118,900	118,900	111,441	7,459	38,314
Total Capital Outlay	<u>1,083,400</u>	<u>1,083,400</u>	<u>978,636</u>	<u>104,764</u>	<u>1,006,945</u>
Total Expenditures	<u>1,962,936</u>	<u>2,018,936</u>	<u>1,946,700</u>	<u>72,236</u>	<u>1,904,952</u>
Excess (Deficiency) of Revenues Over Expenditures	54,418	(1,582)	186,261	187,843	(86,841)
Other Financing Uses					
Transfers to Other Funds	<u>(25,000)</u>	<u>(25,000)</u>	<u>(18,036)</u>	<u>6,964</u>	<u>-</u>
Total Other Financing Uses	<u>(25,000)</u>	<u>(25,000)</u>	<u>(18,036)</u>	<u>6,964</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	<u>\$ 29,418</u>	<u>\$ (26,582)</u>	168,225	<u>\$ 194,807</u>	(86,841)
Fund Balance, Beginning of Year, as previously reported			(163,548)		(99,807)
Restatement of Fund Balance			<u>-</u>		<u>23,100</u>
Fund Balance, Beginning of Year, as restated			<u>(163,548)</u>		<u>(76,707)</u>
Fund Balance, End of Year			<u>\$ 4,677</u>		<u>\$ (163,548)</u>

CITY OF BEATRICE, NEBRASKA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
BALANCE SHEET
SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash and Investments	<u>\$ 675,162</u>	<u>\$ 861,742</u>
Total Assets	<u><u>\$ 675,162</u></u>	<u><u>\$ 861,742</u></u>
 Liabilities and Fund Balance		
Liabilities	\$ -	\$ -
Fund Balance		
Reserved for Economic Development	<u>675,162</u>	<u>861,742</u>
Total Fund Balance	<u>675,162</u>	<u>861,742</u>
Total Liabilities and Fund Balance	<u><u>\$ 675,162</u></u>	<u><u>\$ 861,742</u></u>

CITY OF BEATRICE, NEBRASKA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

Schedule E-4

	2007				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2006 Totals
Revenues					
Sales Tax	\$ 250,000	\$ 250,000	\$ 250,000	\$ -	\$ 250,000
Interest Earnings	30,000	30,000	34,536	4,536	39,476
Loans/Rents Revenue	7,000	7,000	6,471	(529)	7,191
Other Revenue	-	-	107,355	107,355	-
Total Revenues	<u>287,000</u>	<u>287,000</u>	<u>398,362</u>	<u>111,362</u>	<u>296,667</u>
Expenditures					
Economic Development	330,144	330,144	180,000	150,144	164,606
Capital Outlay	2,187,500	2,187,500	410,661	1,776,839	150,600
Other Expenditures	-	-	9,086	(9,086)	-
Debt Service:					
Loan Principal	250,000	250,000	-	250,000	-
Interest	-	-	-	-	-
Total Expenditures	<u>2,767,644</u>	<u>2,767,644</u>	<u>599,747</u>	<u>2,167,897</u>	<u>315,206</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,480,644)	(2,480,644)	(201,385)	2,279,259	(18,539)
Other Financing Sources					
Sale of Capital Assets	25,000	25,000	14,805	(10,195)	35,000
Bond Proceeds	1,500,000	1,500,000	-	(1,500,000)	-
Total Other Financing Sources	<u>1,525,000</u>	<u>1,525,000</u>	<u>14,805</u>	<u>(1,510,195)</u>	<u>35,000</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (955,644)</u>	<u>\$ (955,644)</u>	<u>(186,580)</u>	<u>\$ 769,064</u>	<u>16,461</u>
Fund Balance, Beginning of Year			<u>861,742</u>		<u>845,281</u>
Fund Balance, End of Year			<u>\$ 675,162</u>		<u>\$ 861,742</u>

CITY OF BEATRICE, NEBRASKA Schedule E-5
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
BALANCE SHEET
SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash	\$ 620,277	\$ 475,314
Loans Receivable	<u>1,689,429</u>	<u>1,841,175</u>
Total Assets	<u><u>\$ 2,309,706</u></u>	<u><u>\$ 2,316,489</u></u>
Liabilities and Fund Balance		
Liabilities		
Registered Warrents Payable	<u>\$ -</u>	<u>\$ 1,800</u>
Total Liabilities	<u>-</u>	<u>1,800</u>
Fund Balance		
Restricted for Revolving Loan Fund	2,305,147	2,316,008
Unreserved	<u>4,559</u>	<u>(1,319)</u>
Total Fund Balance	<u><u>2,309,706</u></u>	<u><u>2,314,689</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 2,309,706</u></u>	<u><u>\$ 2,316,489</u></u>

CITY OF BEATRICE, NEBRASKA
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007				2006
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Totals
Revenues					
Grants	\$ 565,000	\$ 565,000	\$ 64,213	\$ (500,787)	\$ 450
Interest Earnings	15,000	15,000	20,667	5,667	15,571
Miscellaneous Revenue	-	-	3,500	3,500	-
Loan Payments - principal	154,163	154,163	-	(154,163)	-
Loan Payments - interest	18,364	18,364	18,485	121	23,206
Total Revenues	<u>752,527</u>	<u>752,527</u>	<u>106,865</u>	<u>(645,662)</u>	<u>39,227</u>
Expenditures					
Administration	5,000	5,000	695	4,305	232
Professional Services	1,800	1,800	4,695	(2,895)	1,800
Grant Repayments	50,000	50,000	50,000	-	50,000
Reuse Loans	1,113,741	1,113,741	-	1,113,741	25,000
Loan Forgiveness	-	-	-	-	321,875
Demolition Expense	-	-	8,458	(8,458)	-
Capital Outlay	58,200	58,200	48,000	10,200	-
Total Expenditures	<u>1,228,741</u>	<u>1,228,741</u>	<u>111,848</u>	<u>1,116,893</u>	<u>398,907</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (476,214)</u>	<u>\$ (476,214)</u>	<u>(4,983)</u>	<u>\$ 471,231</u>	<u>(359,680)</u>
Fund Balance, Beginning of Year,			<u>2,314,689</u>		<u>2,674,369</u>
Fund Balance, End of Year			<u>\$ 2,309,706</u>		<u>\$ 2,314,689</u>

CITY OF BEATRICE, NEBRASKA
 KENO/LOTTERY SPECIAL REVENUE FUND
 BALANCE SHEET
 SEPTEMBER 30, 2007,
 WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash and Investments	<u>\$ 181,687</u>	<u>\$ 181,805</u>
Total Assets	<u><u>\$ 181,687</u></u>	<u><u>\$ 181,805</u></u>
 Liabilities and Fund Balance		
Liabilities	\$ -	\$ -
Fund Balance		
Unreserved	<u>181,687</u>	<u>181,805</u>
Total Fund Balance	<u><u>181,687</u></u>	<u><u>181,805</u></u>
 Total Liabilities and Fund Balance	<u><u>\$ 181,687</u></u>	<u><u>\$ 181,805</u></u>

CITY OF BEATRICE, NEBRASKA
KENO/LOTTERY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007			Variance Favorable (Unfavorable)	2006 Totals
	Original Budget	Final Budget	Actual		
Revenues					
Keno/Lottery Proceeds	\$108,000	\$108,000	\$109,558	\$ 1,558	\$ 93,706
Expenditures					
Other Services and Charges	20,700	20,700	19,676	1,024	17,584
Excess of Revenues Over Expenditures	87,300	87,300	89,882	2,582	76,122
Other Financing Sources (Uses)					
Transfers to Other Funds	(112,078)	(112,078)	(90,000)	22,078	(92,636)
Total Other Financing Sources (Uses)	(112,078)	(112,078)	(90,000)	22,078	(92,636)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$(24,778)</u>	<u>\$(24,778)</u>	(118)	<u>\$ 24,660</u>	(16,514)
Fund Balance, Beginning of Year			181,805		198,319
Fund Balance, End of Year			<u>\$181,687</u>		<u>\$181,805</u>

CITY OF BEATRICE, NEBRASKA
911 SURCHARGE SPECIAL REVENUE FUND
BALANCE SHEET
SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash	\$ 264	\$ (495)
Total Assets	<u>\$ 264</u>	<u>\$ (495)</u>
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	\$ -	\$ -
Accrued Interest Payable	6,228	8,156
Total Liabilities	<u>6,228</u>	<u>8,156</u>
Fund Balance		
Unreserved	<u>(5,964)</u>	<u>(8,651)</u>
Total Liabilities and Fund Balance	<u>\$ 264</u>	<u>\$ (495)</u>

CITY OF BEATRICE, NEBRASKA
911 SURCHARGE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2006 Totals
Revenues					
911 Service Surcharge	\$83,050	\$83,050	\$ 74,005	\$ (9,045)	\$ 67,282
Expenditures					
Lease Payments	52,646	52,646	50,718	1,928	60,802
Excess (Deficiency) of Revenues Over Expenditures	30,404	30,404	23,287	(7,117)	6,480
Other Financing Sources (Uses)					
Transfers to Other Funds	(30,927)	(30,927)	(20,600)	10,327	(26,000)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (523)</u>	<u>\$ (523)</u>	2,687	<u>\$ 3,210</u>	(19,520)
Fund Balance, Beginning of Year			<u>(8,651)</u>		<u>10,869</u>
Fund Balance, End of Year			<u>\$ (5,964)</u>		<u>\$ (8,651)</u>

CITY OF BEATRICE, NEBRASKA
 STORM WATER MANAGEMENT PLAN SPECIAL REVENUE FUND
 BALANCE SHEET
 SEPTEMBER 30, 2007,
 WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash	\$ 31,262	\$ -
Total Assets	<u>\$ 31,262</u>	<u>\$ -</u>
Liabilities and Fund Balance		
Liabilities	\$ -	\$ -
Fund Balance		
Reserved for Storm Water Management Plan	<u>31,262</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 31,262</u>	<u>\$ -</u>

CITY OF BEATRICE, NEBRASKA
STORM WATER MANAGEMENT PLAN SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007			Variance Favorable (Unfavorable)	2006 Totals
	Original Budget	Final Budget	Actual		
Revenues					
Intergovernmental	\$ -	\$ -	\$ 34,124	\$ 34,124	\$ -
Expenditures					
Other Services and Charges	-	4,000	2,862	1,138	-
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ (4,000)</u>	31,262	<u>\$ 35,262</u>	-
Fund Balance, Beginning of Year			<u>-</u>		<u>-</u>
Fund Balance, End of Year			<u>\$ 31,262</u>		<u>\$ -</u>

**CITY OF BEATRICE, NEBRASKA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006**

	2007				2006
	Water Park	Bonded Districts	Unbonded Assessments	Total	Totals
Assets					
Cash	\$37,594	\$ 9,451	\$ 17,710	\$ 64,755	\$108,845
Cash on Deposit - County Treasurer	26,981	-	-	26,981	23,021
Accounts Receivable	11,855	-	-	11,855	8,910
Assessments Receivable:					
Current	-	5,585	45,998	51,583	35,725
Delinquent (Note 11)	-	6,700	21,799	28,499	11,991
Deferred	-	3,526	245,570	249,096	200,847
Accrued Interest Receivable	-	3,888	14,419	18,307	12,223
In-Lieu-of Assessments	-	10,105	-	10,105	11,669
Due from Street Fund	-	123,039	78,029	201,068	208,032
Total Assets	<u>\$76,430</u>	<u>\$162,294</u>	<u>\$423,525</u>	<u>\$662,249</u>	<u>\$621,263</u>
Liabilities and Fund Balance					
Liabilities					
Accrued Interest Payable	\$ -	\$ -	\$ 38,991	\$ 38,991	\$ 34,514
Registered Warrants Payable	-	-	374,022	374,022	328,127
Deferred Revenues	7,990	13,631	245,570	267,191	218,706
Total Liabilities	<u>7,990</u>	<u>13,631</u>	<u>658,583</u>	<u>680,204</u>	<u>581,347</u>
Fund Balance					
Reserved for Debt Service	68,440	148,663	-	217,103	223,587
Unreserved	-	-	(235,058)	(235,058)	(183,671)
Total Fund Balance (Deficit)	<u>68,440</u>	<u>148,663</u>	<u>(235,058)</u>	<u>(17,955)</u>	<u>39,916</u>
Total Liabilities and Fund Balance	<u>\$76,430</u>	<u>\$162,294</u>	<u>\$423,525</u>	<u>\$662,249</u>	<u>\$621,263</u>

CITY OF BEATRICE, NEBRASKA

DEBT SERVICE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006**

	2007				2006
	Water Park	Bonded Districts	Unbonded Assessments	Total	Totals
Revenues					
Property Taxes	\$ 135,488	\$ 41,359	\$ -	\$ 176,847	\$ 163,958
Intergovernmental Revenues	803	-	-	803	703
Special Assessments	-	8,111	95,681	103,792	159,761
Interest on Assessments	-	1,700	16,579	18,279	12,393
Total Revenues	<u>136,291</u>	<u>51,170</u>	<u>112,260</u>	<u>299,721</u>	<u>336,815</u>
Expenditures					
Capital Projects:					
Improvements	-	-	159,271	159,271	166,642
Interest on Registered Warrants	-	-	22,412	22,412	20,289
Debt Service:					
Interest	23,115	5,830	-	28,945	33,102
Principal	110,000	55,000	-	165,000	150,000
Total Expenditures	<u>133,115</u>	<u>60,830</u>	<u>181,683</u>	<u>375,628</u>	<u>370,033</u>
Excess (Deficiency) of Revenues Over Expenditures	3,176	(9,660)	(69,423)	(75,907)	(33,218)
Other Financing Sources (Uses)					
Transfers from Other Funds	-	-	18,036	18,036	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>18,036</u>	<u>18,036</u>	<u>-</u>
(Excess) Deficiency of Revenues and Other Sources Over Expenditures and Other Uses	3,176	(9,660)	(51,387)	(57,871)	(33,218)
Fund Balances (Deficit), Beginning of Year	<u>65,264</u>	<u>158,323</u>	<u>(183,671)</u>	<u>39,916</u>	<u>73,134</u>
Fund Balances (Deficit), End of Year	<u>\$ 68,440</u>	<u>\$ 148,663</u>	<u>\$ (235,058)</u>	<u>\$ (17,955)</u>	<u>\$ 39,916</u>

CITY OF BEATRICE, NEBRASKA
WATER PARK DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007			Variance Favorable (Unfavorable)	2006 Totals
	Original Budget	Final Budget	Actual		
Revenues					
Property Taxes	\$132,465	\$132,465	\$134,343	\$ 1,878	\$134,939
Intergovernmental Revenue	650	650	803	153	703
Total Revenues	<u>133,115</u>	<u>133,115</u>	<u>135,146</u>	<u>2,031</u>	<u>135,642</u>
Expenditures					
Debt Service:					
Principal	110,000	110,000	110,000	-	105,000
Interest	23,115	23,115	23,115	-	25,967
Total Expenditures	<u>133,115</u>	<u>133,115</u>	<u>133,115</u>	<u>-</u>	<u>130,967</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,031</u>	<u>\$ 2,031</u>	<u>\$ 4,675</u>

CITY OF BEATRICE, NEBRASKA
BONDED DISTRICTS DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007			Variance Favorable (Unfavorable)	2006 Totals
	Original Budget	Final Budget	Actual		
Revenues					
Property Taxes	\$ 45,000	\$ 45,000	\$ 41,359	\$ (3,641)	\$ 26,299
Special Assessments	8,000	8,000	7,689	(311)	4,469
Interest on Assessments	2,000	2,000	1,289	(711)	1,040
Total Revenues	<u>55,000</u>	<u>55,000</u>	<u>50,337</u>	<u>(4,663)</u>	<u>31,808</u>
Expenditures					
Bond Principal Payments	55,000	55,000	55,000	-	45,000
Interest on Registered Warrants	5,830	5,830	5,830	-	7,135
Total Expenditures	<u>60,830</u>	<u>60,830</u>	<u>60,830</u>	<u>-</u>	<u>52,135</u>
Deficiency of Revenues Over Expenditures	<u>\$ (5,830)</u>	<u>\$ (5,830)</u>	<u>\$ (10,493)</u>	<u>\$ (4,663)</u>	<u>\$ (20,327)</u>

CITY OF BEATRICE, NEBRASKA
 UNBONDED DISTRICTS DEBT SERVICE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET (NON-GAAP) AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2007,
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

Schedule F-5

	2007				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2006 Totals
Revenues					
Special Assessments	\$ 37,834	\$ 37,834	\$ 63,737	\$ 25,903	\$ 138,118
Interest on Assessments	17,435	17,435	10,906	(6,529)	8,924
Proceeds from Registered Warrants	-	-	159,271	159,271	294,889
Total Revenues	<u>55,269</u>	<u>55,269</u>	<u>233,914</u>	<u>178,645</u>	<u>441,931</u>
Expenditures					
Capital Projects					
Interest on Registered Warrants	9,250	18,250	17,935	315	9,818
Principal on Registered Warrants	85,300	114,300	113,376	924	174,452
Improvements	-	160,000	159,271	729	294,890
Total Expenditures	<u>94,550</u>	<u>292,550</u>	<u>290,582</u>	<u>1,968</u>	<u>479,160</u>
Excess (Deficiency) of Revenues Over Expenditures	(39,281)	(237,281)	(56,668)	180,613	(37,229)
Other Financing Sources (Uses)					
Transfers from Other Funds	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (14,281)</u>	<u>\$ (212,281)</u>	<u>\$ (31,668)</u>	<u>\$180,613</u>	<u>\$ (37,229)</u>

**CITY OF BEATRICE, NEBRASKA
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2007,**

Schedule G-1

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	2007			2006
	Library Capital Improvements	Capital Improvements	Total	Totals
Assets				
Cash	\$ -	\$ (142,320)	\$(142,320)	\$ 95,649
Restricted:				
Cash	-	266,131	266,131	235,366
Investments	96,835	-	96,835	97,106
Accounts Receivable	-	320,114	320,114	11,341
Total Assets	<u>\$ 96,835</u>	<u>\$ 443,925</u>	<u>\$ 540,760</u>	<u>\$ 439,462</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ -	\$ 174,332	\$ 174,332	72,191
Total Liabilities	-	174,332	174,332	72,191
Fund Balances				
Reserved for Library Capital Improvement	96,835	-	96,835	97,106
Reserved for Public Safety Equipment	-	266,131	266,131	235,366
Undesignated	-	3,462	3,462	34,799
Total Fund Balances	<u>96,835</u>	<u>269,593</u>	<u>366,428</u>	<u>367,271</u>
Total Liabilities and Fund Balances	<u>\$ 96,835</u>	<u>\$ 443,925</u>	<u>\$ 540,760</u>	<u>\$ 439,462</u>

CITY OF BEATRICE, NEBRASKA
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	2007			2006
	Library Capital Improvements	Capital Improvements	Total	Totals
Revenues				
Intergovernmental	\$ -	\$ 703,454	\$ 703,454	229,605
Donations and Miscellaneous Revenue	-	82,615	82,615	22,500
Loan proceeds	-	216,263	216,263	-
Interest	3,509	-	3,509	3,023
Total Revenues	<u>3,509</u>	<u>1,002,332</u>	<u>1,005,841</u>	<u>255,128</u>
Expenditures				
Capital Projects	3,780	1,155,319	1,159,099	427,728
MFO Payments - Other Entities	-	122,907	122,907	122,576
Total Expenditures	<u>3,780</u>	<u>1,278,226</u>	<u>1,282,006</u>	<u>550,304</u>
Excess (Deficiency) of Revenues Over Expenditures	(271)	(275,894)	(276,165)	(295,176)
Other Financing Sources (Uses)				
Transfers from Other Funds	-	275,322	275,322	361,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>275,322</u>	<u>275,322</u>	<u>361,000</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(271)	(572)	(843)	65,824
Fund Balances, Beginning of Year	<u>97,106</u>	<u>270,165</u>	<u>367,271</u>	<u>301,447</u>
Fund Balances, End of Year	<u>\$ 96,835</u>	<u>\$ 269,593</u>	<u>\$ 366,428</u>	<u>\$ 367,271</u>

CITY OF BEATRICE, NEBRASKA
 LIBRARY CAPITAL IMPROVEMENTS FUND
 CAPITAL PROJECTS FUND
 BALANCE SHEET
 SEPTEMBER 30, 2007,
 WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash	\$ -	\$ -
Restricted:		
Investments	<u>96,835</u>	<u>97,106</u>
Total Assets	<u><u>\$96,835</u></u>	<u><u>\$97,106</u></u>
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	\$ -	\$ -
Fund Balance		
Reserved for Library Capital Improvement	<u>96,835</u>	<u>97,106</u>
Total Liabilities and Fund Balance	<u><u>\$96,835</u></u>	<u><u>\$97,106</u></u>

CITY OF BEATRICE, NEBRASKA
LIBRARY CAPITAL IMPROVEMENTS FUND
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007			Variance Favorable (Unfavorable)	2006 Totals
	Original Budget	Final Budget	Actual		
Revenues					
Interest	\$ 2,500	\$ 2,500	\$ 3,509	\$ 1,009	\$ 3,023
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>3,509</u>	<u>1,009</u>	<u>3,023</u>
Expenditures					
Repairs and Maintenance	-	2,088	2,088	-	-
Capital Outlay	<u>4,376</u>	<u>4,376</u>	<u>1,692</u>	<u>2,684</u>	<u>-</u>
Total Expenditures	<u>4,376</u>	<u>6,464</u>	<u>3,780</u>	<u>2,684</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,876)</u>	<u>\$ (3,964)</u>	(271)	<u>\$ 3,693</u>	3,023
Fund Balance, Beginning of Year			<u>97,106</u>		<u>94,083</u>
Fund Balance, End of Year			<u>\$96,835</u>		<u>\$97,106</u>

CITY OF BEATRICE, NEBRASKA
CAPITAL IMPROVEMENTS FUND
CAPITAL PROJECTS FUND
BALANCE SHEET
SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash	\$(142,320)	\$ 95,649
Restricted:		
Cash	266,131	235,366
Accounts Receivable	<u>320,114</u>	<u>11,341</u>
Total Assets	<u><u>\$ 443,925</u></u>	<u><u>\$342,356</u></u>
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	\$ 174,332	\$ 72,191
Fund Balance		
Reserved for Public Safety Equipment	266,131	235,366
Unreserved	<u>3,462</u>	<u>34,799</u>
Total Fund Balance	<u><u>269,593</u></u>	<u><u>270,165</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 443,925</u></u>	<u><u>\$342,356</u></u>

CITY OF BEATRICE, NEBRASKA
CAPITAL IMPROVEMENTS FUND
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2006 Totals
Revenues					
Donations and Miscellaneous Revenue	\$ 51,316	\$ 51,316	\$ 82,615	\$ 31,299	\$ 22,500
Loan proceeds	170,000	170,000	216,263	46,263	-
Intergovernmental	718,900	718,900	703,454	(15,446)	229,605
Total Revenues	<u>940,216</u>	<u>940,216</u>	<u>1,002,332</u>	<u>62,116</u>	<u>252,105</u>
Expenditures - Capital Projects					
Park Equipment and Improvements	95,450	163,450	137,917	25,533	75,824
Beatrice Plus	8,379	8,379	-	8,379	11,739
Building Inspection Equipment	-	-	-	-	20,924
Municipal Auditorium Renovation	-	-	-	-	18,065
Building Improvements	302,600	363,600	340,149	23,451	8,876
Police Equipment and Facilities Improvements	31,362	31,362	29,680	1,682	46,031
Fire and Rescue Equipment	369,126	369,126	95,326	273,800	171,550
Trails	543,349	543,349	488,133	55,216	29,780
Senior Center Parking Lot	16,000	16,000	14,036	1,964	-
Library Equipment and Facilities	13,632	13,632	20,492	(6,860)	360
Computer Equipment	29,650	29,650	29,586	64	44,579
MFO Payments - Other Entities	122,576	122,576	122,907	(331)	122,576
Total Expenditures - Capital Projects	<u>1,532,124</u>	<u>1,661,124</u>	<u>1,278,226</u>	<u>382,898</u>	<u>550,304</u>
Excess (Deficiency) of Revenues Over Expenditures	(591,908)	(720,908)	(275,894)	445,014	(298,199)
Other Financing Sources (Uses)					
Transfers from Other Funds	336,137	336,137	275,322	(60,815)	361,000
Total Other Financing Sources (Uses)	<u>336,137</u>	<u>336,137</u>	<u>275,322</u>	<u>(60,815)</u>	<u>361,000</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (255,771)</u>	<u>\$ (384,771)</u>	(572)	<u>\$ 384,199</u>	62,801
Fund Balance, Beginning of Year			<u>270,165</u>		<u>207,364</u>
Fund Balance, End of Year			<u>\$ 269,593</u>		<u>\$ 270,165</u>

**CITY OF BEATRICE, NEBRASKA
ELECTRIC ENTERPRISE FUND
BALANCE SHEET
SEPTEMBER 30, 2007,**

Schedule H-1

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	2007	2006
Assets		
Current Assets		
Cash	\$ 550,028	\$ 517,803
Accounts Receivable (Net)	868,902	752,879
Unbilled and Accrued Revenues	432,662	372,171
Materials and Supplies Inventories	512,631	434,518
Prepaid Expenses	8,854	7,250
Current Portion of CRA Bonds Receivable	185,000	180,000
Interest Receivable	3,789	4,500
Total Current Assets	<u>2,561,866</u>	<u>2,269,121</u>
Noncurrent Assets		
Restricted Cash		
Employee Benefits	13,263	26,150
Debt Service Reserve Account	170,999	167,071
Restricted Investments		
Customer Deposits	143,845	111,180
Total Restricted Cash and Investments	<u>328,107</u>	<u>304,401</u>
Property, Plant, and Equipment		
Land and Land Rights	17,432	17,432
Buildings and Improvements	1,144,846	1,144,846
Improvements Other Than Building	23,370,413	22,388,822
Machinery and Equipment	2,727,704	2,616,678
	<u>27,260,395</u>	<u>26,167,778</u>
Less: Accumulated Depreciation	14,335,284	13,393,690
	<u>12,925,111</u>	<u>12,774,088</u>
Construction in Progress	13,132	-
Net Property, Plant, and Equipment	<u>12,938,243</u>	<u>12,774,088</u>
Other Assets		
CRA Bonds Receivable, net of Current Portion	-	185,000
Unamortized Bond Issuance Cost, net of Amortization of \$11,985 and \$9,588 for 2007 and 2006	9,588	11,985
Total Other Assets	<u>9,588</u>	<u>196,985</u>
Total Noncurrent Assets	<u>13,275,938</u>	<u>13,275,474</u>
Total Assets	<u>\$ 15,837,804</u>	<u>\$ 15,544,595</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 916,674	\$ 926,135
Compensated Absences	100,831	82,805
Accrued Payroll	24,808	-
Sales Tax Payable	75,688	64,491
Employee Insurance Payable	68,000	62,000
Accrued Interest	1,267	1,541
Customer Deposits	143,845	111,180
Current Portion of Revenue Bonds	194,742	188,358
Total Current Liabilities	<u>1,525,855</u>	<u>1,436,510</u>
Long-term Liabilities		
Compensated Absences, Noncurrent	137,422	140,086
Revenue Bonds, net of Current Portions	558,688	753,430
Total Long-term Liabilities	<u>696,110</u>	<u>893,516</u>
Total Liabilities	<u>2,221,965</u>	<u>2,330,026</u>
Net Assets		
Invested in Capital Assets, net of Related Debt	12,194,401	11,844,285
Restricted for Debt Service	170,999	167,071
Unrestricted	1,250,439	1,203,213
Total Net Assets	<u>13,615,839</u>	<u>13,214,569</u>
Total Liabilities and Net Assets	<u>\$ 15,837,804</u>	<u>\$ 15,544,595</u>

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, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2006 Totals
Operating Revenues					
Charges for Services	\$10,319,800	\$10,319,800	\$11,512,137	\$ 1,192,337	\$10,956,522
Operating Expenses					
Electric Energy Purchased	6,400,000	6,400,000	7,973,033	(1,573,033)	7,492,594
Operating and Maintenance Expense	875,300	875,300	875,675	(375)	995,871
Customer Accounting Expenses	230,150	230,150	230,571	(421)	180,056
Engineering Services	162,250	162,250	122,776	39,474	42,744
Administrative and General Expense	794,874	794,874	803,350	(8,476)	706,005
Depreciation	900,000	900,000	941,593	(41,593)	941,554
Municipal Services	400,150	400,150	365,924	34,226	348,738
Total Operating Expenses	<u>9,762,724</u>	<u>9,762,724</u>	<u>11,312,922</u>	<u>(1,550,198)</u>	<u>10,707,562</u>
Operating Income	557,076	557,076	199,215	(357,861)	248,960
Non-Operating Revenues (Expenses)					
Merchandising, Etc.	55,000	55,000	12,099	(42,901)	8,325
Interest Income	60,000	60,000	82,657	22,657	79,737
Miscellaneous	240,100	240,100	146,603	(93,497)	109,776
Interest Expense	(40,278)	(40,278)	(36,907)	3,371	(44,646)
Transfer to Other Funds	-	-	-	-	(172,986)
Amortization of Bond Issuance Cost	-	-	(2,397)	(2,397)	(2,397)
Total Non-Operating Revenues (Expenses)	<u>314,822</u>	<u>314,822</u>	<u>202,055</u>	<u>(112,767)</u>	<u>(22,191)</u>
Net Income (Loss)	<u>\$ 871,898</u>	<u>\$ 871,898</u>	401,270	<u>\$ (470,628)</u>	226,769
Net Assets, Beginning of Year			<u>13,214,569</u>		<u>12,987,800</u>
Net Assets, End of Year			<u>\$13,615,839</u>		<u>\$13,214,569</u>

**CITY OF BEATRICE, NEBRASKA
ELECTRIC ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006**

Schedule H-3

	2007	2006
Cash Flows From Operating Activities		
Cash Received From Customers	\$ 11,538,187	\$ 11,216,577
Cash Paid to Suppliers for Goods and Services	(9,028,359)	(8,627,808)
Cash Paid to Employees for Services	(1,385,978)	(1,291,550)
Net Cash Provided by Operating Activities	<u>1,123,850</u>	<u>1,297,219</u>
Cash Flows From Capital and Related Financing Activities		
Principal Payments on Long-term Debt	(188,358)	(185,164)
Transfers to Other Funds	-	(172,986)
Interest Paid on Long-term Debt	(37,181)	(43,105)
Capital Expenditures	(1,105,748)	(1,032,020)
Net Cash Used in Capital and Related Financing Activities	<u>(1,331,287)</u>	<u>(1,433,275)</u>
Cash Flows From Investing Activities		
Receipt of Principal Payments on Bond Receivable	180,000	175,000
Interest Received	83,368	76,875
Net Cash Provided by (Used in) Investing Activities	<u>263,368</u>	<u>251,875</u>
Net Increase in Cash and Restricted Cash	55,931	115,819
Cash and Restricted Cash, Beginning of Year	<u>822,204</u>	<u>706,385</u>
Cash and Restricted Cash, End of Year	<u><u>\$ 878,135</u></u>	<u><u>\$ 822,204</u></u>
Cash and Cash Equivalents consist of:		
Cash and Investments	\$ 550,028	\$ 517,803
Employee Benefits Cash	13,263	26,150
Debt Service Reserve Account	170,999	167,071
Customer Deposits Investments	143,845	111,180
Total Cash and Cash Equivalents	<u><u>\$ 878,135</u></u>	<u><u>\$ 822,204</u></u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating Income	\$ 199,215	\$ 248,960
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	941,593	941,554
Merchandise and Miscellaneous Revenue	158,702	118,101
(Increase) Decrease in Unbilled and Accrued Revenues	(60,491)	104,736
(Increase) Decrease in Accounts Receivable	(116,023)	35,040
(Increase) Decrease in Inventory	(78,113)	140,564
Increase in Prepaid Expenses	(1,604)	(3,291)
Decrease in Accounts Payable	(9,461)	(330,828)
Increase in Customer Deposits	32,665	4,350
Increase (Decrease) in Sales Tax Payable	11,197	(2,172)
Increase in Employee Insurance Payable	6,000	20,919
Increase in Accrued Payroll	24,808	-
Increase in Compensated Absences	15,362	19,286
Total Adjustments	<u>924,635</u>	<u>1,048,259</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,123,850</u></u>	<u><u>\$ 1,297,219</u></u>
Summary of Non-Cash Transactions: None		

CITY OF BEATRICE, NEBRASKA
WATER ENTERPRISE FUND
BALANCE SHEET
SEPTEMBER 30, 2007,

Schedule H-4

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	2007	2006
Assets		
Current Assets		
Cash	\$ 485,785	\$ 583,583
Accounts Receivable (Net)	92,431	88,242
Unbilled and Accrued Revenues	75,062	68,442
Materials and Supplies Inventories	246,365	236,698
Prepaid Expenses	4,177	3,452
Interest Receivable	232	232
Total Current Assets	<u>904,052</u>	<u>980,649</u>
Noncurrent Assets		
Restricted Cash		
Debt Service Reserve Account	36,722	156,902
Property, Plant, and Equipment		
Land and Land Rights	59,832	59,832
Buildings and Improvements	63,555	63,555
Improvements Other Than Buildings	12,041,235	11,395,731
Machinery and Equipment	776,984	711,030
	<u>12,941,606</u>	<u>12,230,148</u>
Less Accumulated Depreciation	7,919,971	7,522,028
	<u>5,021,635</u>	<u>4,708,120</u>
Construction in Progress	8,738	117,374
Net Property, Plant, and Equipment	<u>5,030,373</u>	<u>4,825,494</u>
Deferred Charges		
Unamortized Bond Issuance Costs, net of Amortization of \$2,782 and \$2,226 for 2007 and 2006	2,226	2,782
Total Noncurrent Assets	<u>5,069,321</u>	<u>4,985,178</u>
Total Assets	<u><u>\$ 5,973,373</u></u>	<u><u>\$ 5,965,827</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 10,885	\$ 44,563
Accrued Compensated Absences	92,201	61,278
Accrued Payroll	12,686	-
Sales Tax Payable	96	-
Accrued Interest	6,427	6,810
Current Portion of Long-term Debt	81,089	78,492
Total Current Liabilities	<u>203,384</u>	<u>191,143</u>
Long-term Liabilities		
Compensated Absences, noncurrent	118,077	135,697
Revenue Bonds, net of Current Portion	130,900	176,528
Notes Payable, net of Current Portion	623,866	659,327
Total Long-term Liabilities	<u>872,843</u>	<u>971,552</u>
Total Liabilities	<u>1,076,227</u>	<u>1,162,695</u>
Net Assets		
Invested in Capital Assets, net of Related Debt	4,196,744	3,913,929
Restricted for Debt Service	36,722	156,902
Unrestricted	663,680	732,301
Total Net Assets	<u>4,897,146</u>	<u>4,803,132</u>
Total Liabilities and Net Assets	<u><u>\$ 5,973,373</u></u>	<u><u>\$ 5,965,827</u></u>

WATER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2006 Totals
Operating Revenues					
Charges for Services	\$ 1,490,000	\$1,490,000	\$1,537,399	\$ 47,399	\$1,590,944
Operating Expenses					
Operating and Maintenance Expenses	647,350	647,350	723,181	(75,831)	796,146
Customer Accounting Expenses	94,305	94,305	122,139	(27,834)	82,725
Engineering Services	-	-	16,000	(16,000)	16,000
Administrative and General Expenses	381,140	381,140	357,755	23,385	314,805
Depreciation	460,000	460,000	397,943	62,057	431,652
Municipal Services	22,050	22,050	37,650	(15,600)	27,351
Total Operating Expenses	<u>1,604,845</u>	<u>1,604,845</u>	<u>1,654,668</u>	<u>(49,823)</u>	<u>1,668,679</u>
Operating Loss	(114,845)	(114,845)	(117,269)	(2,424)	(77,735)
Non-Operating Revenues (Expenses)					
Merchandising, Etc.	60,000	60,000	88,557	28,557	52,684
Contributions in Aid of Construction	20,000	20,000	129,235	109,235	-
Interest Income	5,000	5,000	8,445	3,445	7,307
Miscellaneous	29,600	29,600	15,718	(13,882)	-
Interest Expense	(31,225)	(31,225)	(30,116)	1,109	(46,952)
Transfer From Other Funds	100,000	100,000	-	(100,000)	89,260
Amortization of Bond Issuance Costs	-	-	(556)	(556)	(556)
Total Non-Operating Revenues (Expenses)	<u>183,375</u>	<u>183,375</u>	<u>211,283</u>	<u>27,908</u>	<u>101,743</u>
Net Income (Loss)	<u>\$ 68,530</u>	<u>\$ 68,530</u>	94,014	<u>\$ 25,484</u>	24,008
Net Assets, Beginning of Year			<u>4,803,132</u>		<u>4,779,124</u>
Net Assets, End of Year			<u>\$4,897,146</u>		<u>\$4,803,132</u>

**CITY OF BEATRICE, NEBRASKA
WATER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006**

Schedule H-6

	2007	2006
Cash Flows From Operating Activities		
Cash Received From Customers	\$ 1,630,961	\$ 1,688,001
Cash Paid to Suppliers for Goods and Services	(490,575)	(510,001)
Cash Paid to Employees for Services	(784,231)	(778,081)
Net Cash Provided by Operating Activities	356,155	399,919
Cash Flows from Capital and Related Financing Activities		
Principal Payments on Long-term Debt	(78,492)	(76,677)
Transfers From Other Funds	-	89,260
Interest Paid on Long-term Debt	(30,499)	(40,142)
Capital Expenditures	(473,587)	(367,905)
Net Cash Used in Capital and Related Financing Activities	(582,578)	(395,464)
Cash Flows From Investing Activities		
Interest Received	8,445	7,289
Net Cash Provided by Investing Activities	8,445	7,289
Net (Decrease) Increase in Cash and Restricted Cash	(217,978)	11,744
Cash and Restricted Cash, Beginning of Year	740,485	728,741
Cash and Restricted Cash, End of Year	\$ 522,507	\$ 740,485
Cash and Cash Equivalents consist of:		
Cash and Investments	\$ 485,785	\$ 583,583
Debt Service Reserve Account	36,722	156,902
Total Cash and Cash Equivalents	\$ 522,507	\$ 740,485
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Loss	\$ (117,269)	\$ (77,735)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	397,943	431,652
Merchandise and Miscellaneous Revenue	104,275	52,684
(Increase) Decrease in Accounts Receivable	(4,189)	20,462
(Increase) Decrease in Unbilled and Accrued Revenues	(6,620)	23,911
Increase in Inventory	(9,667)	(69,849)
Increase in Prepaid Expenses	(725)	(1,407)
(Decrease) Increase in Accounts Payable	(33,678)	6,061
Increase in Sales Tax Payable	96	-
Increase in Accrued Payroll	12,686	-
Increase in Compensated Absences	13,303	14,140
Total Adjustments	473,424	477,654
Net Cash Provided by Operating Activities	\$ 356,155	\$ 399,919

Summary of Non-Cash Transactions:

The Water Fund received \$129,235 of Contributions in Aid of Construction on distribution systems put in by developers or the City's governmental funds during the year ended September 30, 2007.

CITY OF BEATRICE, NEBRASKA
WATER POLLUTION CONTROL ENTERPRISE FUND
BALANCE SHEET
SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

Schedule H-7

	2007	2006
Assets		
Current Assets		
Cash	\$ 147,216	\$ 254,762
Accounts Receivable (Net)	58,222	59,859
Unbilled and Accrued Revenues	60,093	52,742
Prepaid Expenses	2,014	2,165
Interest Receivable	328	328
Total Current Assets	<u>267,873</u>	<u>369,856</u>
Noncurrent Assets		
Restricted Cash		
Debt Service Reserve Account	54,431	248,127
Property, Plant, and Equipment		
Land and Land Rights	16,588	16,588
Improvements Other Than Buildings	16,006,070	15,612,793
Machinery and Equipment	1,383,851	1,366,599
	<u>17,406,509</u>	<u>16,995,980</u>
Less: Accumulated Depreciation	9,169,924	8,486,194
Net Property, Plant, and Equipment	<u>8,236,585</u>	<u>8,509,786</u>
Deferred Charges		
Unamortized Debt Expense, net of Amortization of \$3,941 and \$3,152 for 2007 and 2006	3,152	3,941
Total Noncurrent Assets	<u>8,294,168</u>	<u>8,761,854</u>
Total Assets	<u><u>\$ 8,562,041</u></u>	<u><u>\$ 9,131,710</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 7,459	\$ 193,450
Compensated Absences	38,580	21,622
Accrued Payroll	6,691	-
Accrued Interest	13,311	14,091
Current Portion of Long-term Debt	141,243	136,743
Total Current Liabilities	<u>207,284</u>	<u>365,906</u>
Long-term Liabilities		
Compensated Absences, noncurrent	33,003	61,696
Revenue Bonds, net of Current Portion	185,412	250,042
Notes Payable, net of Current Portion	1,309,885	1,386,499
Total Long-term Liabilities	<u>1,528,300</u>	<u>1,698,237</u>
Total Liabilities	1,735,584	2,064,143
Fund Equity		
Invested in Capital Assets, net of Related Debt	6,603,197	6,740,443
Restricted for Debt Service	54,431	248,127
Unrestricted	168,829	78,997
Total Net Assets	<u>6,826,457</u>	<u>7,067,567</u>
Total Liabilities and Net Assets	<u><u>\$ 8,562,041</u></u>	<u><u>\$ 9,131,710</u></u>

WATER POLLUTION CONTROL ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007			Variance Favorable (Unfavorable)	2006 Totals
	Original Budget	Final Budget	Actual		
Operating Revenues					
Charges for Services	\$1,122,680	\$1,122,680	\$1,116,545	\$ (6,135)	\$1,134,329
Operating Expenses					
Operating and Maintenance Expenses	409,635	409,635	433,942	(24,307)	466,663
Customer Accounting Expenses	50,490	50,490	61,964	(11,474)	64,220
Engineering Expenses	-	-	16,000	(16,000)	16,000
Administrative and General Expenses	224,063	224,063	206,044	18,019	159,292
Depreciation	600,000	600,000	683,730	(83,730)	625,654
Municipal Services	6,100	6,100	9,826	(3,726)	10,473
Transfer to Other Fund	-	-	-	-	-
Total Operating Expenses	<u>1,290,288</u>	<u>1,290,288</u>	<u>1,411,506</u>	<u>(121,218)</u>	<u>1,342,302</u>
Operating Loss	(167,608)	(167,608)	(294,961)	(127,353)	(207,973)
Non-Operating Revenues (Expenses)					
Merchandising, Etc.	10,000	10,000	12,716	2,716	22,035
Contributions in Aid of Construction	30,000	30,000	84,988	54,988	93,637
Grant Income	-	-	-	-	361,458
Interest Income	5,000	5,000	5,205	205	3,267
Miscellaneous	24,500	24,500	9,154	(15,346)	9,108
Interest Expense	(59,283)	(59,283)	(57,424)	1,859	(91,716)
Transfer from Other Funds	50,000	50,000	-	(50,000)	83,726
Amortization of Bond Issuance Costs	-	-	(788)	(788)	(788)
Total Non-Operating Revenues (Expenses)	<u>60,217</u>	<u>60,217</u>	<u>53,851</u>	<u>(6,366)</u>	<u>480,727</u>
Net Income (Loss)	<u>\$ (107,391)</u>	<u>\$ (107,391)</u>	<u>(241,110)</u>	<u>\$ (133,719)</u>	<u>272,754</u>
Net Assets, Beginning of Year			<u>7,067,567</u>		<u>6,794,813</u>
Net Assets, End of Year			<u>\$6,826,457</u>		<u>\$7,067,567</u>

CITY OF BEATRICE, NEBRASKA
WATER POLLUTION CONTROL ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

Schedule H-9

	2007	2006
Cash Flows From Operating Activities		
Cash Received From Customers	\$ 1,132,701	\$ 1,166,956
Cash Paid to Suppliers for Goods and Services	(288,599)	(166,544)
Cash Paid to Employees for Services	(471,765)	(450,247)
Net Cash Provided by Operating Activities	<u>372,337</u>	<u>550,165</u>
Cash Flows From Capital and Related Financing Activities		
Principal Payments on Long-term Debt	(136,744)	(133,379)
Transfers from Other Funds	-	83,726
Interest Paid on Long-term Debt	(58,204)	(77,625)
Capital Expenditures	(483,836)	(815,377)
Grant proceeds	-	361,458
Net Cash Used in Capital and Related Financing Activities	<u>(678,784)</u>	<u>(581,197)</u>
Cash Flows From Investing Activities		
Interest Received	5,205	3,243
Net Cash Provided by Investing Activities	<u>5,205</u>	<u>3,243</u>
Net Decrease in Cash	(301,242)	(27,789)
Cash and Restricted Cash, Beginning of Year	<u>502,889</u>	<u>530,678</u>
Cash and Restricted Cash, End of Year	<u><u>\$ 201,647</u></u>	<u><u>\$ 502,889</u></u>
Cash and Cash Equivalents consist of:		
Cash and Investments	\$ 147,216	\$ 254,762
Debt Service Reserve Account	54,431	248,127
Total Cash and Cash Equivalents	<u><u>\$ 201,647</u></u>	<u><u>\$ 502,889</u></u>
Reconciliation of Operating Loss to Net		
Cash Provided by Operating Activities		
Operating Loss	\$ (294,961)	\$ (207,973)
Adjustments to Reconcile Operating Loss to Net		
Cash Provided by Operating Activities:		
Depreciation	683,730	625,654
Merchandise and Miscellaneous Revenue	21,870	31,143
Decrease (Increase) in Accounts Receivable	1,637	(3,332)
(Increase) Decrease in Unbilled and Accrued Revenues	(7,351)	4,816
Increase (Decrease) in Prepaid Expenses	151	(1,066)
(Decrease) Increase in Accounts Payable	(27,695)	96,072
Increase in Accrued Payroll	6,691	-
(Decrease) Increase in Accrued Compensated Absences	(11,735)	4,851
Total Adjustments	<u>667,298</u>	<u>758,138</u>
Net Cash Provided by Operating Activities	<u><u>\$ 372,337</u></u>	<u><u>\$ 550,165</u></u>

Summary of Non-Cash Transactions:

The Water Pollution Control Fund received \$84,988 and \$93,637 of Contributions in Aid of Construction on distribution systems put in by developers or the City's governmental funds during the years ended September 30, 2007 and 2006, respectively.

**CITY OF BEATRICE, NEBRASKA
SANITATION ENTERPRISE FUND
BALANCE SHEET
SEPTEMBER 30, 2007,**

Schedule H-10

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	<u>2007</u>	<u>2006</u>
Assets		
Current Assets		
Cash	\$ 976	\$ 28
Accounts Receivable (Net)	<u>77,453</u>	<u>72,944</u>
Total Assets	<u><u>\$ 78,429</u></u>	<u><u>\$ 72,972</u></u>
Liabilities and Fund Equity		
Liabilities		
Accounts Payable	<u>\$ 78,429</u>	<u>\$ 72,972</u>
Total Liabilities	<u>78,429</u>	<u>72,972</u>
Net Assets		
Unrestricted	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u><u>\$ 78,429</u></u>	<u><u>\$ 72,972</u></u>

CITY OF BEATRICE, NEBRASKA
SANITATION ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2006 Totals
Operating Revenues					
Garbage Service Fees	\$ 1,146,300	\$ 1,146,300	\$ 1,139,633	\$ (6,667)	\$ 1,072,664
Operating Expenses					
Bad Debt Expense	2,500	2,500	3,706	(1,206)	3,222
Garbage Disposal Contract	621,560	621,560	620,563	997	578,933
Garbage Hauler Contract	522,240	522,240	515,364	6,876	490,509
Total Operating Expenses	<u>1,146,300</u>	<u>1,146,300</u>	<u>1,139,633</u>	<u>6,667</u>	<u>1,072,664</u>
Net Income	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	-
Net Assets, Beginning of Year			-		-
Net Assets, End of Year			<u>\$ -</u>		<u>\$ -</u>

**CITY OF BEATRICE, NEBRASKA
SANITATION ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006**

Schedule H-12

	<u>2007</u>	<u>2006</u>
Cash Flows From Operating Activities		
Cash Received From Customers	\$ 1,135,124	\$ 1,070,316
Cash Paid to Suppliers for Goods and Services	<u>(1,134,176)</u>	<u>(1,070,641)</u>
Net Cash Used in Operating Activities	<u>948</u>	<u>(325)</u>
 Net Decrease in Cash	 948	 (325)
 Cash, Beginning of Year	 <u>28</u>	 <u>353</u>
 Cash, End of Year	 <u><u>\$ 976</u></u>	 <u><u>\$ 28</u></u>
 Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating Income	\$ -	\$ -
 Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Increase in Accounts Receivable	(4,509)	(2,348)
Increase in Accounts Payable	<u>5,457</u>	<u>2,023</u>
Total Adjustments	<u>948</u>	<u>(325)</u>
 Net Cash Used in Operating Activities	 <u><u>\$ 948</u></u>	 <u><u>\$ (325)</u></u>
 Summary of Non-Cash Transactions: None		

**CITY OF BEATRICE, NEBRASKA
BASWA ENTERPRISE FUND
BALANCE SHEET
SEPTEMBER 30, 2007,**

Schedule H-13

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	<u>2007</u>	<u>2006</u>
Assets		
Current Assets		
Cash and Investments	\$ 123,148	\$ 83,631
Accounts Receivable (Net)	132,064	127,361
Total Current Assets	<u>255,212</u>	<u>210,992</u>
Noncurrent Assets		
Restricted Cash		
Debt Service Reserve Account	163,235	160,389
Restricted Investments		
Closure/Postclosure Maintenance Account	521,176	370,325
Property, Plant, and Equipment		
Improvements Other Than Buildings	3,584,215	3,584,215
Machinery and Equipment	623,179	623,179
	<u>4,207,394</u>	<u>4,207,394</u>
Less: Accumulated Depreciation	2,214,780	1,923,724
Net Property, Plant, and Equipment	<u>1,992,614</u>	<u>2,283,670</u>
Deferred Charges		
Bond Issue Costs, net of Amortization of \$11,047 and \$7,847 for 2007 and 2006	10,403	13,603
Total Noncurrent Assets	<u>2,687,428</u>	<u>2,827,987</u>
Total Assets	<u><u>\$2,942,640</u></u>	<u><u>\$3,038,979</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 4,536	\$ 3,136
Compensated Absences	23,421	14,610
Accrued Compensation	834	771
Accrued Interest Payable	10,268	12,269
Current Maturities of Bonds Payable	200,000	195,000
Current Maturities of Notes Payable	17,816	16,994
Total Current Liabilities	<u>256,875</u>	<u>242,780</u>
Long-term Liabilities		
Revenue Bonds Payable, net of current portion	655,000	855,000
Notes Payable, net of current portion	41,648	59,447
Estimated Current Cost of Closure and Postclosure	1,270,000	1,120,000
Total Long-term Liabilities	<u>1,966,648</u>	<u>2,034,447</u>
Total Liabilities	2,223,523	2,277,227
Net Assets		
Invested in Capital Assets, net of Related Debt	1,088,553	1,170,832
Restricted for Debt Service	163,235	160,389
Unrestricted	(532,671)	(569,469)
Net Assets	<u>719,117</u>	<u>761,752</u>
Total Liabilities and Net Assets	<u><u>\$2,942,640</u></u>	<u><u>\$3,038,979</u></u>

BASWA ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

BUDGET (GAAP) AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2007,

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007			Variance Favorable (Unfavorable)	2006 Totals
	Original Budget	Final Budget	Actual		
Operating Revenues					
Other Government User Fees	\$ 97,659	\$ 97,659	\$ 97,659	\$ -	\$ 97,659
Gate Fees	235,000	235,000	261,273	26,273	230,869
Garbage Service Fees	634,327	634,327	634,647	320	592,591
Recycling Income	2,500	2,500	3,916	1,416	2,301
Total Operating Revenues	<u>969,486</u>	<u>969,486</u>	<u>997,495</u>	<u>28,009</u>	<u>923,420</u>
Operating Expenses					
Personal Services	212,716	212,716	220,557	(7,841)	214,255
Supplies	99,100	99,100	95,518	3,582	72,798
Other Services and Charges	265,114	265,114	207,925	57,189	198,942
Contractual Services	91,153	91,153	68,981	22,172	114,160
Depreciation and Amortization	300,000	300,000	294,256	5,744	295,239
Landfill Closure and Postclosure Care	125,000	125,000	150,000	(25,000)	96,445
Total Operating Expenses	<u>1,093,083</u>	<u>1,093,083</u>	<u>1,037,237</u>	<u>55,846</u>	<u>991,839</u>
Operating Income (Loss)	(123,597)	(123,597)	(39,742)	83,855	(68,419)
Non-Operating Revenues (Expenses)					
Miscellaneous Income	-	-	61	61	2,841
Interest Earnings	26,600	26,600	35,486	8,886	20,388
Interest Expense	(235,484)	(235,484)	(38,440)	197,044	(57,128)
Total Non-Operating Revenues (Expenses)	<u>(208,884)</u>	<u>(208,884)</u>	<u>(2,893)</u>	<u>205,991</u>	<u>(33,899)</u>
Net Income (Loss)	<u>\$ (332,481)</u>	<u>\$ (332,481)</u>	<u>(42,635)</u>	<u>\$ 289,846</u>	<u>(102,318)</u>
Net Assets, Beginning of Year			<u>761,752</u>		<u>864,070</u>
Net Assets, End of Year			<u>\$ 719,117</u>		<u>\$ 761,752</u>

CITY OF BEATRICE, NEBRASKA
BASWA ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

Schedule H-15

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 992,853	\$ 932,669
Cash Paid to Suppliers for Goods and Services	(371,024)	(383,903)
Cash Paid to Employees for Services	(211,683)	(205,125)
Net Cash Provided by Operating Activities	<u>410,146</u>	<u>343,641</u>
Cash Flows from Capital and Related Financing Activities		
Bond Principal Repayments	(195,000)	(185,000)
Note Payable Repayments	(16,977)	(66,365)
Interest Expenditures	(40,441)	(44,859)
Capital Expenditures	-	(28,749)
Net Cash Used in Capital and Related Financing Activities	<u>(252,418)</u>	<u>(324,973)</u>
Cash Flows from Investing Activities		
Interest Received	35,486	20,388
Net Cash Provided by Investing Activities	<u>35,486</u>	<u>20,388</u>
Net Increase in Cash and Cash Equivalents	193,214	39,056
Cash and Cash Equivalents, Beginning of Year	<u>614,345</u>	<u>575,289</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 807,559</u></u>	<u><u>\$ 614,345</u></u>
Cash and Cash Equivalents consist of:		
Cash and Investments	\$ 123,148	\$ 83,631
Debt Service Reserve Account	163,235	160,389
Closure/Postclosure Maintenance Account	521,176	370,325
Total Cash and Cash Equivalents	<u><u>\$ 807,559</u></u>	<u><u>\$ 614,345</u></u>
Reconciliation of Net Income to Net Cash		
Provided by Operating Activities		
Operating Income	\$ (39,742)	\$ (68,419)
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	294,256	295,239
Other Revenue	61	2,841
Increase in Estimated Current Cost of Closure and Postclosure	150,000	96,445
Decrease (Increase) in Accounts Receivable	(4,703)	6,408
Increase in Accounts Payable	1,400	1,997
Increase (Decrease) in Accrued Expenses	8,874	9,130
Total Adjustments	<u>449,888</u>	<u>412,060</u>
Net Cash Provided by Operating Activities	<u><u>\$ 410,146</u></u>	<u><u>\$ 343,641</u></u>

Summary of Non-Cash Transactions:

BASWA acquired a loader by issuing a \$90,000 note payable during the year ended September 30, 2006.

CITY OF BEATRICE
INTERNAL SERVICE FUND
SELF-INSURED GROUP INSURANCE FUND
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

Schedule I-1

	<u>2007</u>	<u>2006</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 21,505	\$ 22,190
Accounts Receivable (net)	130,191	347,804
Total Current Assets	<u>151,696</u>	<u>369,994</u>
Liabilities		
Current Liabilities		
Claims Incurred But Not Reported	35,000	65,000
Due to General Fund	65,000	315,000
Total Current Liabilities	<u>100,000</u>	<u>380,000</u>
Net Assets		
Unrestricted	<u>\$ 51,696</u>	<u>\$ (10,006)</u>

CITY OF BEATRICE
INTERNAL SERVICE FUND
SELF-INSURED GROUP INSURANCE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2007				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2006 Totals
Operating Revenues					
Charges for Services	\$900,940	\$ 900,940	\$ 1,000,706	\$ 99,766	\$ 929,021
Reimbursements	30,000	30,000	371,583	341,583	391,039
Total Operating Revenues	<u>930,940</u>	<u>930,940</u>	<u>1,372,289</u>	<u>441,349</u>	<u>1,320,060</u>
Operating Expenses					
Health Insurance Claims Paid	673,940	1,033,940	1,029,796	4,144	1,120,282
Health and Life Insurance Premiums	73,000	128,000	130,768	(2,768)	67,017
Payflex Expenditures	68,200	68,200	55,955	12,245	47,882
Workers Compensation Claims Paid	127,992	127,992	68,102	59,890	12,167
Other Services and Charges	26,800	26,800	28,080	(1,280)	26,336
Total Operating Expenses	<u>969,932</u>	<u>1,384,932</u>	<u>1,312,701</u>	<u>72,231</u>	<u>1,273,684</u>
Operating Income	(38,992)	(453,992)	59,588	513,580	46,376
Non-Operating Revenues					
Interest	<u>1,000</u>	<u>1,000</u>	<u>2,114</u>	<u>1,114</u>	<u>1,312</u>
Change in Net Assets	<u>\$ (37,992)</u>	<u>\$ (452,992)</u>	61,702	<u>\$ 514,694</u>	47,688
Total Net Assets, Beginning of Year			<u>(10,006)</u>		<u>(57,694)</u>
Total Net Assets, End of Year			<u>\$ 51,696</u>		<u>\$ (10,006)</u>

**CITY OF BEATRICE
INTERNAL SERVICE FUND
SELF-INSURED GROUP INSURANCE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006**

Schedule I-3

	<u>2007</u>	<u>2006</u>
Cash Flows From Operating Activities		
Receipts From Customers and Users	\$ 1,589,902	\$ 972,256
Payments to suppliers	<u>(1,342,701)</u>	<u>(1,270,795)</u>
Net Cash Provided by (Used in) Operating Activities	247,201	(298,539)
Cash Flows From Capital and Related Financing Activities		
Advance from (Repayment to) General Fund	<u>(250,000)</u>	<u>315,000</u>
Net Cash Provided by Capital and Related Financing Activities	(250,000)	315,000
Cash Flows From Investing Activities		
Interest Received	<u>2,114</u>	<u>1,312</u>
Net Cash Provided by Investing Activities	<u>2,114</u>	<u>1,312</u>
Net (Decrease) Increase in Cash	(685)	17,773
Cash, Beginning of Year	<u>22,190</u>	<u>4,417</u>
Cash, End of Year	<u>\$ 21,505</u>	<u>\$ 22,190</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 59,588	\$ 46,376
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
(Increase) Decrease in accounts receivable	217,613	(347,804)
Increase (Decrease) in Claims Incurred But Not Reported	<u>(30,000)</u>	<u>2,889</u>
Total Adjustments	<u>187,613</u>	<u>(344,915)</u>
Net cash provided by operating activities	<u>\$ 247,201</u>	<u>\$ (298,539)</u>

CITY OF BEATRICE, NEBRASKA
PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

Schedule J-1

	<u>2007</u>	<u>2006</u>
Assets		
Investments with Fiscal Agent	<u>\$ 15,684,766</u>	<u>\$ 14,540,272</u>
Total Assets	15,684,766	14,540,272
Net Assets		
Reserved for Employees' Retirement System	<u>15,684,766</u>	<u>14,540,272</u>
Total Net Assets	<u><u>\$ 15,684,766</u></u>	<u><u>\$ 14,540,272</u></u>

CITY OF BEATRICE, NEBRASKA
PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
COMBINING STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	2007					2006
	Firefighters	Police	General Government	Board of Public Works	Total	Totals
Assets						
Investments with Fiscal Agent	\$ 5,171,969	\$ 2,127,946	\$ 2,337,785	\$ 6,047,066	\$ 15,684,766	\$ 14,540,272
Total Assets	5,171,969	2,127,946	2,337,785	6,047,066	15,684,766	14,540,272
Net Assets						
Reserved for Employees' Retirement System	5,171,969	2,127,946	2,337,785	6,047,066	15,684,766	14,540,272
Total Net Assets	<u>\$ 5,171,969</u>	<u>\$ 2,127,946</u>	<u>\$ 2,337,785</u>	<u>\$ 6,047,066</u>	<u>\$ 15,684,766</u>	<u>\$ 14,540,272</u>

CITY OF BEATRICE, NEBRASKA
PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

Schedule J-3

	<u>2007</u>	<u>2006</u>
Additions:		
Contributions:		
Employer	\$ 430,811	\$ 442,993
Employee	418,159	397,105
Total Contributions	<u>848,970</u>	<u>840,098</u>
Investment Income:		
Net Appreciation in Fair Value of Investments	<u>1,350,663</u>	<u>858,878</u>
Total Additions	2,199,633	1,698,976
Deductions:		
Benefit Payments	1,037,897	1,556,027
Administrative Costs	<u>17,242</u>	<u>14,104</u>
Total Deductions	<u>1,055,139</u>	<u>1,570,131</u>
Net Increase	1,144,494	128,845
Net Assets Held in Trust for Pension Benefits, Beginning of Year	<u>14,540,272</u>	<u>14,411,427</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u><u>\$ 15,684,766</u></u>	<u><u>\$ 14,540,272</u></u>

**CITY OF BEATRICE, NEBRASKA
PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006**

	2007					
	Firefighters	Police	General Government	Board of Public Works	Total	2006 Totals
Additions:						
Contributions:						
Employer	\$ 122,022	\$ 87,177	\$ 67,594	\$ 154,018	\$ 430,811	\$ 442,993
Employee	61,011	59,336	78,430	219,382	418,159	397,105
Total Contributions	<u>183,033</u>	<u>146,513</u>	<u>146,024</u>	<u>373,400</u>	<u>848,970</u>	<u>840,098</u>
Investment Income:						
Net Appreciation in Fair Value of Investments	580,093	204,879	171,796	393,895	1,350,663	858,878
Total Additions	<u>763,126</u>	<u>351,392</u>	<u>317,820</u>	<u>767,295</u>	<u>2,199,633</u>	<u>1,698,976</u>
Deductions:						
Benefit Payments	643,832	52,488	62,944	278,633	1,037,897	1,556,027
Administrative Costs	5,089	7,395	4,758	-	17,242	14,104
Total Deductions	<u>648,921</u>	<u>59,883</u>	<u>67,702</u>	<u>278,633</u>	<u>1,055,139</u>	<u>1,570,131</u>
Net Increase	<u>114,205</u>	<u>291,509</u>	<u>250,118</u>	<u>488,662</u>	<u>1,144,494</u>	<u>128,845</u>
Net Assets Held in Trust for Pension Benefits, Beginning of Year	<u>5,057,764</u>	<u>1,836,437</u>	<u>2,087,667</u>	<u>5,558,404</u>	<u>14,540,272</u>	<u>14,411,427</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 5,171,969</u>	<u>\$ 2,127,946</u>	<u>\$ 2,337,785</u>	<u>\$ 6,047,066</u>	<u>\$ 15,684,766</u>	<u>\$ 14,540,272</u>

CITY OF BEATRICE, NEBRASKA
PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

Schedule J-5

	<u>2007</u>	<u>2006</u>
Cash Flows From Operating Activities		
Cash Contributions Received	\$ 848,970	\$ 840,098
Cash Terminations/Retirements Paid	(1,037,897)	(1,556,027)
Other Operating Charges Paid	(17,242)	(14,104)
Net Cash Used in Operating Activities	<u>(206,169)</u>	<u>(730,033)</u>
Cash Flows From Investing Activities		
Interest and Dividends on Investments	1,350,663	858,878
Purchase of Investments	(1,144,494)	(128,845)
Net Cash Provided by Investing Activities	<u>206,169</u>	<u>730,033</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>	<u><u>\$ -</u></u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating Income (Loss)	\$ 1,144,494	\$ 128,845
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Interest and Dividends on Investments	(1,350,663)	(858,878)
Net Cash Used In Operating Activities	<u><u>\$ (206,169)</u></u>	<u><u>\$ (730,033)</u></u>

CITY OF BEATRICE, NEBRASKA
PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

Schedule J-6

	2007					2006
	Firefighters	Police	General Government	Board of Public Works	Total	Totals
Cash Flows From Operating Activities						
Cash Contributions Received	\$ 183,033	\$ 146,513	\$ 146,024	\$ 373,400	\$ 848,970	\$ 840,098
Cash Terminations/Retirements Paid	(643,832)	(52,488)	(62,944)	(278,633)	(1,037,897)	(1,556,027)
Other Operating Charges Paid	(5,089)	(7,395)	(4,758)	-	(17,242)	(14,104)
Net Cash Provided by (Used in) Operating Activities	(465,888)	86,630	78,322	94,767	(206,169)	(730,033)
Cash Flows From Investing Activities						
Interest and Dividends on Investments	580,093	204,879	171,796	393,895	1,350,663	858,878
Sale (Purchase) of Investments	(114,205)	(291,509)	(250,118)	(488,662)	(1,144,494)	(128,845)
Net Cash Provided by (Used in) Investing Activities	465,888	(86,630)	(78,322)	(94,767)	206,169	730,033
Net Increase in Cash	-	-	-	-	-	-
Cash and Cash Equivalents, Beginning of Year	-	-	-	-	-	-
Cash and Cash Equivalents, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of Operating Income to Net Cash Provided by Operating Activities						
Operating Income (Loss)	\$ 114,205	\$ 291,509	\$ 250,118	\$ 488,662	\$1,144,494	\$ 128,845
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:						
Interest and Dividends on Investments	(580,093)	(204,879)	(171,796)	(393,895)	(1,350,663)	(858,878)
Net Cash Provided by (Used In) Operating Activities	\$ (465,888)	\$ 86,630	\$ 78,322	\$ 94,767	\$ (206,169)	\$ (730,033)

**CITY OF BEATRICE, NEBRASKA
COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007**

Schedule K-1

	Beatrice Airport Authority	Beatrice Community Redevelopment Authority	Total Component Units
Assets			
Current Assets			
Cash and cash equivalents	\$ 111,983	\$ (17,241)	\$ 94,742
Investments	150,000	-	150,000
Cash on deposit - County Treasurer	29,658	6,869	36,527
Accounts receivable	104,748	-	104,748
Taxes receivable	13,300	12,536	25,836
Inventories	57,416	-	57,416
Current portion of TIF notes receivable	-	377,178	377,178
Total Current Assets	<u>467,105</u>	<u>379,342</u>	<u>846,447</u>
Noncurrent Assets			
Capital Assets			
Land	337,622	-	337,622
Capital assets (net of accumulated depreciation)	2,103,611	-	2,103,611
Net Capital Assets	<u>2,441,233</u>	<u>-</u>	<u>2,441,233</u>
Other Assets			
TIF notes receivable, net of current portion	-	4,305,301	4,305,301
Unamortized bond issuance costs	3,034	-	3,034
Total Other Assets	<u>3,034</u>	<u>4,305,301</u>	<u>4,308,335</u>
Total Noncurrent Assets	<u>2,444,267</u>	<u>4,305,301</u>	<u>6,749,568</u>
Total Assets	<u>2,911,372</u>	<u>4,684,643</u>	<u>7,596,015</u>
Liabilities			
Current Liabilities			
Accounts payable	107,969	-	107,969
Accrued expenses	39,693	-	39,693
Accrued interest payable	-	18,014	18,014
Deferred revenues	22,600	-	22,600
Due to City of Beatrice	-	50,000	50,000
Warrents payable	-	65,801	65,801
Current maturities of TIF payable	-	58,363	58,363
Current maturities of long-term debt	73,532	185,000	258,532
Total Current Liabilities	<u>243,794</u>	<u>377,178</u>	<u>620,972</u>
Noncurrent liabilities, net of current portion			
Noncurrent portion of deferred rent	89,774	-	89,774
Bonds payable	135,000	1,675,000	1,810,000
TIF payable	-	2,642,837	2,642,837
Notes and leases payable	19,332	-	19,332
Total Noncurrent Liabilities	<u>244,106</u>	<u>4,317,837</u>	<u>4,561,943</u>
Total Liabilities	<u>487,900</u>	<u>4,695,015</u>	<u>5,182,915</u>
Net Assets			
Invested in capital assets, net of related debt	2,216,403	-	2,216,403
Restricted for debt service	36,225	-	36,225
Unrestricted net assets	170,844	(10,372)	160,472
Total Net Assets	<u>\$ 2,423,472</u>	<u>\$ (10,372)</u>	<u>\$ 2,413,100</u>

**CITY OF BEATRICE
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

Schedule K-2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Beatrice Airport Authority	Beatrice Community Redevelopment Authority	2007 Total
Airport Authority:							
Airport operations	\$ 521,205	\$ 373,570	\$ -	\$ 189,953	\$ 42,318		\$ 42,318
Depreciation	235,376	-	-	-	(235,376)		(235,376)
Amortization	1,011	-	-	-	(1,011)		(1,011)
Interest on long-term debt	6,645	-	-	-	(6,645)		(6,645)
Total Beatrice Airport Authority	764,237	373,570	-	189,953	(200,714)		(200,714)
Community Redevelopment Authority:							
Community development	231,503	-	184,085	-		\$ (47,418)	(47,418)
Interest on long-term debt	112,092	-	-	-		(112,092)	(112,092)
Total Community Redevelopment Authority	343,595	-	184,085	-		(159,510)	(159,510)
Total Component Units	\$ 1,107,832	\$ 373,570	\$ 184,085	\$ 189,953	(200,714)	(159,510)	(360,224)
General Revenues							
Property tax					184,188	-	184,188
Tax Increment					-	326,665	326,665
Unrestricted intergovernmental					15,991	-	15,991
Miscellaneous revenues					27,442	-	27,442
Unrestricted investment earnings					8,747	-	8,747
Total General Revenues					236,368	326,665	563,033
Change in Net Assets					35,654	167,155	202,809
Net Assets, Beginning of Year, as previously reported					2,387,818	-	2,387,818
Restatement of Net Assets					-	(177,527)	(177,527)
Net Assets, Beginning of Year, as restated					2,387,818	(177,527)	2,210,291
Net Assets, End of Year					\$ 2,423,472	\$ (10,372)	\$ 2,413,100

CITY OF BEATRICE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	<u>2007</u>	<u>2006</u>
Governmental Funds Capital Assets		
Land	\$ 2,404,759	\$ 2,373,664
Buildings	5,045,007	4,679,861
Improvements Other Than Buildings	3,594,326	3,523,124
Machinery and Equipment	6,280,101	6,053,344
Infrastructure	22,548,334	20,763,400
Total	<u><u>\$ 39,872,527</u></u>	<u><u>\$ 37,393,393</u></u>
Investments in Governmental Funds Capital Assets by Source		
General Obligation Bonds	\$ 4,004,607	\$ 4,004,607
Federal and State Grants	7,134,185	6,184,173
General Fund Revenues	26,700,889	25,325,225
Donations	2,032,846	1,879,388
Total Investments in Governmental Funds Capital Assets	<u><u>\$ 39,872,527</u></u>	<u><u>\$ 37,393,393</u></u>

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
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2007,
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

Schedule L-2

Function and Activity	2007						2006 Totals
	Land	Buildings and Improvements	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Total	
General Government							
Management and Budget	\$ 5,025	\$ -	\$ -	\$ 85,155	\$ -	\$ 90,180	\$ 87,348
Legal	-	-	-	4,788	-	4,788	6,683
Inspection	-	-	-	30,897	-	30,897	30,897
Total General Government	<u>5,025</u>	<u>-</u>	<u>-</u>	<u>120,840</u>	<u>-</u>	<u>125,865</u>	<u>124,928</u>
Public Safety							
Police	76,500	62,748	147,480	1,616,913	-	1,903,641	1,839,485
Fire	-	-	-	1,908,691	-	1,908,691	1,850,403
Total Public Safety	<u>76,500</u>	<u>62,748</u>	<u>147,480</u>	<u>3,525,604</u>	<u>-</u>	<u>3,812,332</u>	<u>3,689,888</u>
Culture and Recreation							
Public Properties	2,222,657	2,330,846	3,364,642	751,214	-	8,669,359	8,490,529
Library	100,577	2,414,092	82,204	671,966	-	3,268,839	2,944,400
Total Culture and Recreation	<u>2,323,234</u>	<u>4,744,938</u>	<u>3,446,846</u>	<u>1,423,180</u>	<u>-</u>	<u>11,938,198</u>	<u>11,434,929</u>
Streets	<u>-</u>	<u>237,321</u>	<u>-</u>	<u>1,210,477</u>	<u>21,625,258</u>	<u>23,073,056</u>	<u>21,220,572</u>
Sanitation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>923,076</u>	<u>923,076</u>	<u>923,076</u>
Total Governmental Funds Capital Assets	<u>\$2,404,759</u>	<u>\$5,045,007</u>	<u>\$3,594,326</u>	<u>\$ 6,280,101</u>	<u>\$22,548,334</u>	<u>\$39,872,527</u>	<u>\$37,393,393</u>

CITY OF BEATRICE **Schedule L-3**
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2007

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets 10/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets 09/30/07</u>
General Government				
Management and Budget	\$ 87,348	\$ 3,940	\$ 1,108	\$ 90,180
Legal	6,683	-	1,895	4,788
Inspection	30,897	-	-	30,897
Total General Government	<u>124,928</u>	<u>3,940</u>	<u>3,003</u>	<u>125,865</u>
Public Safety				
Police	1,839,485	129,743	65,587	1,903,641
Fire	1,850,403	112,288	54,000	1,908,691
Total Public Safety	<u>3,689,888</u>	<u>242,031</u>	<u>119,587</u>	<u>3,812,332</u>
Culture and Recreation				
Public Properties	8,490,529	317,101	138,271	8,669,359
Library	2,944,400	335,816	11,377	3,268,839
Total Culture and Recreation	<u>11,434,929</u>	<u>652,917</u>	<u>149,648</u>	<u>11,938,198</u>
Streets	<u>21,220,572</u>	<u>1,902,401</u>	<u>49,917</u>	<u>23,073,056</u>
Sanitation	<u>923,076</u>	<u>-</u>	<u>-</u>	<u>923,076</u>
Total Governmental Funds Capital Assets	<u>\$37,393,393</u>	<u>\$2,801,289</u>	<u>\$ 322,155</u>	<u>\$39,872,527</u>

SECTION 3

STATISTICAL SECTION

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

Table 1

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
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
Restricted						1,574,517	1,876,590	1,718,362	3,733,809	3,560,378
Unrestricted						1,243,908	(339,060)	1,401,146	1,018,752	1,404,834
Total Governmental Activities Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,894,092	\$ 23,191,623	\$ 23,027,985	\$ 26,190,025	\$ 29,818,001
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
Restricted						-	-	-	732,489	741,487
Unrestricted						5,300,332	3,398,774	3,674,447	1,445,042	1,234,177
Total Business-type Activities Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,804,318	\$ 26,239,218	\$ 26,618,249	\$ 25,847,020	\$ 26,058,559
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
Restricted	-	-	-	-	-	1,574,517	1,876,590	1,718,362	4,466,298	4,301,865
Unrestricted	-	-	-	-	-	6,544,240	3,059,714	5,075,593	2,463,794	2,639,011
Total Primary Government Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,698,410	\$ 49,430,841	\$ 49,646,234	\$ 52,037,045	\$ 55,876,560

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Expenses										
Governmental Activities:										
General Government						\$ 3,856,369	\$ 2,381,834	\$ 2,534,949	\$ 1,534,901	\$ 1,525,313
Public Safety						3,954,312	3,976,443	4,199,255	4,221,570	4,814,618
Highways and Streets						3,000,884	2,234,234	2,068,107	1,322,483	1,583,261
Culture and Recreation						1,536,976	1,382,277	1,164,624	1,337,021	1,661,496
Interest on Long-Term Debt						81,337	58,176	141,854	156,582	51,357
Total Governmental Activities Expenses	-	-	-	-	-	12,429,878	10,032,964	10,108,789	8,572,557	9,636,045
Business-type Activities										
Electric						10,011,509	9,992,361	10,459,639	10,754,605	11,352,226
Water						1,558,393	1,662,178	1,631,342	1,716,187	1,685,340
Water Pollution Control						1,242,411	1,294,085	1,350,663	1,434,806	1,469,718
Off-Street Parking						28,182	-	-	-	-
Sanitation						1,023,608	1,047,352	1,066,056	1,072,664	1,139,633
Beatrice Area Solid Waste Agency						859,694	815,750	882,331	1,048,967	1,075,677
Total Business-type Activities Expenses	-	-	-	-	-	14,723,797	14,811,726	15,390,031	16,027,229	16,722,594
Total Primary Government Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,153,675	\$ 24,844,690	\$ 25,498,820	\$ 24,599,786	\$ 26,358,639
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government						\$ 1,293,248	\$ 959,092	\$ 979,857	\$ 345,007	\$ 371,674
Public Safety						631,460	618,717	770,979	1,306,089	1,402,026
Culture and Recreation						375,281	356,773	246,427	250,418	192,847
Other Governmental Activities						950	6,390	26,757	37,492	34,318
Operating Grants and Contributions						1,500,639	1,641,935	2,140,648	1,525,902	1,829,626
Capital Grants and Contributions						1,830,176	458,219	307,453	461,506	1,378,513
Total Governmental Activities Program Revenues	-	-	-	-	-	5,631,754	4,041,126	4,472,121	3,926,414	5,209,004
Business-type Activities										
Charges for Services:										
Electric						10,409,284	10,066,889	10,828,533	10,964,847	11,524,236
Water						1,402,693	1,387,434	1,545,380	1,643,628	1,625,956
Water Pollution Control						1,077,881	1,049,083	1,062,860	1,156,364	1,129,261
Sanitation						1,023,608	1,047,352	1,066,056	1,072,664	1,139,633
Beatrice Area Solid Waste Agency						957,043	903,927	930,981	923,420	997,495
Other Business-type Activities						30,382	-	-	-	-
Capital Grants and Contributions									455,095	214,223
Total Business-type Activities Program Revenues	-	-	-	-	-	14,900,891	14,454,685	15,433,810	16,216,018	16,630,804
Total Primary Government Program Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,532,645	\$ 18,495,811	\$ 19,905,931	\$ 20,142,432	\$ 21,839,808

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

Table 2

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Net (Expense) Revenue										
Governmental Activities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,798,124)	\$ (5,991,838)	\$ (5,636,668)	\$ (4,646,143)	\$ (4,427,041)
Business-type Activities	-	-	-	-	-	177,094	(357,041)	43,779	188,789	(91,790)
Total Primary Government Net (Expense)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,621,030)	\$ (6,348,879)	\$ (5,592,889)	\$ (4,457,354)	\$ (4,518,831)
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
Unrestricted Intergovernmental						388,778	418,468	383,844	453,478	555,063
Miscellaneous Revenues						484,498	839,042	538,916	414,510	302,369
Unrestricted Investment Earnings						44,477	33,266	69,412	142,609	136,094
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)
Total Governmental Activities	-	-	-	-	-	5,420,315	6,283,177	5,473,030	5,683,831	5,896,212
Business-type Activities:										
Miscellaneous Revenues						252,942	116,105	335,657	121,725	171,536
Investment Earnings						53,154	38,857	59,192	110,699	131,793
Transfers						-	(356,829)	-	-	-
Gain on Sale of Capital Assets						-	-	(60,692)	-	-
Total Business-type Activities	-	-	-	-	-	306,096	(201,867)	334,157	232,424	303,329
Total Primary Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,726,411	\$ 6,081,310	\$ 5,807,187	\$ 5,916,255	\$ 6,199,541
Change in Net Assets										
Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,377,809)	\$ 291,339	\$ (163,638)	\$ 1,037,688	\$ 1,469,171
Business-type Activities	-	-	-	-	-	483,190	(558,908)	377,936	421,213	211,539
Total Primary Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (894,619)	\$ (267,569)	\$ 214,298	\$ 1,458,901	\$ 1,680,710

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
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

FISCAL YEAR		PROPERTY TAX	SALES TAX	UTILITY OCC. TAX	OTHER OCC. TAX	TOTAL
1998	(1)	\$ 862,425	\$ 1,985,762	\$ 457,070	\$ 18,735	\$ 3,323,992
1999		1,050,881	2,082,510	461,075	16,043	3,610,509
2000	(2)	1,126,925	2,328,519	462,345	16,245	3,934,034
2001	(3)	1,140,204	2,458,680	630,511	15,980	4,245,375
2002	(4)	1,079,319	2,456,856	496,516	14,845	4,047,536
2003		1,129,960	2,410,431	546,536	15,645	4,102,572
2004	(5)	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	(6)	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

(1) State Statutory change recognizing Motor Vehicle Taxes as County Revenue, not as a levied tax.

(2) Increase in sales tax revenue due to the opening of a retail giant in February 2000.

(3) Utility Occupation Tax increase due to exceptionally cold winter and high natural gas prices

(4) Utility Occupation taxes returned back to the 2000 level due to natural gas use and price

For the first time sales tax did not increase which is a reflection of the current economy, however remaining stable could be viewed as positive when compared to the state's decreased projections.

(5) Sales Tax increase due to expanded tax base implemented by the State Legislature

(6) Utility Occupation Taxes amended to include wireless phone service

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

Table 4

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved										
Unreserved, undesignated	\$ 1,153,336	\$ 1,028,426	\$ 1,474,484	\$ 1,463,851	\$ 1,506,408	\$ 990,220	\$ 1,311,328	\$ 1,190,438	\$ 1,262,195	\$ 1,450,957
Unreserved, designated for subsequent years' expenditures	250,000	250,000	250,000	550,000	470,000	570,000	570,000	570,000	445,000	491,000
Total General Fund	<u>\$ 1,403,336</u>	<u>\$ 1,278,426</u>	<u>\$ 1,724,484</u>	<u>\$ 2,013,851</u>	<u>\$ 1,976,408</u>	<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>
 All other governmental funds										
Reserved for:										
Reserved for Economic Development	\$ 19,691	\$ 31,689	\$ 167,604	\$ 313,171	\$ 431,340	\$ 532,318	\$ 664,788	\$ 845,281	\$ 861,742	\$ 675,162
Reserved for Debt Service	228,510	235,089	247,669	229,581	223,638	492,957	370,480	233,006	223,587	217,103
Reserved for Library Capital	91,735	87,421	91,816	90,079	90,263	91,583	92,120	94,083	97,106	96,835
Reserved for Public Safety	102,357	0	266,232	172,661	70,590	47,106	109,613	184,598	235,366	266,131
Reserved for Storm Water Management	0	0	0	0	0	0	0	0	0	31,262
Reserved for Keno Progressive	150,933	161,092	165,833	0	0	0	0	0	0	0
Reserved for CDBG Revolving Loans	517,941	470,877	681,689	770,074	304,619	410,553	639,589	361,394	2,316,008	2,305,147
Unreserved, reported in:										
Special Revenue funds	1,072,092	1,232,807	1,185,944	909,598	467,156	70,277	(1,908,825)	71,699	8,287	184,959
Debt Service Funds	(452,425)	(613,551)	(185,553)	167,179	0	(199,997)	(84,177)	(159,872)	(183,671)	(235,058)
Capital Projects funds	23,192	54,582	32,467	1,944	42,278	63,863	30,075	22,766	34,799	3,462
 Total all other governmental funds	<u>\$ 1,754,026</u>	<u>\$ 1,660,006</u>	<u>\$ 2,653,701</u>	<u>\$ 2,654,287</u>	<u>\$ 1,629,884</u>	<u>\$ 1,508,660</u>	<u>\$ (86,337)</u>	<u>\$ 1,652,955</u>	<u>\$ 3,593,224</u>	<u>\$ 3,545,003</u>

1997 - Capital Projects fund balance included proceeds for New Water Park

2001 - New Keno Operator discontinued progressive game

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

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

Table 5

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	\$ 3,323,992	\$ 3,610,509	\$ 3,934,034	\$ 4,245,375	\$ 4,047,536	\$ 4,102,572	\$ 4,631,501	\$ 4,487,542	\$ 4,668,783	\$ 4,987,528
Licenses & Permits	72,285	95,069	124,690	89,054	86,120	75,169	98,084	106,454	94,817	199,008
Intergovernmental and Grants	1,925,036	1,927,638	2,136,553	3,369,977	3,385,058	3,719,593	2,345,948	2,602,708	2,452,508	3,457,823
Charges for Services	712,875	806,826	792,720	729,622	927,667	916,447	1,073,036	1,167,068	1,461,191	1,773,046
Keno Proceeds	218,602	156,903	125,889	251,975	167,404	179,889	172,674	135,253	93,706	109,558
Special Assessments	145,723	105,393	374,611	325,257	156,549	575,503	146,619	93,984	159,761	103,792
Interest	230,513	164,978	208,365	220,132	83,257	44,157	33,055	68,976	141,297	152,259
Donations and Misc Revenue	581,722	613,013	1,047,505	446,967	680,385	498,554	839,042	538,916	532,419	404,930
Loan Proceeds	0	0	0	0	0	0	0	0	0	216,263
Lease Income	110,551	107,067	108,413	109,363	109,945	110,145	0	0	0	0
Total revenues	7,321,299	7,587,396	8,852,780	9,787,722	9,643,921	10,222,029	9,339,959	9,200,901	9,604,482	11,404,207
Expenditures										
General Government	1,624,893	1,580,628	1,423,747	1,350,144	2,043,008	1,925,040	1,632,846	1,456,889	1,338,934	1,297,993
Public Safety	2,558,393	2,705,550	2,852,268	3,064,295	3,171,902	3,667,750	3,660,010	3,900,882	4,105,029	4,552,974
Highways and Streets	1,345,572	1,220,927	1,393,513	2,434,542	2,225,867	2,464,023	1,677,969	1,968,128	898,007	968,064
Culture and Recreation	883,663	891,612	946,926	1,029,748	1,053,991	1,097,953	1,055,237	1,164,624	1,141,291	1,321,558
Lease Payments	110,551	107,067	108,413	109,363	109,945	110,145	0	0	0	0
Debt Service:										
Principal	449,400	471,600	734,149	492,082	508,210	394,372	354,803	535,000	325,000	165,000
Interest	219,828	159,275	115,986	172,229	123,328	81,337	58,176	141,854	156,582	51,357
Capital Outlay	2,347,991	774,316	1,300,788	736,714	1,367,995	1,237,479	2,596,514	740,767	2,077,272	2,755,667
MFO Payments to Other Entities	0	0	0	111,165	116,522	121,332	118,336	120,880	122,576	122,907
Total Expenditures	9,540,291	7,910,975	8,875,790	9,500,282	10,720,768	11,099,431	11,153,891	10,029,024	10,164,691	11,235,520
Excess of Revenues over (under) Expenditures	(2,218,992)	(323,579)	(23,010)	287,440	(1,076,847)	(877,402)	(1,813,932)	(828,123)	(560,209)	168,687
Other Financing Sources (Uses)										
Transfers In	1,161,269	1,032,733	1,644,465	1,412,267	880,832	527,577	142,251	341,370	387,000	313,958
Transfers Out	(1,161,269)	(1,032,733)	(1,644,465)	(1,412,267)	(880,832)	(527,577)	(142,251)	(341,370)	(387,000)	(313,958)
Bond Issuance Costs	0	0	0	0	0	0	0	(33,834)	0	0
Bond and Lease Proceeds	500,000	0	1,334,595			299,990	0	2,480,000	0	0
Sale of Capital Assets	48,000	101,199	129,700	0	15,000	40,000	540,043	359	39,100	17,854
Total Other Financing Sources (Uses)	548,000	101,199	1,464,295	0	15,000	339,990	540,043	2,446,525	39,100	17,854
Net Change in Fund Balances	\$(1,670,992)	\$ (222,380)	\$ 1,441,285	\$ 287,440	\$(1,061,847)	\$ (537,412)	\$ (1,273,889)	\$ 1,618,402	\$ (521,109)	\$ 186,541

Debt Service as a percentage of
noncapital expenditures

9.5% 9.0% 11.4% 7.8% 6.9% 4.9% 4.9% 7.4% 6.0% 2.6%

**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 ESTIMATED ACTUAL VALUE	PERCENT OF GROWTH	RATIO OF ASSESSED TO EST. ACTUAL
1998	\$ 336,670,423	n/a	\$ 336,670,423	8.60%	1
1999	345,805,905	n/a	345,805,905	2.71%	1
2000	352,946,080	n/a	352,946,080	2.06%	1
2001	366,646,731	n/a	366,646,731	3.88%	1
2002	403,585,978	n/a	403,585,978	10.07%	1
2003	415,500,759	n/a	415,500,759	2.95%	1
2004	437,194,620	n/a	437,194,620	5.22%	1
2005	453,422,564	n/a	453,422,564	3.71%	1
2006	463,420,813	n/a	463,420,813	2.21%	1
2007	481,285,347	16,002,826	497,288,173	7.31%	1

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

CITY OF BEATRICE, NEBRASKA
PROPERTY TAX RATES AND TAX LEVIES (PER \$100 VALUATION)
DIRECT AND OVERLAPPING GOVERNMENTS
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>
1998	0.26562	1.41445	0.378711	0.162913	0.03444	2.256134
1999	0.303103	1.288162	0.358842	0.128575	0.038208	2.116890
2000	0.308912	1.279411	0.355436	0.093486	0.042524	2.079769
2001	0.302007	1.298063	0.353581	0.091067	0.043048	2.087766
2002	0.273986	1.167993	0.364278	0.124815	0.041043	1.972115
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

**CITY OF BEATRICE, NEBRASKA
PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2007**

Table 8

TAXPAYER	TYPE OF BUSINESS	2007			1998		
		ASSESSED VALUATION	Rank	%OF TOTAL ASSESSED VALUATION	ASSESSED VALUATION	Rank	%OF TOTAL ASSESSED VALUATION
KH Beatrice LLC	(1) Manufacturing	\$ 13,020,425	1	2.71%			
Wal-Mart Stores	Shopping Mall	6,840,855	2	1.42%			
Beatrice Retirement Inc.	Retirement home	3,451,635	3	0.72%	1,436,045	7	0.43%
Cornhusker Hospitality II, LLC	(1) Hotel	2,821,370	4	0.59%			
Farmers Co-op Elevator	Grain/Feed Elevator	2,568,325	5	0.53%	1,983,650	2	0.59%
Sea Breeze Land Development	Manufacturing	2,484,380	6	0.52%	1,101,000	9	0.33%
Stanley T & Judy E Meyer	Shopping Mall plus other	2,345,290	7	0.49%	1,943,550	3	0.58%
LTC Properties	Retirement home/assisted	2,170,000	8	0.45%	1,593,605	4	0.47%
Homestead Village	Retirement home/complex	2,072,110	9	0.43%	1,500,000	5	0.45%
Beatrice Biodiesel LLC	(1) Manufacturing Plant	1,956,650	10	0.41%			
DDM Investments	Shopping Mall				3,300,000	1	0.98%
Hoover Universal	Manufacturing				1,485,210	6	0.44%
Beatrice Manor	Retirement home/assisted				1,200,000	8	0.36%
Sanford Sandelman, trustee	Grocery store				1,100,000	10	0.33%
		<u>\$ 39,731,040</u>		<u>8.26%</u>	<u>\$ 16,643,060</u>		<u>4.94%</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
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
1998	\$ 894,269	\$ 849,716	95.02%	\$ 44,046	\$ 893,762	99.9%
1999	1,048,149	996,783	95.10%	51,785	1,048,568	100.0%
2000	1,090,295	1,031,878	94.64%	60,609	1,092,487	100.2%
2001	1,107,296	1,040,483	93.97%	51,355	1,091,838	98.6%
2002	1,105,767	1,034,788	93.58%	62,630	1,097,418	99.2%
2003	1,138,409	1,072,347	94.20%	64,449	1,136,796	99.9%
2004	1,197,846	1,155,652	96.48%	45,655	1,201,307	100.3%
2005	1,250,949	1,197,780	95.75%	51,862	1,249,642	99.9%
2006	1,360,231	1,302,036	95.72%	56,551	1,358,587	99.9%
2007	1,459,640	1,393,092	95.44%	0	1,393,092	95.4%

**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			
1998	\$ 2,150,000	\$ -	\$ 845,600	-	\$ 3,540,000	\$ -	\$ 2,440,000	\$ 155,685	\$ 9,131,285	3.30%	738.54
1999	1,870,000	-	654,000	-	3,335,000	-	2,330,000	120,225	8,309,225	2.77%	671.18
2000	2,720,000	-	225,000	82,548	3,125,000	-	2,215,000	282,000	8,649,548	2.82%	698.67
2001	2,375,000	-	115,000	42,518	2,905,000	-	2,090,000	234,730	7,762,248	2.44%	620.88
2002	2,020,000	-	-	-	2,575,000	2,561,538	1,650,000	193,294	8,999,832	2.66%	719.41
2003	1,665,000	-	-	214,285	2,305,000	2,460,379	1,590,000	144,880	8,379,544	2.56%	669.83
2004	1,375,000	-	-	274,265	2,040,000	2,361,592	1,415,000	102,490	7,568,347	2.15%	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	2.35%	708.20
2006	955,000	-	2,040,000	185,739	1,475,000	2,154,419	1,050,000	76,441	7,936,599	2.11%	634.01
2007(a)	790,000	216,263	-	139,989	1,180,000	2,045,825	855,000	59,464	5,286,541	1.36%	422.32

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

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
1998	\$336,670,423	\$ 2,150,000	\$ 113,353	\$ 2,036,647	0.60%	164.72
1999	345,805,905	1,870,000	102,189	1,767,811	0.51%	142.80
2000 (a)	352,946,080	2,720,000	124,209	2,595,791	0.74%	209.68
2001	366,646,731	2,375,000	108,141	2,266,859	0.62%	181.32
2002	403,585,978	2,020,000	223,638	1,796,362	0.45%	143.59
2003 (b)	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	481,285,347	790,000	217,103	572,897	0.12%	45.77

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 on page__ for population data

(a) Public Safety Tax Anticipation Bonds issued December, 1999 in the amount of \$485,000 and
General Obligation Various Purpose Bonds issued January 2000 in the amount of \$655,000

(b) Water Park Bonds were refunded in November 2002,

**CITY OF BEATRICE, NEBRASKA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2007**

Table 12

<u>JURISDICTION</u>	<u>NET DEBT OUTSTANDING</u>	<u>PERCENT APPLICABLE TO CITY OF BEATRICE</u>	<u>AMOUNT APPLICABLE TO CITY OF BEATRICE</u>
DIRECT:			
City of Beatrice	\$ 771,413	100.00%	\$ 771,413
Airport Authority	\$ 227,864	100.00%	\$ 227,864
OVERLAPPING:			
School District #15	\$ 7,741,447	64.20%	\$ 4,970,009
Lower Big Blue Natural Resources District	\$ 73,898	18.90%	\$ 13,967

**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	
1998	\$10,014,775	\$8,125,492	\$ 1,889,283	\$ 195,000	\$224,734	\$419,734	4.50
1999	10,020,070	8,277,081	1,742,989	205,000	179,981	384,981	4.53
2000	11,623,557	9,001,102	2,622,455	210,000	175,183	385,183	6.81
2001	12,484,851	10,261,148	2,223,703	220,000	183,315	403,315	5.51
2002 (a)	12,805,886	10,448,362	2,357,524	330,000	211,167	541,167	4.36
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

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) The 1996 and 1997 Bond issues were refunded with a new \$2,575,000 issue

**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 (3)	SCHOOL ENROLLMENT(2)	UNEMPLOYMENT RATE(3)
1998	12,364	276,434,312	22,358	39	2,340	1.30%
1999	12,380	299,571,240	24,198	39	2,322	2.10%
2000	12,380	306,330,720	24,744	37.2	2,323	2.30%
2001	12,502	318,088,386	25,443	39.9	2,285	1.90%
2002	12,510	338,708,250	27,075	39.9	2,264	2.40%
2003	12,510	327,874,590	26,209	39.9	2,281	3.50%
2004	12,510	352,043,910	28,141	39.9	2,326	3.40%
2005	12,518	376,453,814	30,073	40.6	2,266	4.10%
2006	12,518	376,578,994	30,083	40.1	2,221	3.30%
2007	12,518	388,058,000	31,000	40.1	2,181	3.60%

SOURCES:

- (1) U.S. Census 2000 plus annexations filed
- (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**

Table 15

Employer	Type of Activity	2007		
		Employees	Rank	% of County Employment
Beatrice State Developmental Center	Home for mentally handicapped	888	1	7.08%
Exmark Manufacturing	Manufacturing	704	2	5.61%
Beatrice Community Hospital	Medical	441	3	3.52%
Husqvarna Turf Care	Manufacturing	356	4	2.84%
Beatrice Public Schools	Education	318	5	2.54%
Mosaic	Home for mentally handicapped	310	6	2.47%
Store Kraft Manufacturing	Manufacturing	290	7	2.31%
NEAPCO	Manufacturing	240	8	1.91%
Sheridan Industries	Manufacturing	211	9	1.68%
City of Beatrice	Government	141	10	1.12%
		<u>3,899</u>		<u>31.09%</u>

Source: Nebraska Public Power District Community Facts Book

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

TABLE 16

FUNCTION	Full-time employees as of fiscal year end									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government	8	8	7	8	8	8	7	5	5	5
Public Safety										
Police										
Commissioned	21	21	22	22	22	22	22	22	22	22
Civilians	10	10	10	11	11	12	12	11	11	11
Fire										
Full-time Firefighters	23	23	23	23	23	23	23	23	23	23
Civilians	1	1	1	1	1	1	1	1	1	1
Culture and Recreation	11	11	13	13	13	13	13	14	14	13
Highways and Streets	9	11	9	9	9	9	10	10	9	10
Solid Waste Agency	4	4	4	4	4	4	4	4	4	4
Water	11	14	12	12	12	11	13	13	14	14
Sewer	7	7	7	7	7	7	7	7	7	7
Electric	35	37	34	34	36	33	35	34	33	33
Total	140	147	142	144	146	143	147	144	143	143

FUNCTION	Part-time* employees as of fiscal year end									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Public Safety										
Police										
Civilians	4	4	4	3	3	3	3	3	3	3
Fire										
Reserves	10	10	10	8	6	8	9	8	8	9
Culture and Recreation	25	25	22	20	22	17	17	20	20	20
Solid Waste Agency	5	5	5	5	5	5	5	5	5	5
Electric	2	2	2	2	2	2	2	2	2	2
Total	46	46	43	38	38	35	36	38	38	39

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

Summer Water Park	43	43	55	58	50	50	54	40	40	40
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**CITY OF BEATRICE, NEBRASKA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Table 17

FUNCTION	FISCAL YEAR									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government										
Building Permits Issued	270	263	251	230	234	232	264	267	208	253
Public Safety										
Police										
Physical Arrests	1,040	1,008	984	NA	1,082	1,179	746	1,382	1,191	931
Patrol Citations	1,822	1,864	1,861	NA	2,685	2,284	1,216	3,509	2,815	2,074
Calls for Service	21,143	20,618	20,982	NA	12,633	13,998	22,819	22,059	21,736	21,571
Fire										
Ambulance Calls	1,402	1,315	1,605	1,418	1,501	1,590	1,687	1,803	1,960	1,928
Fire & Rescue Calls	533	577	624	587	649	634	554	795	776	886
Culture and recreation										
Water Park Admissions	\$ 12,198	\$ 90,620	\$ 80,452	\$ 73,027	\$ 78,916	\$ 82,235	\$ 62,908	\$ 73,494	\$ 85,892	\$ 90,059
Electric										
Average Daily Usage Commercial (MWH)	247.5	256.6	280.5	305.1	288.1	285.7	272.1	281.8	286.6	283.5
Average Daily Usage Residential (MWH)	162.9	162.1	162.5	178.9	174.6	177.6	173.7	180.9	186.3	189.9
Water										
Average Daily Consumption (gal)	4.44m	4.27m	4.59m	4.44m	3.98m	4.41m	4.06m	4.03m	4.25m	3.95m
Water Pollution Control										
Average Daily Treatment (gal)	1.69m	1.63m	1.53m	1.69m	1.46m	1.6m	1.45m	1.44m	1.5m	1.4m

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

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	FISCAL YEAR									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</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	258.4	258.4	259	259	259	259	259	264.7	270	270
Street Lane Miles, Unpaved	34.2	34.2	34	34	34	34	34	32.4	31.7	31.7
Storm Sewer Miles	25	25	25	25	25	25	25	25	25	25
Bridges	11	11	11	11	11	11	11	11	11	11
Street Lights	1439	1451	1471	1479	1492	1505	1520	1520	1535	1551
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	111	111	111	111	113	118	119	120	123	123
Fire Hydrants	554	557	587	587	602	617	627	632	652	652
Sewer										
Sanitary Sewer Miles	127	127	127	127	127	127	127	127	127	127
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Electric										
Substations	12	12	12	12	12	12	12	12	10	10
Miles 12.5KV Service	76.7	76.7	76.7	78.6	86	91	93	93	94	94
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	115.1	115.1	115.1	113.2	110.2	104.2	102.2	102.2	101	92

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

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SINGLE AUDIT REPORTS

CITY OF BEATRICE, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2007

<u>Federal Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Department of Homeland Security</u>		
Passed through Nebraska Emergency Management Agency:		
Disaster Grants - Public Assistance	97.036	\$ 30,963
Hazard Mitigation Grant	97.039	48,845
Passed through Nebraska Natural Resource District:		
Pre-Disaster Mitigation Competitive Grant	16.575	25,350
Total Department of Homeland Security		<u>105,158</u>
<u>Department of Transportation</u>		
Passed through Nebraska Department of Aeronautics:		
Airport Improvement Program	20.106	185,033
Passed through Nebraska Office of Highway Safety:		
Occupant Protection	20.602	19,991
Passed through Nebraska Department of Roads:		
Highway Planning and Construction	20.205	843,557 *
Total Department of Transportation		<u>1,048,581</u>
<u>Department of Justice</u>		
Direct Programs:		
Bulletproof Vest Partnership Program	16.607	1,001
Public Safety Partnership and Community Policing	16.710	7,606
Edward Byrne Memorial Justice Assistance Grant	16.738	58,300
Passed through Nebraska Crime Commission:		
Crime Victim Assistance	16.575	39,964
Total Department of Justice		<u>106,871</u>
<u>Department of Health and Human Services</u>		
Passed through Nebraska Department of Health and Human Services:		
State Rural Hospital Flexibility Program	16.575	4,000
Total Expenditures of Federal Awards		<u><u>\$ 1,264,610</u></u>

* Major Program

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Beatrice, Nebraska, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reporting entity for the Schedule of Expenditures of Federal Awards is the same as that defined in Note A to the financial statements.

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

To the Honorable Mayor and Members of 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, the aggregate remaining fund information, and the fiduciary funds of the City of Beatrice, Nebraska, as of and for the year ended September 30, 2007, which collectively comprise the City of Beatrice, Nebraska's basic financial statements and have issued our report thereon dated February 26, 2008. 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

In planning and performing our audit, we considered the City of Beatrice's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 the City of Beatrice'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*.

We noted certain matters that we reported to management of the City of Beatrice, Nebraska, in a separate letter dated February 26, 2008.

This report is intended solely for the information and use of management, the Mayor and City Council, the State of Nebraska Auditor of Public Accounts, 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.

*Almquist, Maltzahn,
Galloway & Luth, P.C.*

Grand Island, Nebraska
February 26, 2008

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor and Members of the City Council
City of Beatrice, Nebraska

Compliance

We have audited the compliance of the City of Beatrice, Nebraska, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Beatrice, Nebraska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City of Beatrice, Nebraska, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007.

Internal Control Over Compliance

The management of the City of Beatrice, Nebraska, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a significant deficiency in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the State of Nebraska Auditor of Public Accounts, 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.

*Amquist, Maltzahn,
Galloway & Luth, P.C.*

Grand Island, Nebraska
February 26, 2008

CITY OF BEATRICE, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2007

1. A summary of auditor's results:

- (i) An unqualified opinion was issued on the financial statements of the City of Beatrice, Nebraska, as of September 30, 2007.
- (ii) The audit did not disclose any significant deficiencies in the internal control of the City of Beatrice, Nebraska.
- (iii) The audit did not disclose any noncompliance which is material to the financial statements of the City of Beatrice, Nebraska.
- (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of Beatrice, Nebraska.
- (v) An unqualified opinion was issued on compliance for major programs.
- (vi) The audit did not disclose any audit findings which we are required to report under §____.510(a).
- (vii) Major Program: CFDA #20.205 - Highway Planning and Construction.
- (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (ix) The City of Beatrice, Nebraska, did not qualify as a low-risk auditee under §____.530.

2. Findings relating to the financial statements which are required to be reported in accordance with GAGAS.

None

3. Findings and questioned costs for Federal awards which shall include audit findings as defined in §____.510(a).

None

CITY OF BEATRICE, NEBRASKA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended September 30, 2007

Program

Findings for the year ended September 30, 2006

N/A - no single audit needed for September 30, 2006, year.

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