

CITY OF BEATRICE, NEBRASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
September 30, 2006

Prepared by:

Department of Management and Budget

**CITY OF BEATRICE, NEBRASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006**

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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, 2006.

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, 2006 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, 2006 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 included measures to determine if a "Single Audit", designed to meet the special needs of Federal grantor agencies, was required. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. Federal funded received by the City of Beatrice during the fiscal year ended September 30, 2006 were under the threshold therefore a separate Single Audit Report was not prepared.

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

PROFILE OF THE GOVERNMENT

The City of Beatrice, founded in 1857 and incorporated in 1873, is located in the Southeast Nebraska, just 37 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. The City Administrator is responsible for carrying out the policies and ordinances of the governing council and for overseeing the day-to-day operation of the City. 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 82.

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 37 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 3.3 improved from the 2005 rate of 4.1 and continues to be lower than the national rate of 4.6. City sales tax collections stabilized in 2006 after a 5% decrease in 2005 from 2004, and projections based upon the latter part of 2006 show an increase of 5.7%, a result of an up-turn in the local economy. 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 an increase in the City's sales and use tax of an additional half-cent with one-half of those proceeds, up to a maximum of \$250,000 for economic development, 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, 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 and construction began in August 2006 on the 50-million gallon biodiesel manufacturing plant, which will utilize soybean oil to produce B100, a pure form of biodiesel. The plant will employ an estimated 21 people. 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.

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. In 2004 the Business Campus obtained its' first tenant, Knowledge Management, a software development company that will employ up to 30 in 3 years. 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.

To continue expansion of the City's industrial area, plans are in the works to begin infrastructure development of Gage County Industrial Park #3. The first tenant, a local company Precise Fabrication has outgrown its current facility and purchased property in the newest industrial park with plans to construct a new facility. The sheet metal and tubing manufacturing job shop does 80% of its work for the local turf industry.

Construction was recently completed on Nebraska Public Power's new Beatrice Power Station, a combined cycle gas-fired power plant located on 250 acres just to the northwest of Beatrice at 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 replacement power during high-energy times. 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, however, the recent opening of Wal-Mart stores in south Lincoln and Marysville, Kansas has affected the Beatrice store's sales. The City looks forward to a new occupant, Ace Hardware, in the old K-mart building. 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 2005 shows a total of \$9.3 million in commercial and residential construction and remodeling which is a decrease from \$18.5 million in 2004. In 2004 the building permits included \$9.4 million for the construction of the new manufacturing facility for Husqvarna. Residential construction made up \$6.7 million of the total, which is a 40% increase from 2004. A large development Flowing Springs Estates, consisting of town houses, apartments, and an assisted living facility surrounding a series of lakes, spurred residential growth in previous years and continues to grow. Beautiful new subdivisions in the southeast portion of the City have provided for the construction of upper-middle middle class homes.

The City has endorsed the use of Tax Increment Financing, which allows for the basic infrastructure improvements to be made in designated areas for development of both residential and commercial property. TIF financing appears at this point to have a great benefit for the developer in which construction costs 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. The area was expanded in 2006 to include more property for development. 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 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. Grant funding has been approved to extend this project in fiscal year 2007 with the development of 7 miles of abandoned UPRR right-of-way north to Pickrell.

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 through 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. The City of Beatrice Fire and Rescue has been designated as one of nine Regional Hazardous Materials Response Teams so they receive funding for additional specialized equipment.

A committee was formed to review the overcrowding of the current fire station and the possibility of either expansion or construction of a new fire station. Funds are budgeted for in 2007 to hire an architect to do a study and provide construction details and cost estimates on the two options.

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 government 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. Thirty percent (30%) of the City's 1% sales tax is allocated each year to the Street fund and that along with state highway allocation dollars helps to pay for 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. Funding is included in the 2007 budget to provide for implementation of the City's Storm Water Management Plan.

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 with the cost of this \$1 million project paid from current reserves. A rate increase will be necessary in 2007 to again build up reserves for the next cell construction and provide for closure/post-closure care costs.

Debt Administration

At September 30, 2006, the City of Beatrice had nine individual bond issues and notes outstanding totaling \$7,674,419, plus the Airport Authority bond issue and notes totaling \$301,396. Debt as of September 30, 2006 consisted of \$735,000 in Water Park General Obligation Refunding Bonds issued November, 2002, payable from a property tax levy; \$220,000 in Various Purpose Refunding Bonds issued February, 2005, payable from special assessments levied and if necessary a general tax levy; \$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; \$365,000 in Community Redevelopment Revenue bonds issued January 2005; \$1,475,000 in Combined Utilities Revenue Refunding bonds issued August, 2002; \$2,154,419 in Bonds in the form of two Promissory Note issuing indebtedness to the Nebraska Department of Environmental Quality issued in 2002; and \$1,050,000 in Solid Waste Disposal Facilities Revenue Refunding bonds issued May, 2002. As of September 30, 2006, the Airport Authority debt consisted of \$265,000 in Airport Bonds issued December, 2002, and \$36,396 in three Non-interest bearing Notes to the Nebraska Department of Aeronautics, both payable from a special property tax levy.

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 FY2006 these funds maintained an average daily balance of \$2.85 million. The average cash balance invested was 100.08% with an average interest rate earned of 3.71% which nearly doubled when compared to 1.98% earned in FY2005. 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 has resulted in more competitive bidding between institutions with an average rate on certificates of deposit of 4% at the beginning of the year to 5.25% by the end of the year. 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 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. 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, 2006 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, 2006, 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, 2005. The City has also been awarded the Certificate of Achievement for fourteen previous consecutive years from 1991 to 2004, 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,

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, 2005

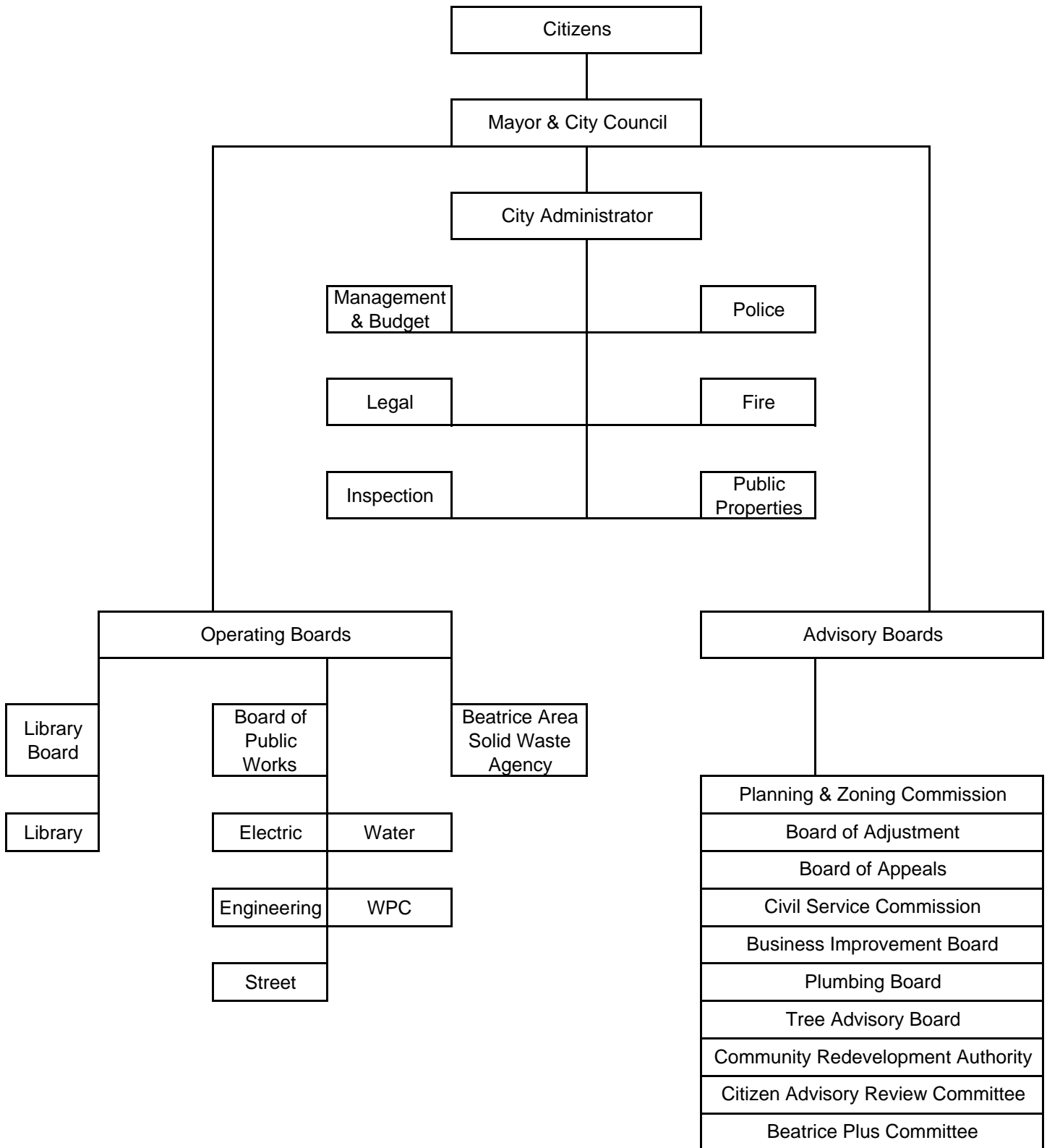
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

CITY OF BEATRICE, NEBRASKA ORGANIZATIONAL CHART



**CITY OF BEATRICE, NEBRASKA
OFFICIALS
2006**

MAYOR
Dennis Schuster

CITY COUNCILMEMBERS

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

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
Tim Overgaauw	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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the fiduciary fund of the City of Beatrice, Nebraska, as of and for the year ended September 30, 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 unit, each major fund, the aggregate remaining fund information, and the fiduciary fund of the City of Beatrice, Nebraska, as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 9, 2006, on our consideration of the City of Beatrice, Nebraska's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of your testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis and required supplementary information on pages 3 through 11 and 73 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 other supplementary information on pages 78 through 145 is presented for purposes of additional analysis and is 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 statement and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Grand Island, Nebraska
November 9, 2006

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, 2006. 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 \$52,037,045. Of this amount, \$3,213,469 may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased \$1,458,901 after an increase to the prior period of \$1,003,107 due to a restatement. See Page 34 for a recap of the equity restatement.

As of the close of the current fiscal year, the City of Beatrice's governmental funds reported combined ending fund balances of \$5,016,636, a decrease of \$521,109 in comparison with the prior year, as restated. The decrease is partially due to loan forgiveness on a CDBG Reuse Loan as per agreement.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,565,137, or 25.1% of total General Fund expenditures.

The City of Beatrice's total debt decreased \$943,752 (10.5%) during the current fiscal year, due to annual debt obligations being paid. The only addition was a state loan in the amount of \$28,484 for the Beatrice Airport Authority.

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, 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 is included as a discretely presented component unit due to its fiscal dependency on the City for 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 thirteen 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 Community Redevelopment Authority all of which are considered to be major funds. Data from the other nine 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 72 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 73 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 \$52,037,045 at the close of the most recent fiscal year.

By far the largest portion of the City of Beatrice's net assets (86.6%) 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 2005)

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
ASSETS						
Current and other assets	6,058	6,569	5,361	5,656	11,419	12,225
Capital assets	24,618	23,461	28,393	28,256	53,011	51,717
TOTAL ASSETS	30,676	30,030	33,754	33,912	64,430	63,942
LIABILITIES						
Long-term liabilities outstanding	3,044	3,397	5,598	5,756	8,642	9,153
Other liabilities	1,442	1,481	2,309	2,730	3,751	4,211
TOTAL LIABILITIES	4,486	4,878	7,907	8,486	12,393	13,364
NET ASSETS						
Invested in capital assets, net of related debt	21,437	19,908	23,670	22,944	45,107	42,852
Restricted	3,734	1,718	(17)	(718)	3,717	1,000
Unrestricted	1,019	3,526	2,194	3,200	3,213	6,726
TOTAL NET ASSETS	26,190	25,152	25,847	25,426	52,037	50,578

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 \$3,213,469 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. The business-type activities report a negative balance in restricted assets due to the restatement to account for the noncurrent cost of closure and postclosure costs in the Beatrice Area Solid Waste Agency fund. Steps will be taken through future rate increases to fund this cost.

There was an increase of \$1 million in net assets reported in connection with the City of Beatrice's governmental activities due to a restatement reclassifying the CDBG reuse loan receivable. Business-type activities increased the City of Beatrice's net assets by \$421,000. A breakdown of these activities is as follows:

City of Beatrice's Changes in Net Assets
(expressed in thousand's, comparison to 2005)

	Governmental activities		Business-type activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
REVENUES						
Program revenues						
Charges for services	1,939	2,024	15,761	15,434	17,700	17,458
Operating grants and contributions	1,526	2,141	-0-	-0-	1,526	2,141
Capital grants and contributions	461	307	455	-0-	916	307
General revenues						
Taxes	4,669	4,488	-0-	-0-	4,669	4,488
Unrestricted Intergovernmental	453	384	-0-	-0-	453	384
Other revenue	<u>562</u>	<u>601</u>	<u>232</u>	<u>335</u>	<u>794</u>	<u>936</u>
Total revenues	<u>9,610</u>	<u>9,945</u>	<u>16,448</u>	<u>15,769</u>	<u>26,058</u>	<u>25,714</u>
	Governmental activities		Business-type activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
EXPENSES						
General Government	1,535	2,510			1,535	2,510
Public Safety	4,222	4,199			4,222	4,199
Highways/Streets	1,322	2,068			1,322	2,068
Culture and Recreation	1,337	1,165			1,337	1,165
Interest on long-term debt	156	142			156	142
Electric			10,754	10,460	10,754	10,460
Water			1,716	1,630	1,716	1,631
Water Pollution Control			1,435	1,351	1,435	1,351
Sanitation			1,073	1,066	1,073	1,066
Solid Waste Management			1,049	979	1,049	882
Total expenses	<u>8,572</u>	<u>10,084</u>	<u>16,027</u>	<u>15,486</u>	<u>24,599</u>	<u>25,499</u>
CHANGE IN NET ASSETS	1,038	(139)	421	283	1,459	144
NET ASSETS, beginning of year	25,152	23,192	25,426	26,239	50,578	49,431
Restatement of Net Assets		2,099		(1,096)		1,003
NET ASSETS, end of year	<u>26,190</u>	<u>25,152</u>	<u>25,847</u>	<u>25,426</u>	<u>52,037</u>	<u>50,578</u>
	=====	=====	=====	=====	=====	=====

Governmental Activities

After a slight decrease in 2005, tax revenues returned with a 4% increase in 2006 from the previous year. In 2006 property tax revenues were increased 7.5% to offset declining sales tax revenues which decreased another 2% in

2006 but stabilized during the last few months of the fiscal year and look to increase during 2007. Occupation tax collections increased 25% with 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. State highway allocation dollars are a major funding source to maintain the street fund, and transportation funds for concrete street reconstruction projects. 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 2006 the City continued to receive grant funding for public safety equipment, library computer upgrade, park trail development and street improvements.

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 2% due to rate increases in the Water Pollution Control and Water funds. The rate increase is necessary to continue funding a more aggressive schedule for water main replacements and for sewer main improvements. The Electric fund, which distributes purchased power, did not increase rates in 2006. There were no changes in rates for the Beatrice Area Solid Waste Agency. Overall, revenues were sufficient to meet expenses.

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 \$5,016,636, a decrease of \$521,109 in comparison with the prior year as restated. The 2005 restatement increased the 2005 fund balance \$2,099,352 to account for reclassifying reuse loan receivable and including an additional loan receivable which will be forgiven if certain terms are met. 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 (\$2,316,008); 2) to pay debt service (\$223,587); 3) for the LB840 Economic Development program (\$861,742) and 4) for other restricted fund purposes (\$332,472). The remaining balance is \$1,282,827 in unreserved fund balance which is available for spending at the government's discretion. This is a decrease of \$223,783 when compared to 2005.

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 \$1,565,317. 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 25.1% of total General Fund expenditures.

The fund balance of the City of Beatrice's General Fund decreased by \$35,585 during the current fiscal year. The key factor in this decrease is the transfer out to fund capital projects resulting in a deficit. A more detailed analysis of operational revenues and expenditures is as follows:

General fund revenues as a total increased 12% over the previous year. Tax revenues increased due to increased tax levy and inclusion of cellular services in occupation taxes. Intergovernmental revenue available to fund general fund operations increased 18% through increased state aid from municipal equalization funds. Charges for services are up 26.6% due to a change in ambulance rates effective January 2006, combined with an increase in

the number of ambulance calls. Water Park rates were also increased in 2006. Miscellaneous revenues increased due to the donation of 911 communications equipment through a county grant and increased interest earnings.

General fund operating expenditures increased 8.9% from the previous year. Personnel costs increased 6.3%, which includes increased benefit costs for health insurance. Other operational expenditures increased accordingly with a 20% increase in supplies associated with fuel costs. Increased costs from contingencies were due to professional services associated with an EPA claim for cleanup on a former gas plant site and settlement of a claim with a local manufacturing company. There was a transfer out of \$268,364 to fund 2006 capital projects, which included \$125,975 for a new ambulance and equipment paid from accumulated ambulance revenues designated within the general fund fund balance each year.

The Street Fund has a negative fund balance of \$186,648 at the end of the fiscal year. The fund balance decreased \$86,841 from the previous year, partly due to an increase in the City's share of costs for new construction. Operation costs were maintained in 2006. 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, 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 \$2,314,689 at the end of the fiscal year, of this \$2,316,008 is reserved for Revolving Loans, leaving a negative unreserved balance of \$1,319. Grant funds to be received in October 2006 will take care of the negative balance. 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.

The Community Redevelopment Authority fund balance at the end fiscal year 2006 is a negative \$118,805. This fund accounts for infrastructure improvements authorized and funded through tax increment financing to develop areas designated as blighted and substandard. An additional \$55,167 in improvements was made in 2006. In 2005 bonds were issued to finance the 2004/05 improvements over the period of repayment from taxes received as a result of the valuation increase on the improved properties.

The Other governmental funds include three Special Revenue funds; the Economic Development fund, the Keno fund, the 911 Surcharge 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 \$1,442,083, a slight increase from 2005. A majority of this fund balance is reserved for specific purposes; \$861,742 for Economic Development; \$223,587 for Debt Service; and \$332,472 for Capital projects. The Economic Development fund received the maximum sales tax dollars of \$250,000, plus an increase in miscellaneous revenue of \$46,667 from interest earnings, which helped to fund the program expenditures plus increase the fund balance. The Keno fund proceeds decreased 30% from 2005, which in turn provides fewer dollars for capital projects. 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 \$2,194,717. The total change in net assets for all funds was an increase of \$421,213 from 2005 as restated. Invested in Capital Assets increased from \$22,983,056 in FY2005 to \$23,669,489 in FY2006. Extension and replacement of capital assets is discussed later in this report. A review of the Beatrice Area Solid Waste Agency fund may result in future 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 \$428,505 and can be briefly summarized as follows: Expenditures related to grants and additional donations received in the amount of \$29,325; \$85,000 in expenditures related to Medicare and Medicaid mandated

adjustments to ambulance service charges; \$130,000 for increased insurance costs; \$40,000 for a special legal services; \$48,000 for increased fuel & major repair costs; and \$95,880 for retirement payouts.

The increase was funded with a combination of grants, donations, 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, 2006, amounts to \$50,426,350 (net of accumulated depreciation) plus construction in progress of \$117,374 and land of \$2,467,517. 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 2.5 percent (a 4.9% increase for governmental activities and a .5% increase for business-type activities).

City of Beatrice's Capital Assets
(net of depreciation, except land)
(expressed in thousands, as compared to 2005)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	2,374	2,246	94	94	2,468	2,340
Buildings and system	4,680	4,411	1,208	1,208	5,888	5,619
Improvements other than Buildings	3,523	3,497	52,982	51,036	56,505	54,533
Machinery and equipment	6,053	5,651	5,317	4,626	11,370	10,277
Infrastructure	20,763	19,831	-0-	-0-	20,763	19,831
Construction in progress	-0-	-0-	117	445	117	445
Less accumulated depreciation	(12,775)	(12,175)	(31,325)	(29,153)	(44,100)	(41,328)
 Total	 24,618	 23,461	 28,393	 28,256	 53,011	 51,717

Major changes in Capital Assets in the Governmental Activities during fiscal year 2006 included concrete street reconstruction, residential infrastructure improvements to develop blighted areas, continued trail development, park improvements, a new storage building, and continued renovations to the City Auditorium. Increase in land was for economic development purposes, property acquired for the new National Guard Armory. Homeland Security and other grant funds made possible needed equipment purchases to improve and enhance our public safety departments.

Major changes in Capital Assets in the Business-type Activities include: in the Electric Fund installation of Sub 9 to the Airpark Addition, 12.5 Kv conversion project, new transformers, re-conductor 34.5 lines, new residential developments, including Wildwood Estates, and other overhead projects; in the Water fund installation of water main service to Wildwood Estates, water main replacement projects along Ella from 12th to 16th Street, along 8th Street from Grant to Elk and Perkins to Caldwell, Well #5 rehab and valve replacements; in the Water Pollution Control fund installation of Insituform pipe liner in sewer mains, and installation of new mains including service to Wildwood Estates, grit removal system improvements, and purchase of a new compost turner; in the Beatrice Area Solid Waste Agency fund installation of a gas probe monitoring system and purchase of a new loader.

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 \$7,674,419. Of this amount, \$735,000 comprises debt backed by the full faith and credit of the government and \$220,000 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	
	2006	2005	2006	2005	2006	2005
General obligation bonds	735	840	-0-	-0-	735	840
Special assessment debt with governmental commitment	220	265	-0-	-0-	220	265
Revenue bonds	2,040	2,215	4,679	5,260	6,719	7,475
Total	<u>2,995</u>	<u>3,320</u>	<u>4,679</u>	<u>5,260</u>	<u>7,674</u>	<u>8,580</u>
	=====	=====	=====	=====	=====	=====

During the current fiscal year, the City of Beatrice's total debts decreased by \$905,220 (10.6%) after annual bond maturities were paid. There were no new issues or refunding issues during 2006.

The Beatrice Airport Authority, a component unit of the City of Beatrice, had outstanding debt at 9/30/2006 of \$301,396, after annual bond maturities were paid, plus the issuance of two new notes payable to the Nebr. Dept. of Aeronautics. Of this amount \$265,000 comprises debt paid through a special levy approved by the City of Beatrice.

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 3.3 percent, a decrease from a rate of 4.1 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 4.6 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. A new retail store, Ace Hardware, has announced it will be locating in Beatrice in 2007. For the fiscal year 2006 sales tax revenues still show a slight decrease; however projections based upon the latter part of 2006 show an increase of 5.7%, a result of an up-turn in the local economy.

Economic Development efforts continue to be successful in attracting new companies. After Beatrice Bio-diesel purchased the remaining property in the City's 2nd Industrial Park, plans are in the process to develop the 3rd Industrial Park with one tenant already committed. 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 decreased from \$1,600,902 to \$1,565,317 at the end of fiscal year 2006 due to expending excess reserve funds to help fund capital projects. In preparing the budget for fiscal year 2007, due to flat sales tax revenues, the City of Beatrice used the property valuation increase of 7.3% to increase the property tax dollars while keeping the levy the same at .293520. General fund dollars of \$224,059 and Keno dollars of \$112,078 will be used to fund the City's Capital Projects in

2007. Revenue projections will be sufficient to maintain the City's operating expenditures and personnel staffing at the 2006 level.

Electric fund revenue projections and expenses will require a rate increase in the 2007 budget due to increased purchased power cost estimated at 3.5%. 2006 rate increases in the Water and Water Pollution Control funds will be sufficient to provide revenue to fund the 2007 budgets which include expenses for water main replacements and sewer main liner projects. Garbage rates will be reviewed in April of 2007 to include the garbage hauler contract rate increase and a possible increase in landfill fees to fund the Beatrice Area Solid Waste Agency projected closure and postclosure costs.

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, 2006**

Exhibit 1

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	Primary Government				2006
	Governmental Activities	Business-Type Activities	2006 Total	2005 Total	Component Unit
Assets					
Current Assets					
Cash and cash equivalents	\$ 1,766,792	\$ 1,439,807	\$ 3,206,599	\$ 2,908,086	\$ 102,139
Investments	660,000	-	660,000	1,200,000	150,000
Cash on deposit - County Treasurer	225,721	-	225,721	201,159	26,738
Accounts receivable	832,114	1,101,285	1,933,399	1,888,050	10,928
Assessments receivable	248,563	-	248,563	221,075	-
In-lieu of assessments	11,669	-	11,669	11,668	-
Taxes receivable	76,933	-	76,933	51,225	10,485
Unbilled and accrued revenues	-	493,355	493,355	626,818	-
Materials and supplies inventories	-	671,216	671,216	741,931	43,509
Prepaid expenses	-	12,867	12,867	7,103	-
Current portion of CRA bonds receivable	-	180,000	180,000	175,000	-
Interest receivable	12,223	5,060	17,283	11,950	-
Total Current Assets	3,834,015	3,903,590	7,737,605	8,044,065	343,799
Restricted Assets					
Restricted Cash and Cash Equivalents					
Employee benefits	-	26,150	26,150	41,081	-
Grants and capital projects	285,816	-	285,816	184,598	-
Debt service reserve account	-	732,489	732,489	731,476	-
Restricted Investments					
Customer deposits	-	111,180	111,180	106,830	-
Grants and capital projects	97,106	-	97,106	94,083	-
Closure/postclosure maintenance	-	370,325	370,325	305,135	-
Total Restricted Assets	382,922	1,240,144	1,623,066	1,463,203	-
Capital Assets					
Land	2,373,665	93,852	2,467,517	2,339,916	337,622
Construction in progress	-	117,374	117,374	-	-
Capital assets (net of accumulated depreciation)	22,244,538	28,181,812	50,426,350	49,377,672	2,162,959
Net Capital Assets	24,618,203	28,393,038	53,011,241	51,717,588	2,500,581
Other Assets					
Loans receivable	1,841,175	-	1,841,175	2,312,773	-
Bonds receivable, net of current portion	-	185,000	185,000	365,000	-
Unamortized bond issuance costs	-	32,311	32,311	39,254	4,045
Total Other Assets	1,841,175	217,311	2,058,486	2,717,027	4,045
Total Assets	30,676,315	33,754,083	64,430,398	63,941,883	2,848,425

See Accompanying Notes to Financial Statements.

**CITY OF BEATRICE
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005**

Exhibit 1

	Primary Government				2006
	Governmental Activities	Business-Type Activities	2006 Total	2005 Total	Component Unit
Liabilities					
Current Liabilities					
Accounts payable	122,893	1,240,256	1,363,149	1,786,447	6,829
Accrued expenses	-	-	-	537,821	28,196
Registered warrants payable	395,727	-	395,727	273,492	-
Claims incurred but not reported	65,000	-	65,000	62,111	-
Accrued compensated absences	164,978	181,086	346,064	277,272	-
Sales tax payable	-	64,491	64,491	-	-
Employee insurance payable	-	62,000	62,000	-	-
Accrued interest payable	39,657	34,711	74,368	25,401	-
Deferred revenues	263,227	-	263,227	236,580	20,776
Customer deposits	-	111,180	111,180	106,830	-
Current maturities of long-term debt	390,528	615,587	1,006,115	905,221	73,532
Total Current Liabilities	1,442,010	2,309,311	3,751,321	4,211,175	129,333
Noncurrent liabilities, net of current portion					
Revenue bonds	1,860,000	2,035,000	3,895,000	4,459,779	-
General obligation bonds	790,000	-	790,000	955,000	200,000
Notes and leases payable	140,211	2,105,273	2,245,484	2,545,309	27,864
Noncurrent deferred revenue	-	-	-	-	103,410
Compensated absences, noncurrent	254,069	337,479	591,548	168,921	-
Estimated current cost of closure and postclosure	-	1,120,000	1,120,000	1,023,555	-
Total Noncurrent Liabilities	3,044,280	5,597,752	8,642,032	9,152,564	331,274
Total Liabilities	4,486,290	7,907,063	12,393,353	13,363,739	460,607
Net Assets					
Invested in capital assets, net of related debt	21,437,464	23,669,489	45,106,953	42,852,279	2,199,185
Restricted net assets					
Restricted for economic development	861,742	-	861,742	845,281	-
Restricted for debt service	223,587	732,489	956,076	233,006	35,310
Restricted for closure costs/postclosure	-	(749,675)	(749,675)	(718,420)	-
Restricted for library capital improvements	97,106	-	97,106	94,083	-
Restricted for public safety equipment	235,366	-	235,366	184,598	-
Restricted loan fund	2,316,008	-	2,316,008	361,394	-
Unrestricted net assets	1,018,752	2,194,717	3,213,469	6,725,923	153,323
Total Net Assets	\$ 26,190,025	\$ 25,847,020	\$ 52,037,045	\$ 50,578,144	\$ 2,387,818

See Accompanying Notes to Financial Statements.

**CITY OF BEATRICE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005**

Exhibit 2

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			2005 Total	2006 Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2006 Total		
Functions/Programs									
Primary Government:									
Governmental Activities									
General government	\$ 1,534,901	\$ 345,007	\$ 15,842	\$ 14,299	\$ (1,159,753)	\$ -	\$ (1,159,753)	\$ (924,942)	
Public safety	4,221,570	1,306,089	430,833	181,795	(2,302,853)	-	(2,302,853)	(3,079,335)	
Highways and streets	1,322,483	37,492	1,055,633	203,127	(26,231)	-	(26,231)	(547,340)	
Culture and recreation	1,337,021	250,418	23,594	62,285	(1,000,724)	-	(1,000,724)	(918,197)	
Interest on long-term debt	156,582	-	-	-	(156,582)	-	(156,582)	(141,854)	
Total Governmental Activities	8,572,557	1,939,006	1,525,902	461,506	(4,646,143)	-	(4,646,143)	(5,611,668)	
Business-Type Activities									
Electric	10,754,605	10,964,847	-	-	-	210,242	210,242	368,894	
Water	1,716,187	1,643,628	-	-	-	(72,559)	(72,559)	(84,867)	
Water pollution control	1,434,806	1,156,364	-	455,095	-	176,653	176,653	(287,803)	
Sanitation	1,072,664	1,072,664	-	-	-	-	-	-	
BASWA	1,048,967	923,420	-	-	-	(125,547)	(125,547)	(47,547)	
Total Business-Type Activities	16,027,229	15,760,923	-	455,095	-	188,789	188,789	(51,323)	
Total Primary Government	\$ 24,599,786	\$ 17,699,929	\$ 1,525,902	\$ 916,601	(4,646,143)	188,789	(4,457,354)	(5,662,991)	-
Component Unit:									
Airport Authority	\$ 746,067	\$ 345,184	\$ -	\$ 113,238					\$ (287,645)
General Revenues									
Taxes									
Property tax					1,345,681	-	1,345,681	1,250,205	180,211
Sales tax					2,609,294	-	2,609,294	2,666,234	-
Occupation tax					713,808	-	713,808	571,103	-
Unrestricted intergovernmental					453,478	-	453,478	383,844	-
Miscellaneous revenues					414,510	121,725	536,235	874,573	18,273
Unrestricted investment earnings					142,609	110,699	253,308	128,604	7,389
Gain on sale of capital assets					4,451	-	4,451	(67,376)	-
Total General Revenues					5,683,831	232,424	5,916,255	5,807,187	205,873
Change in Net Assets					1,037,688	421,213	1,458,901	144,196	(81,772)
Net Assets, Beginning of Year, as previously reported					25,152,337	25,425,807	50,578,144	49,430,841	
Restatement of Net Assets					-	-	-	1,003,107	2,469,590
Net Assets, Beginning of Year, as restated					25,152,337	25,425,807	50,578,144	50,433,948	2,469,590
Net Assets, End of Year					\$ 26,190,025	\$ 25,847,020	\$ 52,037,045	\$ 50,578,144	\$ 2,387,818

See Accompanying Notes to Financial Statements.

**CITY OF BEATRICE
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005**

Exhibit 3

	2006						
	General	Streets	CDBG	Community Redevelopment Authority	Other Governmental Funds	Total Governmental Funds	2005 Total
Assets							
Cash and cash equivalents	\$ 19,378	\$ 17,078	\$ 475,314	\$ (14,714)	\$ 1,247,546	1,744,602	\$ 1,546,745
Investments	660,000	-	-	-	-	660,000	1,200,000
Cash on deposit - County Treasurer	185,848	-	-	16,852	23,021	225,721	201,159
Accounts receivable (net)	418,411	45,648	-	-	20,251	484,310	730,535
Interest receivable	-	-	-	-	12,223	12,223	9,794
Assessments receivable	-	-	-	-	248,563	248,563	221,075
Restricted:							
Cash	50,450	-	-	-	235,366	285,816	184,598
Investments	-	-	-	-	97,106	97,106	94,083
In-lieu-of assessments	-	-	-	-	11,669	11,669	11,668
Due from other funds	365,000	-	-	-	208,032	573,032	144,648
Loans receivable	-	-	1,841,175	-	-	1,841,175	2,312,773
Taxes receivable	76,933	-	-	-	-	76,933	51,225
Total Assets	\$ 1,776,020	\$ 62,726	\$ 2,316,489	\$ 2,138	\$ 2,103,777	\$ 6,261,150	\$ 6,708,303
Liabilities							
Accounts payable	\$ 24,304	\$ 18,242	\$ -	\$ -	\$ 80,347	\$ 122,893	\$ 321,516
Registered warrants payable	-	-	1,800	65,800	328,127	395,727	273,492
Accrued interest payable	-	-	-	5,143	34,514	39,657	25,401
Compensated absenses	141,878	23,100	-	-	-	164,978	168,921
Deferred revenues	44,521	-	-	-	218,706	263,227	236,580
Due to other funds	-	208,032	-	50,000	-	258,032	144,648
Revolving loan fund payable	-	-	-	-	-	-	-
Total Liabilities	210,703	249,374	1,800	120,943	661,694	1,244,514	1,170,558
Fund Balances							
Reserved for:							
Reserved for economic development	-	-	-	-	861,742	861,742	845,281
Reserved for debt service	-	-	-	-	223,587	223,587	233,006
Reserved for library capital improvements	-	-	-	-	97,106	97,106	94,083
Reserved for public safety equipment	-	-	-	-	235,366	235,366	184,598
Revolving loan fund	-	-	2,316,008	-	-	2,316,008	2,674,167
Unreserved, Undesignated, Reported in:							
General fund	1,120,317	-	-	-	-	1,120,317	1,030,902
Special revenue funds	-	(186,648)	(1,319)	(118,805)	173,154	(133,618)	42,814
Debt service funds	-	-	-	-	(183,671)	(183,671)	(159,872)
Capital projects funds	-	-	-	-	34,799	34,799	22,766
Unreserved, Designated for:							
Subsequent years' expenditures	445,000	-	-	-	-	445,000	570,000
Total Fund Balances	1,565,317	(186,648)	2,314,689	(118,805)	1,442,083	5,016,636	5,537,745
Total Liabilities and Fund Balances	\$ 1,776,020	\$ 62,726	\$ 2,316,489	\$ 2,138	\$ 2,103,777		

CITY OF BEATRICE
BALANCE SHEET, Continued
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	2006					2005 Total
	General	Streets	CDBG	Community Redevelopment Authority	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.						24,618,203
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.						(10,006)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds as follows:						
Bonds Payable						(2,995,000)
Capital Leases Payable						(185,739)
Noncurrent Accrued Absenses						(254,069)
Net Assets of Governmental Activities						<u>\$ 26,190,025</u>
						<u>\$ 25,152,337</u>

CITY OF BEATRICE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

Exhibit 4

	2006						2005 Total
	General	Streets	CDBG	Community Redevelopment Authority	Other Governmental Funds	Total Governmental Funds	
Revenues							
Taxes							
Property tax	\$ 1,181,723	\$ -	\$ -	\$ -	\$ 163,958	\$ 1,345,681	\$ 1,250,205
Sales tax	1,837,435	521,859	-	-	250,000	2,609,294	2,666,234
Occupation tax	713,808	-	-	-	-	713,808	571,103
Licenses and permits	94,817	-	-	-	-	94,817	106,454
Intergovernmental	884,795	1,055,633	450	281,322	230,308	2,452,508	2,602,708
Charges for services	1,356,417	37,492	-	-	67,282	1,461,191	1,167,068
Keno proceeds	-	-	-	-	93,706	93,706	135,253
Special assessments	-	-	-	-	159,761	159,761	93,984
Interest	70,834	-	15,571	-	54,892	141,297	68,976
Donations and miscellaneous revenue	276,395	203,127	23,206	-	29,691	532,419	538,916
	-	-	-	-	-	-	-
Total Revenues	6,416,224	1,818,111	39,227	281,322	1,049,598	9,604,482	9,200,901
Expenditures							
Current							
General government	757,837	-	398,907	-	182,190	1,338,934	1,431,889
Public safety	4,044,227	-	-	-	60,802	4,105,029	3,900,882
Highways and streets	-	898,007	-	-	-	898,007	1,968,128
Culture and recreation	1,141,291	-	-	-	-	1,141,291	1,164,624
Debt Service							
Principal	-	-	-	175,000	150,000	325,000	535,000
Interest	-	-	-	103,191	53,391	156,582	141,854
Bond issuance cost	-	-	-	-	-	-	33,834
Capital outlay	270,190	1,006,945	-	55,167	744,970	2,077,272	740,767
MFO payments - other entities	-	-	-	-	122,576	122,576	120,880
Total Expenditures	6,213,545	1,904,952	398,907	333,358	1,313,929	10,164,691	10,037,858
Excess (Deficiency) of Revenues Over (Under) Expenditures	202,679	(86,841)	(359,680)	(52,036)	(264,331)	(560,209)	(836,957)
Other Financing Sources (Uses)							
Transfers in	26,000	-	-	-	361,000	387,000	341,370
Transfers out	(268,364)	-	-	-	(118,636)	(387,000)	(341,370)
Bond proceeds	-	-	-	-	-	-	2,480,000
Sale of capital assets	4,100	-	-	-	35,000	39,100	359
Total Other Financing Sources and Uses	(238,264)	-	-	-	277,364	39,100	2,480,359
Net Change in Fund Balances	(35,585)	(86,841)	(359,680)	(52,036)	13,033	(521,109)	1,643,402
Fund Balances, Beginning of Year, as previously reported	1,600,902	(99,807)	2,674,369	(66,769)	1,429,050	5,537,745	1,794,991
Restatement of Fund Balance	-	-	-	-	-	-	2,099,352
Fund Balances, Beginning of Year, as restated	1,600,902	(99,807)	2,674,369	(66,769)	1,429,050	5,537,745	3,894,343
Fund Balances, End of Year	\$ 1,565,317	\$ (186,648)	\$ 2,314,689	\$ (118,805)	\$ 1,442,083	\$ 5,016,636	\$ 5,537,745

CITY OF BEATRICE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005

Exhibit 5

	<u>2006</u>	<u>2005</u>
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Net change in fund balances - total governmental funds	\$ (521,109)	\$ 1,618,402
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	1,984,442	1,700,955
Depreciation Expense	(792,932)	(1,494,528)
Change in noncurrent liability principal is a change in the governmental funds, but the repayment reduces the long-term liability in the statement of net assets.	354,247	(1,945,213)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets.	(34,648)	(7,043)
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>47,688</u>	<u>(36,211)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 1,037,688</u></u>	<u><u>\$ (163,638)</u></u>

See Accompanying Notes to Financial Statements.

CITY OF BEATRICE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	2006							
	Business-Type Activities Enterprise Funds					Governmental Activities		
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	Totals	Internal Service Funds	2005 Total
Current Assets								
Cash and investments	\$ 517,803	\$ 583,583	\$ 254,762	\$ 83,631	\$ 28	\$ 1,439,807	\$ 22,190	\$ 1,356,924
Accounts receivable (net)	752,879	88,242	59,859	127,361	72,944	1,101,285	347,804	1,157,515
Unbilled and accrued revenues	372,171	68,442	52,742	-	-	493,355	-	626,818
Materials and supplies inventories	434,518	236,698	-	-	-	671,216	-	741,931
Prepaid expenses	7,250	3,452	2,165	-	-	12,867	-	7,103
Current portion of CRA bonds receivable	180,000	-	-	-	-	180,000	-	175,000
Interest receivable	4,500	232	328	-	-	5,060	-	2,156
Total Current Assets	2,269,121	980,649	369,856	210,992	72,972	3,903,590	369,994	4,067,447
Noncurrent Assets								
Restricted Cash and Cash Equivalents								
Employee benefits	26,150	-	-	-	-	26,150	-	41,081
Debt Service Reserve Account	167,071	156,902	248,127	160,389	-	732,489	-	731,476
Restricted Investments								
Customer deposits	111,180	-	-	-	-	111,180	-	106,830
Closure/postclosure maintenance and care	-	-	-	370,325	-	370,325	-	305,135
Total Restricted Cash, Cash Equivalents and Investments	304,401	156,902	248,127	530,714	-	1,240,144	-	1,184,522
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	22,388,822	11,395,731	15,612,793	3,584,215	-	52,981,561	-	51,035,925
Machinery and equipment	2,616,678	711,030	1,366,599	623,179	-	5,317,486	-	4,625,801
Construction in progress	-	117,374	-	-	-	117,374	-	445,564
	<u>26,167,778</u>	<u>12,347,522</u>	<u>16,995,980</u>	<u>4,207,394</u>	<u>-</u>	<u>59,718,674</u>	<u>-</u>	<u>57,409,543</u>
Less accumulated depreciation	13,393,690	7,522,028	8,486,194	1,923,724	-	31,325,636	-	29,153,296
Net Capital Assets	12,774,088	4,825,494	8,509,786	2,283,670	-	28,393,038	-	28,256,247
Other Assets								
Bonds receivable (less current portion)	185,000	-	-	-	-	185,000	-	365,000
Unamortized bond issuance cost	11,985	2,782	3,941	13,603	-	32,311	-	39,254
Total Other Assets	196,985	2,782	3,941	13,603	-	217,311	-	404,254
Total Assets	15,544,595	5,965,827	9,131,710	3,038,979	72,972	33,754,083	369,994	33,912,470

See Accompanying Notes to Financial Statements.

	2006							2005 Total
	Business-Type Activities Enterprise Funds						Governmental Activities	
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	Totals	Internal Service Funds	
Liabilities								
Current Liabilities								
Accounts payable	\$ 926,135	\$ 44,563	\$ 193,450	\$ 3,136	\$ 72,972	\$ 1,240,256	\$ -	\$ 1,464,931
Claims incurred but not reported	-	-	-	-	-	-	65,000	-
Accrued compensated absences	82,805	61,278	21,622	15,381	-	181,086	-	217,806
Sales tax payable	64,491	-	-	-	-	64,491	-	-
Employee insurance payable	62,000	-	-	-	-	62,000	-	46,211
Accrued interest	1,541	6,810	14,091	12,269	-	34,711	-	-
Customer deposits	111,180	-	-	-	-	111,180	-	106,830
Due to General Fund	-	-	-	-	-	-	315,000	-
Current maturities of long-term debt	188,358	78,492	136,743	211,994	-	615,587	-	580,221
Total Current Liabilities	<u>1,436,510</u>	<u>191,143</u>	<u>365,906</u>	<u>242,780</u>	<u>72,972</u>	<u>2,309,311</u>	<u>380,000</u>	<u>2,415,999</u>
Noncurrent Liabilities								
Compensated absences, noncurrent	140,086	135,697	61,696	-	-	337,479	-	314,885
Revenue bonds, net of current maturities	753,430	176,528	250,042	855,000	-	2,035,000	-	2,419,779
Notes payable, net of current maturities	-	659,327	1,386,499	59,447	-	2,105,273	-	2,312,445
Noncurrent cost of closure and postclosure	-	-	-	1,120,000	-	1,120,000	-	1,023,555
Total Noncurrent Liabilities	<u>893,516</u>	<u>971,552</u>	<u>1,698,237</u>	<u>2,034,447</u>	<u>-</u>	<u>5,597,752</u>	<u>-</u>	<u>6,070,664</u>
Total Liabilities	<u>2,330,026</u>	<u>1,162,695</u>	<u>2,064,143</u>	<u>2,277,227</u>	<u>72,972</u>	<u>7,907,063</u>	<u>380,000</u>	<u>8,486,663</u>
Net Assets								
Invested in capital assets, net of related debt	11,844,285	3,913,929	6,740,443	1,170,832	-	23,669,489	-	22,983,056
Restricted for debt service	167,071	156,902	248,127	160,389	-	732,489	-	731,476
Restricted for closure costs/postclosure maintenance	-	-	-	(749,675)	-	(749,675)	-	(718,420)
Unrestricted	1,203,213	732,301	78,997	180,206	-	2,194,717	(10,006)	2,429,695
Total Net Assets	<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>	<u>\$ 25,425,807</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, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

Exhibit 7

	2006						
	Business-Type Activities Enterprise Funds					Governmental Activities	
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	Totals	2005 Total
Operating Revenues							
Charges for services	\$ 10,956,522	\$ 1,590,944	\$ 1,134,329	\$ 923,420	\$ 1,072,664	\$ 15,677,879	\$ 15,433,810
Reimbursements	-	-	-	-	-	391,039	-
Total Operating Revenues	<u>10,956,522</u>	<u>1,590,944</u>	<u>1,134,329</u>	<u>923,420</u>	<u>1,072,664</u>	<u>15,677,879</u>	<u>15,433,810</u>
Operating Expenses							
Electric energy purchased	7,492,594	-	-	-	-	7,492,594	7,287,319
Operating and maintenance expenses	995,871	796,146	466,663	-	1,072,664	3,331,344	2,996,750
Customer accounting expenses	180,056	82,725	64,220	-	-	327,001	336,204
Engineering services	42,744	16,000	16,000	-	-	74,744	128,396
Administrative and general expense	706,005	314,805	159,292	485,995	-	1,666,097	1,701,098
Municipal expenses	348,738	27,351	10,473	-	-	386,562	355,944
Depreciation and amortization	941,554	431,652	625,654	295,239	-	2,294,099	2,280,700
Landfill operating contracts	-	-	-	210,605	-	210,605	166,217
Health insurance claims paid	-	-	-	-	-	-	-
Health and life insurance premiums	-	-	-	-	-	-	-
Payflex expenditures	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Total Operating Expenses	<u>10,707,562</u>	<u>1,668,679</u>	<u>1,342,302</u>	<u>991,839</u>	<u>1,072,664</u>	<u>15,783,046</u>	<u>15,252,628</u>
Operating Income (Loss)	<u>248,960</u>	<u>(77,735)</u>	<u>(207,973)</u>	<u>(68,419)</u>	<u>-</u>	<u>(105,167)</u>	<u>181,182</u>
Nonoperating Revenues (Expenses)							
Interest income	79,737	7,307	3,267	20,388	-	110,699	59,192
Merchandising, etc.	8,325	52,684	22,035	-	-	83,044	98,323
Contribution in aid of construction	-	-	93,637	-	-	93,637	1,095
Grant income	-	-	361,458	-	-	361,458	-
Income (loss) on disposal of capital assets	-	-	-	-	-	-	(60,692)
Miscellaneous	109,776	-	9,108	2,841	-	121,725	237,334
Interest expense	(44,646)	(46,952)	(91,716)	(57,128)	-	(240,442)	(229,815)
Amortization of bond issuance cost	(2,397)	(556)	(788)	-	-	(3,741)	(3,785)
Total Nonoperating Revenues (Expenses)	<u>150,795</u>	<u>12,483</u>	<u>397,001</u>	<u>(33,899)</u>	<u>-</u>	<u>526,380</u>	<u>101,652</u>
Transfer (to) from other fund	<u>(172,986)</u>	<u>89,260</u>	<u>83,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>226,769</u>	<u>24,008</u>	<u>272,754</u>	<u>(102,318)</u>	<u>-</u>	<u>421,213</u>	<u>282,834</u>
Net Assets, Beginning of Year, as previously reported	<u>12,987,800</u>	<u>4,779,124</u>	<u>6,794,813</u>	<u>864,070</u>	<u>-</u>	<u>25,425,807</u>	<u>26,239,218</u>
Restatement of Net Assets	-	-	-	-	-	-	(1,096,245)
Net Assets, Beginning of Year, as restated	<u>12,987,800</u>	<u>4,779,124</u>	<u>6,794,813</u>	<u>864,070</u>	<u>-</u>	<u>25,425,807</u>	<u>25,142,973</u>
Net Assets, End 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>\$ 25,425,807</u>

**CITY OF BEATRICE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	Business-Type Activities					Governmental		
	Enterprise Funds					Activities		
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	2006 Totals	Internal Service Funds	2005 Totals
Cash Flows From Operating Activities								
Cash received from customers	\$ 11,216,577	\$ 1,688,001	\$ 1,166,956	\$ 932,669	\$ 1,070,316	\$ 16,074,519	\$ 972,256	\$ 15,892,535
Cash paid to suppliers for goods and services	(8,627,808)	(510,001)	(166,544)	(383,903)	(1,070,641)	(10,758,897)	(1,270,795)	(11,517,085)
Cash paid to employees for services	(1,291,550)	(778,081)	(450,247)	(205,125)	-	(2,725,003)	-	(1,898,893)
Net Cash Provided by (Used in) Operating Activities	1,297,219	399,919	550,165	343,641	(325)	2,590,619	(298,539)	2,476,557
Cash Flows from Noncapital Financing Activities								
Transfer (to) from other funds	(172,986)	89,260	83,726	-	-	-	-	-
Cash Flows from Capital and Related Financing Activities								
Principal payments on long-term debt	(185,164)	(76,677)	(133,379)	(185,000)	-	(580,220)	-	(556,953)
Principal advances on long-term debt	-	-	-	(66,365)	-	(66,365)	-	(49,684)
Advance from General Fund	-	-	-	-	-	-	315,000	-
Interest paid on revenue bond maturities	(43,105)	(40,142)	(77,625)	(44,859)	-	(205,731)	-	(229,815)
Contribution in aid to construction	-	-	-	-	-	-	-	1,095
Grant proceeds	-	-	361,458	-	-	361,458	-	-
Capital expenditures	(1,032,020)	(367,905)	(815,377)	(28,749)	-	(2,244,051)	-	(2,016,684)
Net Cash Used in Capital and Related Financing Activities	(1,260,289)	(484,724)	(664,923)	(324,973)	-	(2,734,909)	315,000	(2,852,041)
Cash Flows From Investing Activities								
Purchase of bond	-	-	-	-	-	-	-	(540,000)
Receipt of principal payments on bond receivable	175,000	-	-	-	-	175,000	-	-
Interest received	76,875	7,289	3,243	20,388	-	107,795	1,312	62,829
Net Cash Provided by (Used in) Investing Activities	251,875	7,289	3,243	20,388	-	282,795	1,312	(477,171)
Net Increase (Decrease) in Cash and Cash Equivalents	115,819	11,744	(27,789)	39,056	(325)	138,505	17,773	(852,655)
Cash and Cash Equivalents, Beginning of Year	706,385	728,741	530,678	575,289	353	2,541,446	4,417	3,394,101
Cash and Cash Equivalents, End of Year	\$ 822,204	\$ 740,485	\$ 502,889	\$ 614,345	\$ 28	\$ 2,679,951	\$ 22,190	\$ 2,541,446
Cash and Cash Equivalents consist of:								
Cash and Investments	\$ 517,803	\$ 583,583	\$ 254,762	\$ 83,631	\$ 28	\$ 1,439,807	\$ 22,190	\$ 1,356,924
Employee Benefits Cash	26,150	-	-	-	-	26,150	-	41,081
Debt Service Reserve Account	167,071	156,902	248,127	160,389	-	732,489	-	731,476
Customer Deposits Investments	111,180	-	-	-	-	111,180	-	106,830
Closure/Postclosure Maintenance and Care	-	-	-	370,325	-	370,325	-	305,135
Total Cash and Cash Equivalents	\$ 822,204	\$ 740,485	\$ 502,889	\$ 614,345	\$ 28	\$ 2,679,951	\$ 22,190	\$ 2,541,446

See Notes to Financial Statements.

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**CITY OF BEATRICE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	Business-Type Activities						Governmental	
	Enterprise Funds						Activities	
	Electric	Water	Water Pollution Control	BASWA	Other (Sanitation)	2006 Totals	Internal Service Funds	2005 Totals
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:								
Operating income (loss)	\$ 248,960	\$ (77,735)	\$ (207,973)	\$ (68,419)	\$ -	\$ (105,167)	\$ 46,376	\$ 181,182
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities								
Depreciation	941,554	431,652	625,654	295,239	-	2,294,099	-	2,280,700
Merchandise and miscellaneous revenue	118,101	52,684	31,143	2,841	-	204,769	-	335,657
Increase in estimated current cost of closure and postclosure	-	-	-	96,445	-	96,445	-	96,197
(Increase) decrease in unbilled and accrued revenues	104,736	23,911	4,816	-	-	133,463	-	(91,644)
(Increase) decrease in accounts receivable	35,040	20,462	(3,332)	6,408	(2,348)	56,230	(347,804)	214,712
(Increase) decrease in inventory	140,564	(69,849)	-	-	-	70,715	-	(205,711)
Increase in prepaid insurance	(3,291)	(1,407)	(1,066)	-	-	(5,764)	-	-
Increase (decrease) in accounts payable	(330,828)	6,061	96,072	1,997	2,023	(224,675)	-	(331,192)
Decrease in sales tax payable	(2,172)	-	-	-	-	(2,172)	-	-
Increase in employee insurance payable	20,919	-	-	-	-	20,919	-	-
Increase (decrease) in accrued compensated absences	19,286	14,140	4,851	9,130	-	47,407	-	6,331
Increase (decrease) in customer deposits	4,350	-	-	-	-	4,350	-	(9,675)
Increase (decrease) in claims incurred but not reported	-	-	-	-	-	-	2,889	-
Total Adjustments	1,048,259	477,654	758,138	412,060	(325)	2,695,786	(344,915)	2,295,375

Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,297,219</u>	<u>\$ 399,919</u>	<u>\$ 550,165</u>	<u>\$ 343,641</u>	<u>\$ (325)</u>	<u>\$ 2,590,619</u>	<u>\$ (298,539)</u>	<u>\$ 2,476,557</u>
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Exhibit 8

Noncash Investing, Capital and Financing Activities

The Water Pollution Control Fund received \$93,637 of contributions in aid of construction on distribution systems put in by developers during the year ended September 30, 2006.

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, 2006 AND 2005**

Exhibit 9

	2006	Pension Trust Fund 2005
Assets		
Investments with fiscal agent	\$ 14,540,272	\$ 14,411,427
Total Assets	14,540,272	14,411,427
Liabilities	-	-
Net Assets		
Reserved for employees' retirement system	14,540,272	14,411,427
Total Net Assets	<u>\$ 14,540,272</u>	<u>\$ 14,411,427</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, 2006 AND 2005

Exhibit 10

	Pension Trust Fund	
	2006	2005
Additions		
Contributions		
Employer	\$ 442,993	\$ 366,210
Employee	397,105	387,007
Total Contributions	<u>840,098</u>	<u>753,217</u>
Investment Earnings		
Net increase in the fair value of investments	858,878	1,072,494
Total Additions	<u>1,698,976</u>	<u>1,825,711</u>
Deductions		
Benefits	1,556,027	850,912
Administrative expenses	14,104	15,930
Total Deductions	<u>1,570,131</u>	<u>866,842</u>
Change in Net Assets	128,845	958,869
Net Assets, Beginning of Year	<u>14,411,427</u>	<u>13,452,558</u>
Net Assets, End of Year	<u><u>\$ 14,540,272</u></u>	<u><u>\$ 14,411,427</u></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, 2006

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, water, 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 Unit:	Beatrice Airport Authority

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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 organizations' 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's 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, 2006

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:

Brief Description of Activities and Relationship
To The City:

Beatrice Airport Authority

Established to provide for the operations of the Beatrice Airport. The City is financially accountable for the Airport Authority as a result of fiscal dependency. 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 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*.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. 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 of 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.

Special Revenue – Street Fund

The Street Fund is used to account for operation of the street department. Revenue services 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.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

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.

Community Redevelopment Authority Fund

The Community Redevelopment Authority Fund is used to account for revenues and expenditures authorized by this authority and the receipt and distribution of tax increment financing funds.

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 and 911 surcharges.

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, bonded districts and unbonded assessments.

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, 2006

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 for the collection and treatment services of waste water for the residents of the City.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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 fund types:

Enterprise Fund-Sanitation Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

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, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Equity Restatements:

	<u>Governmental</u>	<u>Business-Type</u>
Beginning net assets, September 30, 2004	\$ 23,191,623	\$ 26,239,218
General Fund – compensated absences	(140,036)	-
Street Fund – compensated absences	(28,885)	-
General Fund – allowance for doubtful accounts	(19,500)	-
CDBG Fund – reclass liability to fund balance	1,677,773	-
CDBG Fund – record note receivable	610,000	-
BASWA Fund – noncurrent cost of closure and Postclosure	-	(721,785)
Electric Fund – accounts receivable	-	(234,530)
Water Fund – accounts receivable	-	(52,762)
Water Pollution Control – accounts receivable	-	(87,168)
Total Restatements	<u>2,099,352</u>	<u>(1,096,245)</u>
Restated net assets, September 30, 2004	\$ <u>25,290,975</u>	\$ <u>25,142,973</u>

Component Unit:

	<u>Net Assets</u>
Beginning net assets, September 30, 2005 Beatrice Airport Authority	\$ -
Add Component Unit	<u>2,469,590</u>
Component unit net assets, September 30, 2005	\$ <u>2,469,590</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, 2006

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 are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, governmental and business-like 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, 2006

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 and fiduciary 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 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 C2.

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, 2006

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, CDBC, loans, special assessments, sales tax and property taxes. Business-type activities report utility billing 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 (fixed 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, fixed assets are accounted for as capital assets, 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.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

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 increased useful lives are capitalized. Maintenance, repairs and minor renewals are expensed when incurred. When capital assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

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

Vehicles	5 - 10 years	Office equipment	5 years
Tools and work equipment	5 - 10 years	Communication equipment	5 years
Electric load management system	10 years	Electric distribution system	25 years
Water wells and transmission	25 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, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed 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, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Fund Financial Statements, 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 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 and 600 hours for all other City employees, of unused sick leave is paid at resignation. Seventy-five percent, but not exceeding 540 hours for firefighters, 720 hours for police and 600 hours for all other City employees, of unused sick leave is paid at retirement. Employees of the Board of Public Works and the Street Department are paid fifty percent or seventy-five percent of their unused sick leave when they resign or retire, respectively. 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 termination.

The amounts of unpaid vacation and compensatory time accumulated by City employees are accrued as expenses when incurred in proprietary funds, and reported as a fund liability. In the governmental funds the amount expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported as long-term liabilities in the Statement of Net 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, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-Term Obligations, continued

Government-wide Statements

All long-term debt to be repaid from governmental and business-type resources are 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, 2006

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 services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by City management. 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 are recorded as deferred revenue.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures and Expenses, continued

Property Taxes, continued

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

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, 2005
	Levy date	October 15, 2005
	Tax bills mailed	December 1, 2005
	Due date	December 31, 2005
	First Installment payment delinquent	May 1, 2006
	Second installment payment delinquent	September 1, 2006

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

The City is permitted to levy taxes up to \$.470958 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, 2006, was \$.283108 per \$100 of assessed property which means the City has a tax margin of \$.18785 per \$100 of assessed value and could raise value, taxes by \$4,634,208 based on the present assessed valuation of \$463,420,813 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, 2006

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. 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 market 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, 2006

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. agencies securities having an aggregate value at least equal to the amount of the deposits. The City's cash deposit, 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 appropriate 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, 2006

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

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

1. Prior to September 10, the City Administrator submitted to the Mayor and City Council a proposed operating budget for the fiscal period commencing October 1, 2005 and ending September 30, 2006. 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	\$ 428,205
Street Fund	40,000
Unbonded Districts Debt Service Fund	452,300
Self-Insured Health Care Fund	605,000
Airport Authority	<u>23,000</u>
Total	\$ <u>1,548,505</u>

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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 its 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 the level of custodial credit risk assumed by the City based upon how its deposits were insured or secured with collateral at September 30, 2006. The categories of credit risk 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	\$ 5,495,195	\$ 553,357	\$ 4,941,838	\$ -	\$ 4,353,193

Reconciliation to Government-wide Statement of Net Assets:

Primary Government –

Unrestricted cash and cash equivalents	\$ 3,206,599
Restricted cash and cash equivalents	1,044,455

Component Units –

Unrestricted cash and cash equivalents	<u>102,139</u>
	<u>\$ 4,353,193</u>

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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 the level of market risk and custodial credit risk assumed by the City (or public trust) based upon whether the investments are insured or registered and upon who holds the security at September 30, 2006. The categories of credit risk 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	\$ 128,286	\$ 354,880	\$ -	\$ 483,166	\$ 483,166
Time Deposits	1,260,325	-	-	1,260,325	1,260,325
Publicly Traded Equities		6,731,031	-	6,731,031	6,731,031
Guaranteed Investment Securities		7,454,361	-	<u>7,454,361</u>	<u>7,454,361</u>
				<u>\$ 15,928,883</u>	<u>\$ 15,928,883</u>

Reconciliation to Government-wide Statements of Net Assets:

Primary Government –

Unrestricted investments \$ 660,000

Restricted investments 578,611

Permanently restricted investments -

Component Units –

Unrestricted investments 150,000

Restricted investments -

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

14,540,272

\$ 15,928,883

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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

2. Restricted Assets

The restricted assets as of September 30, 2006 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	\$ 285,816	\$ 758,639	\$ 1,044,455
Investments	<u>97,106</u>	<u>481,505</u>	<u>578,611</u>
	<u><u>\$ 382,922</u></u>	<u><u>\$ 1,240,144</u></u>	<u><u>\$ 1,623,066</u></u>

3. Accounts and Notes Receivable

Accounts receivable of the business-type activities consist of utilities receivable. Accounts receivable of the governmental activities consist of ambulance (25.7%), reinsurance (41.8%), sales tax (26.7%), and other (5.8%) receivables. Accounts receivable for the component unit consists of fuel and repair services. Receivables detail at September 30, 2006 is as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
Accounts receivable	\$ 862,614	\$ 1,101,285	\$ 1,963,899	\$ 10,928
Allowance for doubtful accounts	<u>(30,500)</u>	<u>-</u>	<u>(30,500)</u>	<u>-</u>
Net accounts receivable	<u><u>\$ 832,114</u></u>	<u><u>\$ 1,101,285</u></u>	<u><u>\$ 1,933,399</u></u>	<u><u>\$ 10,928</u></u>

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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>2006</u>	<u>2005</u>
Current	\$ 35,725	\$ 23,649
Delinquent	11,991	6,891
Deferred	200,847	100,835
Assessments in Progress	<u>-</u>	<u>89,700</u>
	<u>\$ 248,563</u>	<u>\$ 221,075</u>
 In-Lieu-of Assessments	 <u>\$ 11,669</u>	 <u>\$ 11,668</u>

CDBG – Notes receivable for the governmental funds consist of the following at September 30, 2006.

<u>Due From</u>	<u>Balance 9/30/2006</u>	<u>Terms</u>
Precise Fabrication, Inc.	\$ 139,037	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.	236,621	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.	38,038	3.5%; due in monthly installments of \$1,341 through April, 2009.
Store Kraft Manufacturing Co.	379,167	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, it has not been forgiven as of yet.
Totals	<u>\$ 1,841,175</u>	

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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

4. Capital Assets

Components of the City's capital assets at September 30, 2006, are summarized as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Land and land rights	\$ 2,373,665	\$ 93,852	\$ 2,467,517
Construction in process	117,374	-	117,374
Buildings and improvements	4,679,861	1,208,401	5,888,262
Improvements other than buildings	3,523,125	52,981,561	56,504,686
Machinery and equipment	6,053,342	5,317,486	11,370,828
Infrastructure	<u>20,763,400</u>	<u>-</u>	<u>20,763,400</u>
	37,393,393	59,718,674	97,112,067
Accumulated depreciation	<u>(12,775,190)</u>	<u>(31,325,636)</u>	<u>(44,100,826)</u>
	\$ <u>24,618,203</u>	\$ <u>28,393,038</u>	\$ <u>53,011,241</u>

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

	Balance <u>10/01/05</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>09/30/06</u>
Land	\$ 2,246,065	\$ 150,600	\$ (23,000)	\$ 2,373,665
Buildings and improvements	4,411,547	268,314	-	4,679,861
Improvements other than buildings	3,496,921	26,204	-	3,523,125
Machinery and equipment	5,650,749	607,322	(204,729)	6,053,342
Infrastructure	<u>19,831,398</u>	<u>932,002</u>	<u>-</u>	<u>20,763,400</u>
	\$ <u>35,636,680</u>	\$ <u>1,984,442</u>	\$ <u>(227,729)</u>	\$ <u>37,393,393</u>

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

	Balance <u>10/01/05</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>09/30/06</u>
Land and land rights	\$ 93,852	\$ -	\$ -	\$ 93,852
Buildings and improvements	1,208,401	-	-	1,208,401
Improvements other than buildings	51,035,925	1,986,090	(40,454)	52,981,561
Machinery and equipment	<u>4,625,801</u>	<u>883,798</u>	<u>(192,113)</u>	<u>5,317,486</u>
	56,963,979	2,869,888	(232,567)	59,601,300
Construction in Progress	<u>445,564</u>	<u>1,261,106</u>	<u>(1,589,296)</u>	<u>117,374</u>
	\$ <u>57,409,543</u>	\$ <u>4,130,994</u>	\$ <u>(1,821,863)</u>	\$ <u>59,718,674</u>

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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

4. Capital Assets, continued

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

	Balance <u>10/01/05</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>09/30/06</u>
Land and Land rights	\$ 337,622	\$ -	\$ -	\$ 337,622
Buildings and improvements	1,684,358	-	-	1,684,358
Improvements other than buildings	4,174,539	-	-	4,174,539
Machinery and equipment	<u>190,358</u>	<u>116,773</u>	-	<u>307,131</u>
	<u>\$ 6,386,877</u>	<u>\$ 116,773</u>	<u>\$ -</u>	<u>\$ 6,503,650</u>

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

	Balance <u>10/01/05</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>09/30/06</u>
Buildings and improvements	\$ 1,514,592	\$ 69,974	\$ -	\$ 1,584,566
Improvements other than buildings	1,450,120	110,870	-	1,560,990
Machinery and equipment	3,452,815	283,769	(193,080)	3,543,504
Infrastructure	<u>5,757,811</u>	<u>328,319</u>	-	<u>6,086,130</u>
	<u>\$ 12,175,338</u>	<u>\$ 792,932</u>	<u>\$ (193,080)</u>	<u>\$ 12,775,190</u>

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

General Government	\$ 58,018
Public Safety	160,520
Highways and Streets	378,664
Culture and Recreation	<u>195,730</u>
Total Depreciation	<u>\$ 792,932</u>

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

	Balance <u>10/01/05</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>09/30/06</u>
Buildings and improvements	\$ 361,588	\$ 50,061	\$ -	\$ 411,649
Improvements other than buildings	25,755,671	1,884,062	(13,930)	27,625,803
Machinery and equipment	<u>3,036,037</u>	<u>376,656</u>	<u>(124,509)</u>	<u>3,288,184</u>
	<u>\$ 29,153,296</u>	<u>\$ 2,310,779</u>	<u>\$ (138,439)</u>	<u>\$ 31,325,636</u>

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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 component unit:

	<u>Balance</u> <u>10/01/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/06</u>
Buildings and improvements	\$ 846,441	\$ 59,559	\$ -	\$ 906,000
Improvements other than buildings	2,784,392	161,048	-	2,945,440
Machinery and equipment	<u>137,469</u>	<u>14,160</u>	<u>-</u>	<u>151,629</u>
	<u>\$ 3,768,296</u>	<u>\$ 234,767</u>	<u>\$ -</u>	<u>\$ 4,003,069</u>

Construction in process at September 30, 2006, consists of a generator to be installed, a water main at Centennial Drive, a water main at Sunridge development at 26 and Hoyt, and a water main in the Crest Addition. These projects are all expected to be completed during the fiscal year ended September 30, 2007.

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, 2006, the amount included in the government activities in the government-wide statements is \$4,462. 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, 2006, the amount included in the government activities in the government-wide statements is \$181,278. The gross cost of the equipment obtained through this lease was \$300,000, and is included in machinery and equipment.

Capital leases in the enterprise funds consist of:

The city has entered into a lease agreement, as lessee, to finance the acquisition of heavy equipment 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 the future minimum lease payments as of the date of inception in the General Fund. At September 30, 2006, the amount included in the government activities in the government-wide statements is \$0, since it was paid off as scheduled during the year. The gross cost of the equipment obtained through this lease was \$167,322, and is included in machinery and equipment.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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

5. Capital Leases, continued

The City has entered into a lease agreement, as lessee, to finance the acquisition of 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, 2006, the amount included in the Beatrice Area Solid Waste Agency Enterprise Fund was \$76,441. 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, 2006:

<u>Year Ending</u> <u>September 30,</u>	<u>Governmental</u> <u>Funds</u>	<u>Enterprise</u> <u>Funds</u>	<u>Total</u>
2007	\$ 55,689	\$ 20,256	\$ 75,945
2008	54,226	20,257	74,483
2009	52,646	20,256	72,902
2010	48,206	20,256	68,462
2011	<u>-</u>	<u>3,377</u>	<u>3,377</u>
Total minimum lease payments	210,767	84,402	295,169
Less: amount representing interest	<u>25,028</u>	<u>7,961</u>	<u>32,989</u>
Present value of future minimum lease payments	\$ <u>185,739</u>	\$ <u>76,441</u>	\$ <u>262,180</u>

The capital leases transaction summary for the year ended September 30, 2006, follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Governmental</u> <u>Funds</u>	<u>Enterprise</u> <u>Funds</u>	<u>Total</u>
Capital Leases 10/01/05	\$ 232,864	\$ 52,806	\$ 285,670
Capital Leases Additions	-	90,000	90,000
Capital Leases Payments	<u>(47,125)</u>	<u>(66,365)</u>	<u>(113,490)</u>
Capital Leases 09/30/06	\$ <u>185,739</u>	\$ <u>76,441</u>	\$ <u>262,180</u>

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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, 2006, follows:

	<u>Balance</u> <u>9/30/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/06</u>
Governmental Activities:				
Note and bonds payable	\$ 3,320,000	\$ -	\$ 325,000	\$ 2,995,000
Business-Type Activities:				
Note, lease and bonds payable	5,259,639	-	580,220	4,679,419
Component Unit:				
Bonds and Notes payable	<u>339,928</u>	<u>28,484</u>	<u>67,016</u>	<u>301,396</u>
Totals	<u>\$ 8,919,567</u>	<u>\$ 28,484</u>	<u>\$ 972,236</u>	<u>\$ 7,975,815</u>

Bonds payable as of September 30, 2006, are comprised of the following individual issues:

Revenue Bonds and Notes

Governmental Activities

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. \$ 365,000

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

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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. \$ 1,460,732

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. \$ 693,687

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. \$ 1,475,000

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. \$ 1,050,000

General Obligation Bonds and Notes

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. \$ 220,000

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. \$ 735,000

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2006, are as follows:

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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

6. Long-Term Debt, continued

General Obligation Bonds and Notes, continued

Year Ending September 30,	<u>Governmental Activities</u> Note and Bonds Payable		<u>Business-Type Activities</u> Note and Bonds Payable		<u>Fees</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2007	\$ 345,000	\$ 99,493	\$ 598,593	\$ 164,324	\$ 21,275
2008	355,000	89,974	617,074	143,306	20,180
2009	370,000	80,031	650,666	120,124	19,051
2010	380,000	70,668	674,374	94,596	17,885
2011	340,000	61,740	563,200	67,186	16,682
2012-2016	990,000	173,624	677,826	203,410	63,965
2017-2021	215,000	19,610	793,648	198,406	27,543
2022	-	-	104,038	60,103	608
	<u>\$ 2,995,000</u>	<u>\$ 595,140</u>	<u>\$ 4,679,419</u>	<u>\$ 1,051,455</u>	<u>\$ 187,189</u>

Component Unit Bonds and Notes Payable

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.	\$ 265,000
Non-interest bearing note payable to the Nebraska Department of Aeronautics, due in monthly installments of \$311, through September 2009.	11,196
Non-interest bearing note payable to the Nebraska Department of Aeronautics, due in monthly installments of \$200, through February 2012.	13,000
Non-interest bearing note payable to the Nebraska Department of Aeronautics, due in monthly installments of \$200, through October 2011.	<u>12,200</u>
	<u>\$ 301,396</u>

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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

The outstanding balance of September 30, 2006, is estimated to be repaid as follows:

Year Ended September 30,	Notes and Bonds Payable Principal	Interest
2007	\$ 73,532	\$ 7,523
2008	73,532	5,654
2009	73,532	3,574
2010	74,800	1,242
2011	4,800	-
2012	<u>1,200</u>	<u>-</u>
Total	\$ <u>301,396</u>	\$ <u>17,993</u>

7. Registered Warrants

Registered warrants were issued to finance various projects of the City of Beatrice. There are no specific repayment terms and interest is due upon repayment of the registered warrants. Interest rates range from 5% to 6.5%. The following is a summary of registered warrants transactions for the year ended September 30, 2006.

Registered warrants payable September 30, 2005	\$ 273,491
Registered warrants issued	296,689
Registered warrants paid	<u>(174,453)</u>
Registered warrants payable September 30, 2006	\$ <u>395,727</u>

8. Compensated Absences

The following is a summary of activity in the liability for compensated absences:

Liability for compensated absences at September 30, 2006	\$ 937,612
The estimated amount of compensated absences due within the next year.	<u>(346,064)</u>
	\$ <u>591,548</u>

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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

9. Interfund Payables and Receivables

All interfund payables arise due to ongoing operations of the City. The following balances at September 30, 2006, represent individual fund interfund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Special Revenue Funds: Street Fund	\$ -	\$ 208,032
Debt Service Funds: Bonded	123,039	-
Debt Service Funds: Unbonded	84,993	-
Internal Service Fund	-	315,000
Special Revenue Funds: CRA	-	50,000
General Fund	<u>365,000</u>	<u>-</u>
	<u>\$ 573,032</u>	<u>\$ 573,032</u>

10. Deficit Fund Balances

The Debt Service Fund had a deficit fund balance for Unbonded Assessments of \$183,671 at September 30, 2006. The Internal Service Fund had a deficit retained earnings of \$10,006 at September 30, 2006. The Special Revenue Fund had a deficit fund balance for Streets of \$186,648, for Community Redevelopment Authority of \$118,805, and for 911 Surcharge of \$8,651 at September 30, 2006.

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
Pensioners	Nonqualified Benefit Plan

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE D – OTHER NOTES, continued

1. Pension Plans, continued

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 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%.

Contribution Requirements and Contributions Made – The contribution rate for police employees is 6.0% of gross with the City also contributing 6.0% as adopted by the City. The City's total police payroll for 2006 was \$969,983 and the City contributions were based on a payroll of \$964,559. Both the City and the covered employees made the required contributions, amounting to \$57,661 (retirement rate of 6.0% of covered payroll) for the City and \$57,874 (6.0%) for the employees.

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

The contribution rate for firefighter employees is 6.5% of base pay with the City contributing 13.0% as adopted by the City. The City's total fire payroll for 2006 was \$1,083,184 and the City's contributions were based on a payroll of \$934,388. Both the City and the covered employees made the required contributions, amounting to \$121,470 (retirement rate of 13.0% of covered payroll) for the City and \$60,735 (6.5%) for the employees.

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

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

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE D – OTHER NOTES, continued

1. Pension Plans, continued

Police and Firefighters Plan (Pre 1984)

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

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

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

Based on the actuarial valuation, it is anticipated that the unallocated account is sufficient to provide the minimum defined benefits for the remaining pre-84 hires. Therefore, it is anticipated that no additional contribution will be required to be contributed 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.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE D – OTHER NOTES, continued

1. Pension Plans, continued

Police Plan, continued

The pension benefit obligation, 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, 2006	\$ 276,718
Benefit obligation at January 1, 2003, plus an inflation factor to September 30, 2006	<u>385,198</u>
Funded Status	\$ <u>(108,480)*</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, 2006.

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.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE D – OTHER NOTES, continued

1. Pension Plans, continued

Firefighters Plan, continued

The pension benefit obligation, 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, 2006	\$ 1,748,872
Benefit obligation at January 1, 2003, plus an inflation factor to September 30, 2006	<u>164,556</u>
Funded Status	\$ <u>1,584,316</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, 2006.

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 6.0% of base pay with the City contribution 6.0% as adopted by the City. The City's total non-uniformed employee's payroll, for 2006 was \$1,507,228 and the City's contributions were based on a payroll of \$1,152,317. Both the City and covered employees made required contributions, totaling \$62,945 (retirement rate of 6.0% of covered payroll) for the City and \$69,139 (6.0%) for the employees, plus \$7,275 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.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE D – OTHER NOTES, continued

1. Pension Plans, continued

Board of Public Works

Defined Contribution Plan Description—The City of Beatrice Board of Public Works has adopted a defined contribution pension plan available to all employees with two or more years of service. No contributions are made prior to eligibility. 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. Prior to November 1, 1988, each participating employee was required to contribute 4.5% of gross earnings. Effective November 1, 1997, the required contribution was increased to 6%. The Board of Public Works matches required contributions. Participating employees are allowed to make additional contributions of 1% to 4% of base. The Board of Public Works does not match additional contributions.

Contribution Requirements and Contributions Made—Contributions of \$141,151 were made by the Board of Public Works to match required contributions for the year ended September 30, 2006. Contributions were based on wages totaling \$2,352,519 for the year ending September 30, 2006. Total wages paid by the Board of Public Works were \$2,605,411 for the year ended September 30, 2006. 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.

Pensioners

The City provides pension benefits to fire fighters 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, 2006 was \$967,267, which is funded by the unallocated account in the Firefighters Defined Benefit Plan.

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>	
9/30/04	\$ -	N/A	\$ -
9/30/05	-	N/A	-
9/30/06	-	N/A	-

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE D – OTHER NOTES, continued

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 \$65,000 and \$62,111 reported in the Fund at September 30, 2006 and 2005, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the fund's claims liability amount in fiscal 2006 and 2005, were:

	Beginning of Fiscal Period Liability	Current Period Claims and Changes Estimates	Charges and Reimbursements	Balance at Fiscal Period-End
2005-2006	\$ 62,111	\$ 1,132,449	\$ 1,197,338	\$ 127,000
2004-2005	28,353	649,515	683,273	62,111

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.

CITY OF BEATRICE, NEBRASKA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

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 of the sum of said pledge of assets shall be of the value equal to or greater than the amount of the deposit in excess of that portion of said deposit insured by the Federal Deposit Insurance Corporation.

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

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

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, 2006 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 investment maturities are as follows:

<u>Maturities by Month</u>	<u>Amount</u>
October, 2006	\$ 1,145,325
November, 2006	750,000
December, 2006	300,000
January, 2007	300,000
February, 2007	200,000
July, 2007	80,000
October, 2007	150,000
September, 2008	365,000
August, 2011	<u>246,000</u>
	<u>\$ 3,536,325</u>

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.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

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, 2006, the City's investments in certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
First National Bank of Omaha	\$ 230,000
Tier One Bank	1,375,000
First National Bank and Trust Company of Beatrice	<u>1,931,325</u>
	<u>\$ 3,536,325</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, 2006, was \$14,540,272.

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, 2006

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, 2006.

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 \$1,120,000 reported as landfill closure and post closure care liability at September 30, 2006, represents the cumulative amount reported to date based on 36.5% used of the estimated capacity of the landfill, and is an increase of \$96,945 over the previous fiscal year.

The City will recognize the remaining estimated cost of closure and post closure care of \$1,745,050 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 may be higher than anticipated due to inflation, changes in technology, or changes in laws or regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post closure care. The City is in compliance with these requirements, and at September 30, 2006, investments of \$370,325 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.

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.

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Economic Development, continued

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

September 30, 2007	\$ 180,000
September 30, 2008	\$ 180,000

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, 2007	\$ 24,000
September 30, 2008	\$ 24,000

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, 2007	\$ 5,763
September 30, 2008	\$ 5,907

Construction

The City is a party to numerous contracts relating to construction projects of the governmental funds. The City intends to fund the construction through operations or long-term financing.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2006</u>	<u>Obligation Pending</u>
Sanitary Sewer into Third Industrial Park	\$ 51,646	\$ -	\$ 51,646
Beatrice North Pump Station Generator	<u>123,300</u>	<u>29,610</u>	<u>93,690</u>
Totals	\$ <u>174,946</u>	\$ <u>29,610</u>	\$ <u>145,336</u>

CITY OF BEATRICE, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

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 preformed the environmental assessment prior to purchase of the property.

4. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2006:

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, 2006	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	June 1, 2001 to July 31, 2006	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, 2006

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, 2006

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	\$ 178,850	\$ 135,642	\$ 314,492
Cash to accrual adjustments	<u>19,603</u>	<u>2,720</u>	<u>22,323</u>
Revenues on GAAP basis	<u>198,453</u>	<u>138,362</u>	<u>336,815</u>
Expenditures			
Expenditures on budgetary basis	531,295	130,967	662,262
Cash to accrual adjustments	<u>(292,229)</u>	<u>-</u>	<u>(292,229)</u>
Expenditures on GAAP basis	<u>239,066</u>	<u>130,967</u>	<u>370,033</u>
Excess (Deficit) of Revenues Over (Under)			
Expenditures on a GAAP Basis	\$ (<u>40,613</u>)	\$ <u>7,395</u>	\$ (<u>33,218</u>)

**CITY OF BEATRICE, NEBRASKA
GENERAL FUND**

Schedule A-1

**MAJOR FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	2006				
	Original Budget	Final Budget	Actual	Variance Over/ (Under)	2005 Totals
Revenues					
Taxes					
Property tax	\$ 1,188,860	\$ 1,188,860	\$ 1,181,723	\$ (7,137)	\$ 1,115,011
Sales tax	1,900,000	1,900,000	1,837,435	(62,565)	1,883,006
Occupation tax	627,600	627,600	713,808	86,208	571,103
Licenses and permits	97,800	97,800	94,817	(2,983)	106,454
Intergovernmental	886,198	886,198	884,795	(1,403)	821,858
Charges for services	1,042,143	1,042,143	1,356,417	314,274	1,071,781
Miscellaneous	146,000	146,000	351,329	205,329	160,223
Total Revenues	<u>5,888,601</u>	<u>5,888,601</u>	<u>6,420,324</u>	<u>531,723</u>	<u>5,729,436</u>
Expenditures					
General government	642,498	775,698	768,412	(7,286)	715,266
Public safety	3,907,002	4,184,482	4,245,137	60,655	3,828,236
Culture and recreation	1,197,589	1,215,114	1,199,996	(15,118)	1,164,624
Total Expenditures	<u>5,747,089</u>	<u>6,175,294</u>	<u>6,213,545</u>	<u>38,251</u>	<u>5,708,126</u>
Excess of Revenues Over Expenditures	141,512	(286,693)	206,779	493,472	21,310
Other Financing Sources (Uses)					
Transfers in	43,354	43,354	26,000	(17,354)	33,400
Transfers out	(364,079)	(364,079)	(268,364)	(95,715)	(175,600)
Total Other Financing Sources (Uses)	<u>(320,725)</u>	<u>(320,725)</u>	<u>(242,364)</u>	<u>(113,069)</u>	<u>(142,200)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (179,213)</u>	<u>\$ (607,418)</u>	(35,585)	<u>\$ 380,403</u>	(120,890)
Fund Balance, Beginning of Year, as previously reported			1,600,902		1,881,328
Restatement of Fund Balance			-		(159,536)
Fund Balance, Beginning of Year, as restated			<u>1,600,902</u>		<u>1,721,792</u>
Fund Balance, End of Year			<u>\$ 1,565,317</u>		<u>\$ 1,600,902</u>

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, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

Schedule A-2

	2006			Variance Over/ (Under)	2005 Totals
	Original Budget	Final Budget	Actual		
Revenues					
Taxes					
Sales tax	\$ 540,000	\$ 540,000	\$ 521,859	\$ (18,141)	\$ 533,228
Intergovernmental:					
Local shared revenue	17,500	17,500	-	(17,500)	17,500
State shared revenue	1,003,500	1,003,500	1,055,633	52,133	1,476,510
Total Intergovernmental	1,021,000	1,021,000	1,055,633	34,633	1,494,010
Charges for services	22,950	22,950	37,492	14,542	23,302
Miscellaneous	-	-	203,127	203,127	-
	<u>22,950</u>	<u>22,950</u>	<u>240,619</u>	<u>217,669</u>	<u>23,302</u>
Total Revenues	1,583,950	1,583,950	1,818,111	234,161	2,050,540
Expenditures					
Personal Services:					
Salaries	419,405	419,405	423,725	4,320	440,041
Social Security	30,000	30,000	28,385	(1,615)	28,730
Retirement	20,000	20,000	16,781	(3,219)	18,999
Health and life insurance	105,340	105,340	118,426	13,086	108,864
Workmen's compensation	35,700	35,700	35,700	-	33,396
Total Personal Services	610,445	610,445	623,017	12,572	630,030
Supplies:					
Operating supplies	81,350	81,350	70,942	(10,408)	55,587
Repairs and maintenance supplies	149,000	149,000	118,554	(30,446)	135,073
Total Supplies	230,350	230,350	189,496	(40,854)	190,660
Other Services and Charges:					
Insurance	29,876	29,876	21,306	(8,570)	27,922
Engineering services	12,000	12,000	2,460	(9,540)	11,899
Utilities	1,715	1,715	1,715	-	1,715
Maintenance and repairs	27,400	27,400	21,528	86,958	26,226
Rentals	35,800	35,800	33,797	(2,003)	34,706
Training and transportation	1,500	1,500	1,580	80	2,323
Communications	2,000	2,000	2,497	497	2,720
Miscellaneous	3,120	3,120	611	(2,509)	941
Total Other Services and Charges	113,411	113,411	85,494	64,913	108,452
Capital Outlay:					
Improvements other than buildings	644,100	684,100	968,631	191,701	1,035,937
Machinery and equipment	6,000	6,000	38,314	32,314	3,049
Total Capital Outlay	650,100	690,100	1,006,945	224,015	1,038,986

CITY OF BEATRICE, NEBRASKA
STREETS SPECIAL REVENUE FUND, Continued
MAJOR FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

Schedule A-2

	2006			Variance Over/ (Under)	2005 Totals
	Original Budget	Final Budget	Actual		
Total Expenditures	<u>1,604,306</u>	<u>1,644,306</u>	<u>1,904,952</u>	<u>260,646</u>	<u>1,968,128</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,356)	(60,356)	(86,841)	26,485	82,412
Other Financing Sources (Uses)					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (20,356)</u>	<u>\$ (60,356)</u>	(86,841)	<u>\$ 26,485</u>	82,412
Fund Balance, Beginning of Year, as previously reported			(99,807)		(153,334)
Restatement of Fund Balance			<u>-</u>		<u>(28,885)</u>
Fund Balance, Beginning of Year, as restated			<u>(99,807)</u>		<u>(182,219)</u>
Fund Balance, End of Year			<u>\$ (186,648)</u>		<u>\$ (99,807)</u>

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, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

Schedule A-3

	2006				
	Original Budget	Final Budget	Actual	Variance Over/ (Under)	2005 Totals
Revenues					
Grants	\$ 654,728	\$ 654,728	\$ 450	\$ (654,278)	\$ 900
Interest earnings	5,000	5,000	15,571	10,571	40,634
Miscellaneous revenue	-	-	-	-	305
Loan payments	229,668	229,668	23,206	(206,462)	302,087
Total Revenues	<u>889,396</u>	<u>889,396</u>	<u>39,227</u>	<u>(850,169)</u>	<u>343,926</u>
Expenditures					
Administration	9,000	9,000	232	8,768	899
Professional services	-	-	1,800	(1,800)	600
Grant repayments	50,000	50,000	50,000	-	50,000
Reuse loans	1,166,586	1,166,586	25,000	1,141,586	545,616
Loan Forgiveness	-	-	321,875	(321,875)	-
Demolition expense	-	-	-	-	2,283
Capital outlay	-	-	-	-	1,153
Total Expenditures	<u>1,225,586</u>	<u>1,225,586</u>	<u>398,907</u>	<u>826,679</u>	<u>600,551</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (336,190)</u>	<u>\$ (336,190)</u>	<u>(359,680)</u>	<u>\$ (23,490)</u>	<u>(256,625)</u>
Fund Balance, Beginning of Year, as previously reported			2,674,369		643,221
Restatement of Fund Balance			-		<u>2,287,773</u>
Fund Balance, Beginning of Year, as restated			<u>2,674,369</u>		<u>2,930,994</u>
Fund Balance (Deficit), End of Year			<u>\$ 2,314,689</u>		<u>\$ 2,674,369</u>

CITY OF BEATRICE, NEBRASKA
COMMUNITY REDEVELOPMENT AUTHORITY SPECIAL REVENUE FUND
MAJOR FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

Schedule A-4

	2006				
	Original Budget	Final Budget	Actual	Variance Over/ (Under)	2005 Totals
Revenues					
TIF funds	\$ 284,407	\$ 284,407	\$ 281,322	\$ (3,085)	\$ 57,348
Capital contributions	46,000	46,000	-	(46,000)	51,180
Total Revenues	<u>330,407</u>	<u>330,407</u>	<u>281,322</u>	<u>(49,085)</u>	<u>108,528</u>
Expenditures					
Redevelopment improvements	56,000	56,000	55,167	833	241,774
Principal Payments	175,000	175,000	175,000	-	-
Interest expense	99,407	99,407	103,191	(3,784)	96,876
Total Expenditures	<u>330,407</u>	<u>330,407</u>	<u>333,358</u>	<u>(2,951)</u>	<u>338,650</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(52,036)	(52,036)	(230,122)
Other Financing Sources (Uses)					
Bond issuance costs	-	-	-	-	(29,167)
Bond proceeds	-	-	-	-	2,215,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,185,833</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	(52,036)	<u>\$ (52,036)</u>	1,955,711
Fund Balance, Beginning of Year			<u>(66,769)</u>		<u>(2,022,480)</u>
Fund Balance, End of Year			<u>\$ (118,805)</u>		<u>\$ (66,769)</u>

**CITY OF BEATRICE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2006**

Schedule B-1

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,043,052	\$ 108,845	\$ 95,649	\$ 1,247,546
Cash on deposit - County Treasurer	-	23,021	-	23,021
Accounts receivable	-	8,910	11,341	20,251
Interest receivable	-	12,223	-	12,223
Assessments receivable	-	248,563	-	248,563
Restricted:				
Cash	-	-	235,366	235,366
Investments	-	-	97,106	97,106
In-lieu-of assessments	-	11,669	-	11,669
Due from other funds	-	208,032	-	208,032
Total Assets	\$ 1,043,052	\$ 621,263	\$ 439,462	\$ 2,103,777
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 8,156	\$ -	\$ 72,191	\$ 80,347
Registered warrants payable	-	328,127	-	328,127
Accrued interest payable	-	34,514	-	34,514
Deferred revenues	-	218,706	-	218,706
Total Liabilities	8,156	581,347	72,191	661,694
Fund Balances				
Reserved for economic development	861,742	-	-	861,742
Reserved for debt service	-	223,587	-	223,587
Reserved for library capital improvements	-	-	97,106	97,106
Reserved for public safety equipment	-	-	235,366	235,366
Unreserved, undesignated	173,154	(183,671)	34,799	24,282
Total Fund Balances	1,034,896	39,916	367,271	1,442,083
Total Liabilities and Fund Balances	\$ 1,043,052	\$ 621,263	\$ 439,462	\$ 2,103,777

CITY OF BEATRICE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Schedule B-2

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 250,000	\$ 163,958	\$ -	\$ 413,958
Intergovernmental	-	703	229,605	230,308
Charges for services	67,282	-	-	67,282
Keno proceeds	93,706	-	-	93,706
Special assessments	-	159,761	-	159,761
Interest	39,476	12,393	3,023	54,892
Donations and miscellaneous revenue	7,191	-	22,500	29,691
Total Revenues	<u>457,655</u>	<u>336,815</u>	<u>255,128</u>	<u>1,049,598</u>
Expenditures				
General government	182,190	-	-	182,190
Public safety	60,802	-	-	60,802
Capital outlay	150,600	166,642	427,728	744,970
Debt Service:				
Principal	-	150,000	-	150,000
Interest	-	53,391	-	53,391
MFO payments - other entities	-	-	122,576	122,576
Total Expenditures	<u>393,592</u>	<u>370,033</u>	<u>550,304</u>	<u>1,313,929</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	64,063	(33,218)	(295,176)	(264,331)
Other Financing Sources (Uses)				
Sale of fixed assets	35,000	-	-	35,000
Operating transfers in	-	-	361,000	361,000
Operating transfer out	(118,636)	-	-	(118,636)
Total Other Financing Sources (Uses)	<u>(83,636)</u>	<u>-</u>	<u>361,000</u>	<u>277,364</u>
Net Change in Fund Balances	(19,573)	(33,218)	65,824	13,033
Fund Balances, Beginning of Year	<u>1,054,469</u>	<u>73,134</u>	<u>301,447</u>	<u>1,429,050</u>
Fund Balances, End of Year	<u><u>\$ 1,034,896</u></u>	<u><u>\$ 39,916</u></u>	<u><u>\$ 367,271</u></u>	<u><u>\$ 1,442,083</u></u>

**CITY OF BEATRICE, NEBRASKA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2006**

Schedule C-1

	<u>Economic Development</u>	<u>Keno</u>	<u>911 Surcharge</u>	<u>Total</u>
Assets				
Cash and investments	<u>\$ 861,742</u>	<u>\$ 181,805</u>	<u>\$ (495)</u>	<u>\$ 1,043,052</u>
Total Assets	<u><u>\$ 861,742</u></u>	<u><u>\$ 181,805</u></u>	<u><u>\$ (495)</u></u>	<u><u>\$ 1,043,052</u></u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 8,156	\$ 8,156
Fund Balance				
Reserved for:				
Economic development	861,742	-	-	861,742
Unreserved:				
Undesignated	<u>-</u>	<u>181,805</u>	<u>(8,651)</u>	<u>173,154</u>
Total Fund Balance	<u><u>861,742</u></u>	<u><u>181,805</u></u>	<u><u>(8,651)</u></u>	<u><u>1,034,896</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 861,742</u></u>	<u><u>\$ 181,805</u></u>	<u><u>\$ (495)</u></u>	<u><u>\$ 1,043,052</u></u>

CITY OF BEATRICE, NEBRASKA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Schedule C-2

	Economic Development	Keno	911 Surcharge	Total
Revenues				
Taxes	\$ 250,000	\$ -	\$ -	\$ 250,000
Charges for services	-	-	67,282	67,282
Keno proceeds	-	93,706	-	93,706
Interest	39,476	-	-	39,476
Other revenue	7,191	-	-	7,191
Total Revenues	<u>296,667</u>	<u>93,706</u>	<u>67,282</u>	<u>457,655</u>
Expenditures				
General government	164,606	17,584	-	182,190
Public safety	-	-	60,802	60,802
Capital outlay	150,600	-	-	150,600
Total Expenditures	<u>315,206</u>	<u>17,584</u>	<u>60,802</u>	<u>393,592</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,539)	76,122	6,480	64,063
Other Financing Sources (Uses)				
Sale of Fixed Assets	35,000	-	-	35,000
Operating transfer out	-	(92,636)	(26,000)	(118,636)
Total Other Financing Sources (Uses)	<u>35,000</u>	<u>(92,636)</u>	<u>(26,000)</u>	<u>(83,636)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	16,461	(16,514)	(19,520)	(19,573)
Fund Balances, Beginning of Year, as previously reported	<u>845,281</u>	<u>198,319</u>	<u>10,869</u>	<u>1,054,469</u>
Fund Balances, End of Year	<u><u>\$ 861,742</u></u>	<u><u>\$ 181,805</u></u>	<u><u>\$ (8,651)</u></u>	<u><u>\$ 1,034,896</u></u>

CITY OF BEATRICE, NEBRASKA
GENERAL FUND
COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

Schedule D-1

	<u>2006</u>	<u>2005</u>
Assets		
Unrestricted cash	\$ 19,378	\$ 74,093
Restricted cash	50,450	-
Investments	660,000	1,200,000
Cash on deposit - County Treasurer	185,848	181,077
Accounts receivable (net)	418,411	312,768
Taxes receivable	76,933	51,225
Due from other Funds	<u>365,000</u>	<u>-</u>
Total Assets	<u><u>\$ 1,776,020</u></u>	<u><u>\$ 1,819,163</u></u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 24,304	\$ 43,847
Compensated absences	141,878	140,036
Deferred revenues	<u>44,521</u>	<u>34,378</u>
Total Liabilities	<u>210,703</u>	<u>218,261</u>
Fund Balance		
Unreserved:		
Designated for subsequent years' expenditures	445,000	570,000
Undesignated	<u>1,120,317</u>	<u>1,030,902</u>
Total Fund Balance	<u><u>1,565,317</u></u>	<u><u>1,600,902</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 1,776,020</u></u>	<u><u>\$ 1,819,163</u></u>

CITY OF BEATRICE, NEBRASKA
GENERAL FUND

Schedule D-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

	2006				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Totals
Revenues					
Taxes	\$ 3,716,460	\$ 3,716,460	\$ 3,732,966	\$ 16,506	\$ 3,569,120
Licenses and permits	97,800	97,800	94,817	(2,983)	106,454
Intergovernmental	886,198	886,198	884,795	(1,403)	821,858
Charges for services	1,042,143	1,042,143	1,356,417	314,274	1,071,781
Miscellaneous	146,000	146,000	351,329	205,329	160,223
Total Revenues	<u>5,888,601</u>	<u>5,888,601</u>	<u>6,420,324</u>	<u>531,723</u>	<u>5,729,436</u>
Expenditures					
General government	642,498	775,698	768,412	7,286	715,266
Public safety	3,907,002	4,184,482	4,245,137	(60,655)	3,828,236
Culture and recreation	1,197,589	1,215,114	1,199,996	15,118	1,164,624
Total Expenditures	<u>5,747,089</u>	<u>6,175,294</u>	<u>6,213,545</u>	<u>(38,251)</u>	<u>5,708,126</u>
Excess of Revenues Over Expenditures	141,512	(286,693)	206,779	493,472	21,310
Other Financing Sources (Uses)					
Operating transfers in	43,354	43,354	26,000	(17,354)	33,400
Operating transfers out	(364,079)	(364,079)	(268,364)	95,715	(175,600)
Total Other Financing Sources (Uses)	<u>(320,725)</u>	<u>(320,725)</u>	<u>(242,364)</u>	<u>78,361</u>	<u>(142,200)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (179,213)</u>	<u>\$ (607,418)</u>	(35,585)	<u>\$ 571,833</u>	(120,890)
Fund Balance, Beginning of Year, as previously reported			1,600,902		1,881,328
Restatement of Fund Balance			-		(159,536)
Fund Balance, Beginning of Year, as restated			<u>1,600,902</u>		<u>1,721,792</u>
Fund Balance, End of Year, as restated			<u>\$ 1,565,317</u>		<u>\$ 1,600,902</u>

**CITY OF BEATRICE, NEBRASKA
GENERAL FUND**

Schedule D-3

**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP)
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	2006			Variance Favorable (Unfavorable)	2005 Totals
	Original Budget	Final Budget	Actual		
General Government					
Management and Budget:					
Personal Services	\$ 236,125	\$ 238,125	\$ 240,260	\$ (2,135)	\$ 229,156
Supplies	4,900	4,900	3,881	1,019	3,197
Other Services and Charges	72,257	72,257	67,380	4,877	66,830
Capital Outlay	2,000	2,000	3,526	(1,526)	-
Contingency	50,000	180,000	185,690	(5,690)	137,066
County Treasurer's Fee	-	-	-	-	11,136
Contractual Services	86,595	86,595	86,595	-	83,395
Total Management and Budget	<u>451,877</u>	<u>583,877</u>	<u>587,332</u>	<u>(3,455)</u>	<u>530,780</u>
Legal:					
Personal Services	-	-	60	(60)	23,304
Supplies	-	-	-	-	6
Other Services and Charges	77,280	77,280	70,186	7,094	78,827
Total Legal	<u>77,280</u>	<u>77,280</u>	<u>70,246</u>	<u>7,034</u>	<u>102,137</u>
Inspection:					
Personal Services	103,886	105,086	102,989	2,097	73,375
Supplies	2,070	2,070	2,190	(120)	1,070
Other Services and Charges	5,885	5,885	4,660	1,225	6,225
Capital Outlay	1,500	1,500	995	505	1,679
Total Inspection	<u>113,341</u>	<u>114,541</u>	<u>110,834</u>	<u>3,707</u>	<u>82,349</u>
Total General Government	<u>642,498</u>	<u>775,698</u>	<u>768,412</u>	<u>7,286</u>	<u>715,266</u>
Public Safety					
Police:					
Personal Services	1,814,281	1,922,061	1,865,305	56,756	1,743,831
Supplies	53,411	63,411	58,733	4,678	47,856
Other Services and Charges	151,631	151,631	140,359	11,272	160,595
Capital Outlay	34,050	34,050	160,416	(126,366)	37,598
Contingencies	-	-	-	-	7,095
Contractual Services	6,279	6,279	-	6,279	16,279
Total Police	<u>2,059,652</u>	<u>2,177,432</u>	<u>2,224,813</u>	<u>(47,381)</u>	<u>2,013,254</u>
Fire and Ambulance:					
Personal Services	1,484,244	1,528,944	1,552,276	(23,332)	1,449,076
Supplies	58,085	80,085	70,648	9,437	57,246
Other Services and Charges	(10,281)	82,719	71,535	11,184	291,645
Capital Outlay	14,700	14,700	18,403	(3,703)	11,530
Bad Debts and Other Adjustments	295,000	295,000	301,840	(6,840)	-
Contractual Services	5,602	5,602	5,622	(20)	5,485
Total Fire	<u>1,847,350</u>	<u>2,007,050</u>	<u>2,020,324</u>	<u>(13,274)</u>	<u>1,814,982</u>
Total Public Safety	<u>3,907,002</u>	<u>4,184,482</u>	<u>4,245,137</u>	<u>(60,655)</u>	<u>3,828,236</u>

**CITY OF BEATRICE, NEBRASKA
GENERAL FUND**

Schedule D-3

**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP), Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	2006				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Totals
Culture and Recreation					
Public Properties:					
Personal Services	541,165	545,965	542,847	3,118	517,664
Supplies	92,800	100,800	100,108	692	86,215
Other Services and Charges	96,145	96,145	86,877	9,268	88,352
Capital Outlay	18,250	18,250	17,981	269	23,976
Contractual Services	12,500	12,500	11,200	1,300	5,305
Total Public Properties	<u>760,860</u>	<u>773,660</u>	<u>759,013</u>	<u>14,647</u>	<u>721,512</u>
Library:					
Personal Services	279,425	281,825	282,775	(950)	277,093
Supplies	8,495	8,495	9,620	(1,125)	8,962
Other Services and Charges	61,575	61,575	59,565	2,010	57,854
Capital Outlay	87,234	89,559	89,023	536	99,203
Contractual Services	-	-	-	-	-
Total Library	<u>436,729</u>	<u>441,454</u>	<u>440,983</u>	<u>471</u>	<u>443,112</u>
Total Culture and Recreation	<u>1,197,589</u>	<u>1,215,114</u>	<u>1,199,996</u>	<u>15,118</u>	<u>1,164,624</u>
Total Expenditures	<u>\$ 5,747,089</u>	<u>\$ 6,175,294</u>	<u>\$ 6,213,545</u>	<u>\$ (38,251)</u>	<u>\$ 5,708,126</u>

CITY OF BEATRICE, NEBRASKA **Schedule D-4**
SUPPORTING SCHEDULE - GENERAL FUND REVENUES - BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

	2006				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Totals
Taxes:					
Property taxes	\$ 1,123,860	\$ 1,123,860	\$ 1,111,985	\$ (11,875)	\$ 1,048,104
Homestead exemption allocation	60,000	60,000	65,232	5,232	62,648
Interest on delinquent taxes	5,000	5,000	4,506	(494)	4,259
City sales tax	1,900,000	1,900,000	1,837,435	(62,565)	1,883,006
Utilities occupation tax	610,000	610,000	693,266	83,266	557,578
Beer and liquor occupation tax	15,000	15,000	17,480	2,480	11,565
Insurance company occupation tax	100	100	65	(35)	75
Miscellaneous occupation tax	2,500	2,500	2,997	497	1,885
	<u>3,716,460</u>	<u>3,716,460</u>	<u>3,732,966</u>	<u>16,506</u>	<u>3,569,120</u>
Licenses and Permits:					
Bicycle licenses	300	300	145	(155)	195
Dog licenses	4,500	4,500	4,059	(441)	4,061
Plumbers' licenses	1,000	1,000	1,245	245	693
Building permits	80,000	80,000	76,753	(3,247)	87,433
Plumbing permits	5,000	5,000	5,379	379	6,108
Mechanical permits	2,000	2,000	1,426	(574)	1,889
Miscellaneous permits	5,000	5,000	5,810	810	6,075
	<u>97,800</u>	<u>97,800</u>	<u>94,817</u>	<u>(2,983)</u>	<u>106,454</u>
Intergovernmental:					
County library aid	18,804	18,804	18,804	-	18,804
Motor vehicle tax	196,000	196,000	209,810	13,810	206,229
County ambulance aid	141,426	141,426	141,426	-	137,977
Interlocal 911 dispatch aid	56,067	56,067	55,067	(1,000)	54,843
Governmental sub/state aid	110,684	110,684	110,674	(10)	110,686
Victim assist. coordinator/OJT	38,000	38,000	38,000	-	33,980
Local match - SEADE	36,414	36,414	36,414	-	36,493
State library aid	2,461	2,461	2,465	4	2,461
Prorate motor vehicle tax	5,000	5,000	5,291	291	5,057
Federal library aid	-	-	2,325	2,325	2,690
Municipal equilization funds	110,934	110,934	127,000	16,066	61,872
Federal Crime Commission	115,000	115,000	91,900	(23,100)	91,900
Other intergovernmental	45,716	45,716	45,619	(97)	31,138
Federal law enforcement block grant	9,692	9,692	-	(9,692)	27,728
	<u>886,198</u>	<u>886,198</u>	<u>884,795</u>	<u>(1,403)</u>	<u>821,858</u>
Charges for Services:					
Publication cost income	1,000	1,000	1,561	561	630
Vending machine receipts	200	200	-	(200)	29
Management and budget miscellaneous charges	3,000	3,000	1,407	(1,593)	1,085
Accounting Services	10,910	10,910	10,912	2	10,594
BASWA management services	16,000	16,000	16,000	-	16,000
Legal services	34,080	34,080	32,213	(1,867)	33,302
Legal miscellaneous charges	2,100	2,100	977	(1,123)	2,260
Inspection miscellaneous charges	1,200	1,200	615	(585)	494
Police charges	3,000	3,000	2,328	(672)	2,158

CITY OF BEATRICE, NEBRASKA
SUPPORTING SCHEDULE - GENERAL FUND REVENUES - BUDGET (GAAP) AND ACTUAL, Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

	2006				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Totals
Charges for Services, continued:					
Fire charges	22,180	22,180	21,080	(1,100)	19,006
Hazardous materials cleanup	500	500	4,169	3,669	383
Fire inspections	2,500	2,500	1,442	(1,058)	1,514
Ambulance charges	689,000	689,000	956,705	267,705	711,902
Public safety miscellaneous charges	8,500	8,500	56,590	48,090	36,016
Auditorium use fee	7,000	7,000	7,236	236	6,465
Water Park admissions	82,000	82,000	85,892	3,892	73,494
Camping receipts	25,000	25,000	24,473	(527)	23,894
Water Park concessions and sales	30,000	30,000	31,237	1,237	28,640
Public properties miscellaneous charges	7,000	7,000	8,663	1,663	6,695
Park building use fees	1,200	1,200	897	(303)	785
BASWA administration charges	70,298	70,298	70,298	-	68,250
BASWA facility maintenance	5,515	5,515	5,515	-	5,381
Library use fees	10,500	10,500	9,305	(1,195)	9,161
Library copying fees	3,300	3,300	2,954	(346)	3,198
Library miscellaneous charges	1,000	1,000	412	(588)	374
NHC Program Grant	300	300	222	(78)	428
Interlibrary loan revenue	360	360	346	(14)	628
Parking fines and rents	4,500	4,500	2,968	(1,532)	3,455
Pet cemetery burial fees	-	-	-	-	5,560
	1,042,143	1,042,143	1,356,417	314,274	1,071,781
Miscellaneous:					
Interest earnings	50,000	50,000	70,834	20,834	45,085
Reimbursements	2,000	2,000	-	(2,000)	16,372
Donations - Beatrice Program Plus	6,000	6,000	5,325	(675)	6,160
Police donations	1,000	1,000	181,795	180,795	5,160
Fire donations	500	500	3,695	3,195	3,063
Public properties donations - Water Park	2,500	2,500	5,315	2,815	2,500
Public properties donations	5,000	5,000	6,026	1,026	3,600
Library donations	5,000	5,000	8,654	3,654	5,489
Library donations/foundation	35,000	35,000	31,585	(3,415)	38,435
Lease Income - BASWA	34,000	34,000	34,000	-	34,000
Sales of general fixed assets	5,000	5,000	4,100	(900)	359
	146,000	146,000	351,329	205,329	160,223
Total Revenues	\$ 5,888,601	\$ 5,888,601	\$ 6,420,324	\$ 531,723	\$ 5,729,436

**CITY OF BEATRICE, NEBRASKA
SPECIAL REVENUE FUND
COMBINING BALANCE SHEET
SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005**

Schedule E-1

	2006						2005
	Streets	Economic Development	CDBG	Keno	911 Surcharge	Community Redevelopment Authority	Totals
Assets							
Cash and investments	\$ 17,078	\$ 861,742	\$ 475,314	\$ 181,805	\$ (495)	\$ (14,714)	\$ 1,302,321
Cash on deposit - County Treasurer	-	-	-	-	-	16,852	549
Accounts receivable	45,648	-	-	-	-	-	417,131
Loans receivable	-	-	1,841,175	-	-	-	2,312,773
Total Assets	<u>\$ 62,726</u>	<u>\$ 861,742</u>	<u>\$ 2,316,489</u>	<u>\$ 181,805</u>	<u>\$ (495)</u>	<u>\$ 2,138</u>	<u>\$ 4,032,774</u>
Liabilities and Fund Balance							
Liabilities							
Accounts payable	\$ 18,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 229,819
Compensated absences	23,100	-	-	-	-	-	28,885
Due to other funds	208,032	-	-	-	-	50,000	144,648
Registered warrants payable	-	-	1,800	-	-	65,800	65,801
Interest accrued	-	-	-	-	8,156	5,143	1,359
Revolving loan fund payable	-	-	-	-	-	-	-
Total Liabilities	<u>249,374</u>	<u>-</u>	<u>1,800</u>	<u>-</u>	<u>8,156</u>	<u>120,943</u>	<u>470,512</u>
Fund Balance							
Reserved for:							
Revolving loan fund	-	-	2,316,008	-	-	-	2,674,167
Economic Development	-	861,742	-	-	-	-	845,281
Unreserved:							
Undesignated	(186,648)	-	(1,319)	181,805	(8,651)	(118,805)	42,814
Total Fund Balance	<u>(186,648)</u>	<u>861,742</u>	<u>2,314,689</u>	<u>181,805</u>	<u>(8,651)</u>	<u>(118,805)</u>	<u>3,562,262</u>
Total Liabilities and Fund Balance	<u>\$ 62,726</u>	<u>\$ 861,742</u>	<u>\$ 2,316,489</u>	<u>\$ 181,805</u>	<u>\$ (495)</u>	<u>\$ 2,138</u>	<u>\$ 4,032,774</u>

CITY OF BEATRICE, NEBRASKA
SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

Schedule E-2

	2006						2005
	Streets	Economic Development	CDBG	Keno	911 Surcharge	Community Redevelopment Authority	Totals
Revenues							
Taxes	521,859	250,000	-	-	-	-	783,228
Intergovernmental	1,055,633	-	-	-	-	281,322	1,551,358
Capital contributions and grants	203,127	-	450	-	-	-	52,080
Charges for services	37,492	-	-	-	67,282	-	95,287
Keno proceeds	-	-	-	93,706	-	-	135,253
Loan payments	-	-	23,206	-	-	-	302,087
Interest	-	39,476	15,571	-	-	-	55,501
Other revenue	-	7,191	-	-	-	-	10,165
Total Revenues	<u>1,818,111</u>	<u>296,667</u>	<u>39,227</u>	<u>93,706</u>	<u>67,282</u>	<u>281,322</u>	<u>2,984,959</u>
Expenditures							
General government	-	164,606	398,907	17,584	-	55,167	716,623
Public safety	-	-	-	-	60,802	-	72,646
Highways and streets	898,007	-	-	-	-	-	1,968,128
Capital outlay	1,006,945	150,600	-	-	-	-	242,927
Debt Service:							
Principal	-	-	-	-	-	175,000	-
Interest	-	-	-	-	-	103,191	96,876
Total Expenditures	<u>1,904,952</u>	<u>315,206</u>	<u>398,907</u>	<u>17,584</u>	<u>60,802</u>	<u>333,358</u>	<u>3,097,200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,841)	(18,539)	(359,680)	76,122	6,480	(52,036)	(112,241)
Other Financing Sources (Uses)							
Sale of fixed assets	-	35,000	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	(29,167)
Bond proceeds	-	-	-	-	-	-	2,215,000
Operating transfer out	-	-	-	(92,636)	(26,000)	-	(165,770)
Total Other Financing Sources (Uses)	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>(92,636)</u>	<u>(26,000)</u>	<u>-</u>	<u>2,020,063</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(86,841)	16,461	(359,680)	(16,514)	(19,520)	(52,036)	1,907,822
Fund Balances, Beginning of Year, as previously reported	(99,807)	845,281	2,674,369	198,319	10,869	(66,769)	(604,448)
Restatement of Fund Balance	-	-	-	-	-	-	2,258,888
Fund Balances, Beginning of Year, as restated	<u>(99,807)</u>	<u>845,281</u>	<u>2,674,369</u>	<u>198,319</u>	<u>10,869</u>	<u>(66,769)</u>	<u>1,654,440</u>
Fund Balances, End of Year	<u>\$ (186,648)</u>	<u>\$ 861,742</u>	<u>\$ 2,314,689</u>	<u>\$ 181,805</u>	<u>\$ (8,651)</u>	<u>\$ (118,805)</u>	<u>\$ 3,562,262</u>

CITY OF BEATRICE, NEBRASKA
STREETS SPECIAL REVENUE FUND
BALANCE SHEET
SEPTEMBER 30, 2006

Schedule E-3

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash	\$ 17,078	\$ (126,086)
Accounts Receivable	<u>45,648</u>	<u>417,131</u>
Total Assets	<u><u>\$ 62,726</u></u>	<u><u>\$ 291,045</u></u>
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	\$ 18,242	\$ 217,319
Compensated Absenses	23,100	28,885
Due to Other Funds	<u>208,032</u>	<u>144,648</u>
Total Liabilities	<u>249,374</u>	<u>390,852</u>
Fund Balance		
Unreserved		
Undesignated	<u>(186,648)</u>	<u>(99,807)</u>
Total Fund Balance	<u>(186,648)</u>	<u>(99,807)</u>
Total Liabilities and Fund Balance	<u><u>\$ 62,726</u></u>	<u><u>\$ 291,045</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, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

Schedule E-4

	2006				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Totals
Revenues					
Taxes:					
Sales Tax	\$ 540,000	\$ 540,000	\$ 521,859	\$ (18,141)	\$ 533,228
Intergovernmental:					
Local Shared Revenue	17,500	17,500	-	(17,500)	17,500
State Shared Revenue	1,003,500	1,003,500	1,055,633	52,133	1,476,510
Total Intergovernmental	1,021,000	1,021,000	1,055,633	34,633	1,494,010
Charges for Services	22,950	22,950	37,492	14,542	23,302
In-kind Contributions	-	-	203,127	203,127	-
	<u>22,950</u>	<u>22,950</u>	<u>240,619</u>	<u>217,669</u>	<u>23,302</u>
Total Revenues	1,583,950	1,583,950	1,818,111	234,161	2,050,540
Expenditures					
Personal Services:					
Salaries	419,405	419,405	423,725	(4,320)	440,041
Social Security	30,000	30,000	28,385	1,615	28,730
Retirement	20,000	20,000	16,781	3,219	18,999
Health and Life Insurance	105,340	105,340	118,426	(13,086)	108,864
Workmen's Compensation	35,700	35,700	35,700	-	33,396
Total Personal Services	610,445	610,445	623,017	(12,572)	630,030
Supplies:					
Operating Supplies	81,350	81,350	70,942	10,408	55,587
Repairs and Maintenance Supplies	149,000	149,000	118,554	30,446	135,073
Total Supplies	230,350	230,350	189,496	40,854	190,660
Other Services and Charges:					
Insurance	29,876	29,876	21,306	8,570	27,922
Engineering Services	12,000	12,000	2,460	9,540	11,899
Utilities	1,715	1,715	1,715	-	1,715
Maintenance and Repairs	27,400	27,400	21,528	5,872	26,226
Rentals	35,800	35,800	33,797	2,003	34,706
Training and Transportation	1,500	1,500	1,580	(80)	2,323
Communications	2,000	2,000	2,497	(497)	2,720
Miscellaneous	3,120	3,120	611	2,509	941
Total Other Services and Charges	113,411	113,411	85,494	27,917	108,452

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, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

Schedule E-4

	2006				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Totals
Improvements Other Than Buildings	644,100	684,100	968,631	(284,531)	1,035,937
Machinery and Equipment	6,000	6,000	38,314	(32,314)	3,049
Total Capital Outlay	<u>650,100</u>	<u>690,100</u>	<u>1,006,945</u>	<u>(316,845)</u>	<u>1,038,986</u>
Total Expenditures	<u>1,604,306</u>	<u>1,644,306</u>	<u>1,904,952</u>	<u>(260,646)</u>	<u>1,968,128</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,356)	(60,356)	(86,841)	(26,485)	82,412
Other Financing Sources (Uses)					
Operating Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (20,356)</u>	<u>\$ (60,356)</u>	(86,841)	<u>\$ (26,485)</u>	82,412
Fund Balance, Beginning of Year, as previously reported			<u>(99,807)</u>		<u>(153,334)</u>
Restatement of Fund Balance			<u>-</u>		<u>(28,885)</u>
Fund Balance, Beginning of Year, as restated			<u>(99,807)</u>		<u>(182,219)</u>
Fund Balance, End of Year			<u>\$ (186,648)</u>		<u>\$ (99,807)</u>

CITY OF BEATRICE, NEBRASKA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
BALANCE SHEET
SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash and Investments	<u>\$ 861,742</u>	<u>\$ 845,281</u>
Total Assets	<u><u>\$ 861,742</u></u>	<u><u>\$ 845,281</u></u>
Liabilities and Fund Balance		
Liabilities	\$ -	\$ -
Fund Balance		
Reserved for Economic Development	<u>861,742</u>	<u>845,281</u>
Total Fund Balance	<u><u>861,742</u></u>	<u><u>845,281</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 861,742</u></u>	<u><u>\$ 845,281</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, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

Schedule E-6

	2006				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Totals
Revenues					
Taxes					
Sales Tax	\$ 250,000	\$ 250,000	\$ 250,000	\$ -	\$ 250,000
Interest Earnings	15,000	15,000	39,476	24,476	14,867
Loans/Rents Revenue	5,000	5,000	7,191	2,191	4,860
Other Revenue	-	-	-	-	5,000
	<u>20,000</u>	<u>20,000</u>	<u>46,667</u>	<u>26,667</u>	<u>24,727</u>
Total Revenues	270,000	270,000	296,667	26,667	274,727
Expenditures					
Industrial Development	2,420,000	2,420,000	164,606	2,255,394	94,234
Capital Outlay	200,000	200,000	150,600	49,400	-
Debt Service:					
Loan Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>2,620,000</u>	<u>2,620,000</u>	<u>315,206</u>	<u>2,304,794</u>	<u>94,234</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,350,000)	(2,350,000)	(18,539)	2,331,461	180,493
Other Financing Sources (Uses)					
Sale of Fixed Assets	-	-	35,000	35,000	-
Bond Proceeds	1,500,000	1,500,000	-	(1,500,000)	-
Total Other Financing Sources (Uses)	<u>1,500,000</u>	<u>1,500,000</u>	<u>35,000</u>	<u>(1,465,000)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (850,000)</u>	<u>\$ (850,000)</u>	16,461	<u>\$ 866,461</u>	180,493
Fund Balance, Beginning of Year			845,281		664,788
Fund Balance, End of Year			<u>\$ 861,742</u>		<u>\$ 845,281</u>

CITY OF BEATRICE, NEBRASKA
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
BALANCE SHEET
SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

Schedule E-7

	<u>2006</u>	<u>2005</u>
Assets		
Cash	\$ 475,314	\$ 361,596
Loans Receivable	<u>1,841,175</u>	<u>2,312,773</u>
Total Assets	<u><u>\$ 2,316,489</u></u>	<u><u>\$ 2,674,369</u></u>
Liabilities and Fund Balance		
Liabilities		
Registered Warrants Payable	<u>\$ 1,800</u>	<u>\$ -</u>
Total Liabilities	<u>1,800</u>	<u>-</u>
Fund Balance		
Restricted for Revolving Loan Fund	2,316,008	2,674,167
Unreserved	<u>(1,319)</u>	<u>202</u>
Total Fund Balance	<u><u>2,314,689</u></u>	<u><u>2,674,369</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 2,316,489</u></u>	<u><u>\$ 2,674,369</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, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

	2006				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Totals
Revenues					
Grants	654,728	654,728	450	(654,278)	900
Interest Earnings	5,000	5,000	15,571	10,571	40,634
Miscellaneous Revenue	-	-	-	-	305
Loan Payments	229,668	229,668	23,206	(206,462)	302,087
Total Revenues	<u>889,396</u>	<u>889,396</u>	<u>39,227</u>	<u>(850,169)</u>	<u>343,926</u>
Expenditures					
Administration	9,000	9,000	232	8,768	899
Professional Services	-	-	1,800	(1,800)	600
Grant Repayments	50,000	50,000	50,000	-	50,000
Reuse Loans	1,166,586	1,166,586	25,000	1,141,586	545,616
Loan Forgiveness	-	-	321,875	(321,875)	-
Demolition Expense	-	-	-	-	2,283
Capital Outlay	-	-	-	-	1,153
Total Expenditures	<u>1,225,586</u>	<u>1,225,586</u>	<u>398,907</u>	<u>826,679</u>	<u>600,551</u>
Excess (Deficiency) of Revenues Over(Under) Expenditures	<u>\$ (336,190)</u>	<u>\$ (336,190)</u>	(359,680)	<u>\$ (23,490)</u>	(256,625)
Fund Balance, Beginning of Year, as previously reported			2,674,369		643,221
Restatement of Fund Balance			<u>-</u>		<u>2,287,773</u>
Fund Balance, Beginning of Year, as restated			<u>2,674,369</u>		<u>2,930,994</u>
Fund Balance, End of Year			<u>\$ 2,314,689</u>		<u>\$ 2,674,369</u>

CITY OF BEATRICE, NEBRASKA
 KENO/LOTTERY SPECIAL REVENUE FUND
 BALANCE SHEET
 SEPTEMBER 30, 2006
 WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash and Investments	<u>\$ 181,805</u>	<u>\$ 198,319</u>
Total Assets	<u><u>\$ 181,805</u></u>	<u><u>\$ 198,319</u></u>
Liabilities and Fund Balance		
Liabilities		
Prize Percentage Payable	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balance		
Unreserved	<u>181,805</u>	<u>198,319</u>
Total Fund Balance	<u><u>181,805</u></u>	<u><u>198,319</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 181,805</u></u>	<u><u>\$ 198,319</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, 2006
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

	2006				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Totals
Revenues					
Keno/Lottery Proceeds	\$ 150,000	\$ 150,000	\$ 93,706	\$ (56,294)	\$ 135,253
Total Revenues	<u>150,000</u>	<u>150,000</u>	<u>93,706</u>	<u>(56,294)</u>	<u>135,253</u>
Expenditures					
Other Services and Charges	<u>28,350</u>	<u>28,350</u>	<u>17,584</u>	<u>10,766</u>	<u>22,991</u>
Total Expenditures	<u>28,350</u>	<u>28,350</u>	<u>17,584</u>	<u>10,766</u>	<u>22,991</u>
Excess of Revenues Over Expenditures	121,650	121,650	76,122	(45,528)	112,262
Other Financing Sources (Uses)					
Operating Transfer Out	<u>(100,891)</u>	<u>(100,891)</u>	<u>(92,636)</u>	<u>8,255</u>	<u>(132,370)</u>
Total Other Financing Sources (Uses)	<u>(100,891)</u>	<u>(100,891)</u>	<u>(92,636)</u>	<u>8,255</u>	<u>(132,370)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ 20,759</u>	<u>\$ 20,759</u>	(16,514)	<u>\$ (37,273)</u>	(20,108)
Fund Balance, Beginning of Year			<u>198,319</u>		<u>218,427</u>
Fund Balance, End of Year			<u>\$ 181,805</u>		<u>\$ 198,319</u>

CITY OF BEATRICE, NEBRASKA
 911 SURCHARGE SPECIAL REVENUE FUND
 BALANCE SHEET
 SEPTEMBER 30, 2006
 WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash	\$ (495)	\$ 22,369
Total Assets	<u>\$ (495)</u>	<u>\$ 22,369</u>
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	\$ -	\$ 12,500
Accrued Interest Payable	<u>8,156</u>	<u>-</u>
Total Liabilities	8,156	12,500
Fund Balance		
Unreserved	<u>(8,651)</u>	<u>10,869</u>
Total Liabilities and Fund Balance	<u>\$ (495)</u>	<u>\$ 23,369</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, 2006
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

	2006			Variance Favorable (Unfavorable)	2005 Totals
	Original Budget	Final Budget	Actual		
Revenues					
911 Service Surcharge	\$ 96,000	\$ 96,000	\$ 67,282	\$ (28,718)	\$ 71,985
Federal Grant	-	-	-	-	-
Total Revenues	<u>96,000</u>	<u>96,000</u>	<u>67,282</u>	<u>(28,718)</u>	<u>71,985</u>
Expenditures					
Machinery and Equipment	-	-	-	-	20,000
Lease Payments	<u>52,646</u>	<u>52,646</u>	<u>60,802</u>	<u>(8,156)</u>	<u>52,646</u>
Total Expenditures	<u>52,646</u>	<u>52,646</u>	<u>60,802</u>	<u>(8,156)</u>	<u>72,646</u>
Excess of Revenues Over Expenditures	43,354	43,354	6,480	(36,874)	(661)
Other Financing Sources (Uses)					
Operating Transfers Out	<u>(43,354)</u>	<u>(43,354)</u>	<u>(26,000)</u>	<u>17,354</u>	<u>(33,400)</u>
Total Other Financing Sources (Uses)	<u>(43,354)</u>	<u>(43,354)</u>	<u>(26,000)</u>	<u>17,354</u>	<u>(33,400)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	(19,520)	<u>\$ (19,520)</u>	(34,061)
Fund Balance, Beginning of Year			<u>10,869</u>		<u>44,930</u>
Fund Balance, End of Year			<u>\$ (8,651)</u>		<u>\$ 10,869</u>

CITY OF BEATRICE, NEBRASKA
COMMUNITY REDEVELOPMENT AUTHORITY SPECIAL REVENUE FUND
BALANCE SHEET
SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash	\$ (14,714)	\$ (158)
Cash on deposit - County Treasurer	<u>16,852</u>	<u>549</u>
Total Assets	<u><u>\$ 2,138</u></u>	<u><u>\$ 391</u></u>
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	\$ -	\$ -
Due to Other Funds	50,000	-
Registered Warrants Payable	65,800	65,801
Interest Accrued	<u>5,143</u>	<u>1,359</u>
Total Liabilities	<u><u>120,943</u></u>	<u><u>67,160</u></u>
Fund Balance		
Unreserved	<u>(118,805)</u>	<u>(66,769)</u>
Total Liabilities and Fund Balance	<u><u>\$ 2,138</u></u>	<u><u>\$ 391</u></u>

CITY OF BEATRICE, NEBRASKA
COMMUNITY REDEVELOPMENT AUTHORITY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

	2006				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Totals
Revenues					
TIF Funds	\$ 284,407	\$ 284,407	\$ 281,322	\$ (3,085)	\$ 57,348
Capital Contributions	46,000	46,000	-	(46,000)	51,180
Total Revenues	<u>330,407</u>	<u>330,407</u>	<u>281,322</u>	<u>(49,085)</u>	<u>108,528</u>
Expenditures					
Redevelopment Improvements	56,000	56,000	55,167	833	241,774
Principal Payments	175,000	175,000	175,000	-	-
Interest Expense	99,407	99,407	103,191	(3,784)	96,876
Total Expenditures	<u>330,407</u>	<u>330,407</u>	<u>333,358</u>	<u>(2,951)</u>	<u>338,650</u>
Excess of Revenues Over (Under) Expenditures	-	-	(52,036)	(52,036)	(230,122)
Other Financing Sources (Uses)					
Bond Issuance Costs	-	-	-	-	(29,167)
Bond Proceeds	-	-	-	-	2,215,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,185,833</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	(52,036)	<u>\$ (52,036)</u>	1,955,711
Fund Balance, Beginning of Year			<u>(66,769)</u>		<u>(2,022,480)</u>
Fund Balance, End of Year			<u>\$ (118,805)</u>		<u>\$ (66,769)</u>

**CITY OF BEATRICE, NEBRASKA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005**

	Water Park	Bonded Districts	Unbonded Assessments	Total	2005 Totals
Assets					
Cash	\$ 39,523	\$ 19,944	\$ 49,378	\$ 108,845	\$ 100,351
Cash on Deposit - County Treasurer	23,021	-	-	23,021	19,533
Accounts Receivable	8,910	-	-	8,910	-
Assessments Receivable:					
Current	-	6,806	28,919	35,725	23,649
Delinquent (Note 11)	-	5,057	6,934	11,991	6,891
Deferred	-	10,073	190,774	200,847	100,835
Assessments in Progress	-	-	-	-	89,700
Accrued Interest Receivable	-	3,477	8,746	12,223	9,794
In-Lieu-of Assessments	-	11,669	-	11,669	11,668
Due from Street Fund	-	123,039	84,993	208,032	144,648
Total Assets	<u>\$ 71,454</u>	<u>\$ 180,065</u>	<u>\$ 369,744</u>	<u>\$ 621,263</u>	<u>\$ 507,069</u>
Liabilities and Fund Balance					
Liabilities					
Accrued Interest Payable	\$ -	\$ -	\$ 34,514	\$ 34,514	\$ 24,042
Registered Warrants Payable	-	-	328,127	328,127	207,691
Deferred Revenues	6,190	21,742	190,774	218,706	202,202
Total Liabilities	<u>6,190</u>	<u>21,742</u>	<u>553,415</u>	<u>581,347</u>	<u>433,935</u>
Fund Balance					
Reserved for Debt Service	65,264	158,323	-	223,587	233,006
Unreserved	-	-	(183,671)	(183,671)	(159,872)
Total Fund Balance (Deficit)	<u>65,264</u>	<u>158,323</u>	<u>(183,671)</u>	<u>39,916</u>	<u>73,134</u>
Total Liabilities and Fund Balance	<u>\$ 71,454</u>	<u>\$ 180,065</u>	<u>\$ 369,744</u>	<u>\$ 621,263</u>	<u>\$ 507,069</u>

CITY OF BEATRICE, NEBRASKA
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	Water Park	Bonded Districts	Unbonded Assessments	Total	2005 Totals
Revenues					
Property Taxes	\$ 137,659	\$ 26,299	\$ -	\$ 163,958	\$ 135,194
Intergovernmental Revenues	703	-	-	703	688
Special Assessments	-	6,979	152,782	159,761	93,984
Interest on Assessments	-	2,043	10,350	12,393	11,512
Miscellaneous	-	-	-	-	-
Total Revenues	<u>138,362</u>	<u>35,321</u>	<u>163,132</u>	<u>336,815</u>	<u>241,378</u>
Expenditures					
Capital Projects:					
Improvements	-	-	166,642	166,642	124,961
Interest on Registered Warrants	-	-	20,289	20,289	9,941
Debt Service:					
Interest	25,967	7,135	-	33,102	44,978
Principal	105,000	45,000	-	150,000	535,000
Total Expenditures	<u>130,967</u>	<u>52,135</u>	<u>186,931</u>	<u>370,033</u>	<u>714,880</u>
Deficiency of Revenues Over (Under) Expenditures	7,395	(16,814)	(23,799)	(33,218)	(473,502)
Other Financing Sources (Uses)					
Bond Proceeds	-	-	-	-	265,000
Bond Issue Costs	-	-	-	-	(4,667)
Operating Transfers In	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,333</u>
Deficiency of Revenues and Other Sources Under Expenditures and Other Uses	7,395	(16,814)	(23,799)	(33,218)	(213,169)
Fund Balances (Deficit), Beginning of Year	<u>57,869</u>	<u>175,137</u>	<u>(159,872)</u>	<u>73,134</u>	<u>286,303</u>
Fund Balances (Deficit), End of Year	<u><u>\$ 65,264</u></u>	<u><u>\$ 158,323</u></u>	<u><u>\$ (183,671)</u></u>	<u><u>\$ 39,916</u></u>	<u><u>\$ 73,134</u></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, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

	2006				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Totals
Revenues					
Property Taxes	\$ 130,268	\$ 130,268	\$ 134,939	\$ 4,671	\$ 135,194
Intergovernmental Revenue	700	700	703	3	688
Total Revenues	<u>130,968</u>	<u>130,968</u>	<u>135,642</u>	<u>4,674</u>	<u>135,882</u>
Expenditures					
Debt Service:					
Principal	105,000	105,000	105,000	-	105,000
Interest	<u>25,968</u>	<u>25,968</u>	<u>25,967</u>	<u>1</u>	<u>28,435</u>
Total Expenditures	<u>130,968</u>	<u>130,968</u>	<u>130,967</u>	<u>1</u>	<u>133,435</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,675</u>	<u>\$ 4,675</u>	<u>\$ 2,447</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, 2006
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

	2006				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Totals
Revenues					
Property Taxes	\$ 32,635	\$ 32,635	\$ 26,299	\$ (6,336)	\$ -
Special Assessments	7,000	7,000	4,469	(2,531)	43,599
Interest on Assessments	2,500	2,500	1,040	(1,460)	2,690
Total Revenues	<u>42,135</u>	<u>42,135</u>	<u>31,808</u>	<u>(10,327)</u>	<u>46,289</u>
Expenditures					
Bond Principal Payments	45,000	45,000	45,000	-	430,000
Interest on Registered Warrants	7,135	7,135	7,135	-	16,543
Total Expenditures	<u>52,135</u>	<u>52,135</u>	<u>52,135</u>	<u>-</u>	<u>446,543</u>
Excess of Revenues Over (Under) Expenditures	(10,000)	(10,000)	(20,327)	(10,327)	(400,254)
Other Financing Sources (Uses)					
Bond Proceeds	-	-	-	-	265,000
Bond Issue Costs	-	-	-	-	(4,667)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,333</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>\$ (20,327)</u>	<u>\$ (10,327)</u>	<u>\$ (139,921)</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, 2006**

Schedule F-5

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

	2006				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Totals
Revenues					
Special Assessments	\$ 26,296	\$ 26,296	\$ 138,118	\$ 111,822	\$ 50,385
Interest on Assessments	9,462	9,462	8,924	(538)	8,822
Total Revenues	<u>35,758</u>	<u>35,758</u>	<u>147,042</u>	<u>111,284</u>	<u>59,207</u>
Expenditures					
Capital Projects					
Interest on Registered Warrants	3,280	10,230	9,818	412	9,941
Principal on Registered Warrants	33,000	183,450	174,452	8,998	-
Improvements	-	294,900	294,890	10	124,961
Total Expenditures	<u>36,280</u>	<u>488,580</u>	<u>479,160</u>	<u>9,420</u>	<u>134,902</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(522)	(452,822)	(332,118)	120,704	(75,695)
Other Financing Sources (Uses)					
Operating Transfers In	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (522)</u>	<u>\$ (452,822)</u>	<u>\$ (332,118)</u>	<u>\$ 120,704</u>	<u>\$ (75,695)</u>

**CITY OF BEATRICE, NEBRASKA
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2006**

Schedule G-1

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	2006			2005
	Library Capital Improvements	Capital Improvements	Total	Totals
Assets				
Cash	\$ -	\$ 95,649	\$ 95,649	\$ 69,980
Restricted:				
Cash	-	235,366	235,366	184,598
Investments	97,106	-	97,106	94,083
Accounts Receivable	-	11,341	11,341	636
Total Assets	<u>\$ 97,106</u>	<u>\$ 342,356</u>	<u>\$ 439,462</u>	<u>\$ 349,297</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ -	\$ 72,191	\$ 72,191	47,850
Total Liabilities	-	72,191	72,191	47,850
Fund Balances				
Reserved for Library Capital Improvement	97,106	-	97,106	94,083
Reserved for Public Safety Equipment	-	235,366	235,366	184,598
Undesignated	-	34,799	34,799	22,766
Total Fund Balances	<u>97,106</u>	<u>270,165</u>	<u>367,271</u>	<u>301,447</u>
Total Liabilities and Fund Balances	<u>\$ 97,106</u>	<u>\$ 342,356</u>	<u>\$ 439,462</u>	<u>\$ 349,297</u>

**CITY OF BEATRICE, NEBRASKA
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005**

	2006			2005
	Library Capital Improvements	Capital Improvements	Total	Totals
Revenues				
Intergovernmental	\$ -	\$ 229,605	\$ 229,605	227,904
Donations and Miscellaneous Revenue	-	22,500	22,500	15,620
Interest	3,023	-	3,023	1,963
Total Revenues	3,023	252,105	255,128	245,487
Expenditures				
Capital Projects	-	427,728	427,728	362,938
MFO Payments - Other Entities	-	122,576	122,576	120,880
Total Expenditures	-	550,304	550,304	483,818
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,023	(298,199)	(295,176)	(238,331)
Other Financing Sources (Uses)				
Operating Transfers In	-	361,000	361,000	307,970
Total Other Financing Sources (Uses)	-	361,000	361,000	307,970
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	3,023	62,801	65,824	69,639
Fund Balances, Beginning of Year	94,083	207,364	301,447	231,808
Fund Balances, End of Year	<u>\$ 97,106</u>	<u>\$ 270,165</u>	<u>\$ 367,271</u>	<u>\$ 301,447</u>

CITY OF BEATRICE, NEBRASKA
LIBRARY CAPITAL IMPROVEMENTS FUND
CAPITAL PROJECTS FUND
BALANCE SHEET
SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash	\$ -	\$ -
Restricted:		
Investments	<u>97,106</u>	<u>94,083</u>
Total Assets	<u><u>\$ 97,106</u></u>	<u><u>\$ 94,083</u></u>
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	\$ -	\$ -
Fund Balance		
Reserved for Library Capital Improvement	<u>97,106</u>	<u>94,083</u>
Total Liabilities and Fund Balance	<u><u>\$ 97,106</u></u>	<u><u>\$ 94,083</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, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

	2006			2005 Totals
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Interest	\$ 2,000	\$ 2,000	\$ 3,023	\$ 1,023
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>3,023</u>	<u>1,023</u>
Expenditures				
Repairs and Maintenance	-	-	-	-
Capital Outlay	28,000	28,000	-	28,000
Total Expenditures	<u>28,000</u>	<u>28,000</u>	<u>-</u>	<u>28,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (26,000)</u>	<u>\$ (26,000)</u>	3,023	<u>\$ 29,023</u>
Fund Balance, Beginning of Year			<u>94,083</u>	<u>92,120</u>
Fund Balance, End of Year			<u>\$ 97,106</u>	<u>\$ 94,083</u>

CITY OF BEATRICE, NEBRASKA
 CAPITAL IMPROVEMENTS FUND
 CAPITAL PROJECTS FUND
 BALANCE SHEET
 SEPTEMBER 30, 2006
 WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash	\$ 95,649	\$ 69,980
Restricted:		
Cash	235,366	184,598
Accounts Receivable	<u>11,341</u>	<u>636</u>
Total Assets	<u><u>\$ 342,356</u></u>	<u><u>\$ 255,214</u></u>
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	\$ 72,191	\$ 47,850
Fund Balance		
Reserved for Public Safety Equipment	235,366	184,598
Unreserved	<u>34,799</u>	<u>22,766</u>
Total Fund Balance	<u><u>270,165</u></u>	<u><u>207,364</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 342,356</u></u>	<u><u>\$ 255,214</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, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

	2006			Variance Favorable (Unfavorable)	2005 Totals
	Original Budget	Final Budget	Actual		
Revenues					
Donations and Miscellaneous Revenue	\$ 45,388	\$ 45,388	\$ 22,500	\$ (22,888)	\$ 15,620
Intergovernmental	1,003,900	1,003,900	229,605	(774,295)	227,904
Total Revenues	<u>1,049,288</u>	<u>1,049,288</u>	<u>252,105</u>	<u>(797,183)</u>	<u>243,524</u>
Expenditures - Capital Projects					
Park Equipment and Improvements	86,400	86,400	75,824	10,576	101,590
Rotary Park	-	-	-	-	27,500
Beatrice Plus	9,700	9,700	11,739	(2,039)	1,500
Building Inspection Equipment	22,000	22,000	20,924	1,076	-
Municipal Auditorium Renovation	18,000	18,000	18,065	(65)	28,883
Building Improvements	10,000	10,000	8,876	1,124	3,328
Police Equipment and Facilities Improvemer	49,354	49,354	46,031	3,323	24,174
Fire & Rescue Equipment	467,150	467,150	171,550	295,600	31,979
Trails	573,129	573,129	29,780	543,349	113,995
Water Park Facility Improvements	-	-	-	-	2,983
Library Equipment and Facilities	50,000	50,000	360	49,640	-
Computer Equipment	37,775	37,775	44,579	(6,804)	27,006
MFO Payments - Other Entities	121,087	121,087	122,576	(1,489)	120,880
Total Expenditures - Capital Projects	<u>1,444,595</u>	<u>1,444,595</u>	<u>550,304</u>	<u>894,291</u>	<u>483,818</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(395,307)	(395,307)	(298,199)	97,108	(240,294)
Other Financing Sources (Uses)					
Operating Transfers In	418,970	418,970	361,000	(57,970)	307,970
Total Other Financing Sources (Uses)	<u>418,970</u>	<u>418,970</u>	<u>361,000</u>	<u>(57,970)</u>	<u>307,970</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 23,663</u>	<u>\$ 23,663</u>	62,801	<u>\$ 39,138</u>	67,676
Fund Balance, Beginning of Year			<u>207,364</u>		<u>139,688</u>
Fund Balance, End of Year			<u>\$ 270,165</u>		<u>\$ 207,364</u>

**CITY OF BEATRICE, NEBRASKA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005**

Schedule H-1

ENTERPRISE FUNDS	2006						2005 Totals
	Electric	Water	Water Pollution Control	BASWA	Sanitation	Total	
Assets							
Current Assets							
Cash and Investments	\$ 517,803	\$ 583,583	\$ 254,762	\$ 83,631	\$ 28	\$ 1,439,807	\$ 1,356,924
Accounts Receivable (Net)	752,879	88,242	59,859	127,361	72,944	1,101,285	1,157,515
Unbilled and Accrued Revenues	372,171	68,442	52,742	-	-	493,355	626,818
Materials and Supplies Inventories	434,518	236,698	-	-	-	671,216	741,931
Prepaid Expenses	7,250	3,452	2,165	-	-	12,867	7,103
Current Portion of CRA Bonds Receivable	180,000	-	-	-	-	180,000	175,000
Interest Receivable	4,500	232	328	-	-	5,060	2,156
Total Current Assets	<u>2,269,121</u>	<u>980,649</u>	<u>369,856</u>	<u>210,992</u>	<u>72,972</u>	<u>3,903,590</u>	<u>4,067,447</u>
Restricted Cash							
Employee Benefits	26,150	-	-	-	-	26,150	41,081
Debt Service Reserve Account	167,071	156,902	248,127	160,389	-	732,489	731,476
Total Restricted Cash	<u>193,221</u>	<u>156,902</u>	<u>248,127</u>	<u>160,389</u>	<u>-</u>	<u>758,639</u>	<u>772,557</u>
Restricted Investments							
Customer Deposits	111,180	-	-	-	-	111,180	106,830
Closure/Postclosure Maintenance and Care	-	-	-	370,325	-	370,325	305,135
Total Restricted Investments	<u>111,180</u>	<u>-</u>	<u>-</u>	<u>370,325</u>	<u>-</u>	<u>481,505</u>	<u>411,965</u>
Total Restricted Assets	<u>304,401</u>	<u>156,902</u>	<u>248,127</u>	<u>530,714</u>	<u>-</u>	<u>1,240,144</u>	<u>1,184,522</u>
Property, Plant and Equipment							
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	22,388,822	11,395,731	15,612,793	3,584,215	-	52,981,561	51,035,925
Machinery and Equipment	2,616,678	711,030	1,366,599	623,179	-	5,317,486	4,625,801
	26,167,778	12,230,148	16,995,980	4,207,394	-	59,601,300	56,963,979
Less: Accumulated Depreciation	13,393,690	7,522,028	8,486,194	1,923,724	-	31,325,636	29,153,296
	12,774,088	4,708,120	8,509,786	2,283,670	-	28,275,664	27,810,683
Construction in Progress	-	117,374	-	-	-	117,374	445,564
Net Property, Plant and Equipment	<u>12,774,088</u>	<u>4,825,494</u>	<u>8,509,786</u>	<u>2,283,670</u>	<u>-</u>	<u>28,393,038</u>	<u>28,256,247</u>
Other Assets							
Bonds Receivable (less current portion)	185,000	-	-	-	-	185,000	365,000
Unamortized Bond Issuance Cost	11,985	2,782	3,941	13,603	-	32,311	39,254
Total Other Assets	<u>196,985</u>	<u>2,782</u>	<u>3,941</u>	<u>13,603</u>	<u>-</u>	<u>217,311</u>	<u>404,254</u>
Total Assets	<u>\$ 15,544,595</u>	<u>\$ 5,965,827</u>	<u>\$ 9,131,710</u>	<u>\$ 3,038,979</u>	<u>\$ 72,972</u>	<u>\$ 33,754,083</u>	<u>\$ 33,912,470</u>

**CITY OF BEATRICE, NEBRASKA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005**

Schedule H-1

ENTERPRISE FUNDS	2006						2005 Totals
	Electric	Water	Water Pollution Control	BASWA	Sanitation	Total	
Liabilities and Net Assets							
Current Liabilities							
Accounts Payable	\$ 926,135	\$ 44,563	\$ 193,450	\$ 3,136	\$ 72,972	\$ 1,240,256	\$ 1,464,931
Accrued Compensated Absences	82,805	61,278	21,622	15,381	-	181,086	217,806
Sales Tax Payable	64,491	-	-	-	-	64,491	-
Employee Insurance Payable	62,000	-	-	-	-	62,000	46,211
Accrued Interest	1,541	6,810	14,091	12,269	-	34,711	-
Customer Deposits	111,180	-	-	-	-	111,180	106,830
Current Maturities of Long-Term Debt	188,358	78,492	136,743	211,994	-	615,587	580,221
Total Current Liabilities	<u>1,436,510</u>	<u>191,143</u>	<u>365,906</u>	<u>242,780</u>	<u>72,972</u>	<u>2,309,311</u>	<u>2,415,999</u>
Long-Term Liabilities							
Compensated Absences, noncurrent	140,086	135,697	61,696	-	-	337,479	314,885
Revenue Bonds, net of Current Portion	753,430	176,528	250,042	855,000	-	2,035,000	2,419,779
Notes Payable, net of Current Portion	-	659,327	1,386,499	59,447	-	2,105,273	2,312,445
Estimated Current Cost of Closure and Postclosure	-	-	-	1,120,000	-	1,120,000	1,023,555
Total Long-Term Liabilities	<u>893,516</u>	<u>971,552</u>	<u>1,698,237</u>	<u>2,034,447</u>	<u>-</u>	<u>5,597,752</u>	<u>6,070,664</u>
Total Liabilities	2,330,026	1,162,695	2,064,143	2,277,227	72,972	7,907,063	8,486,663
Net Assets							
Invested in Capital Assets, net of Related Debt	11,844,285	3,913,929	6,740,443	1,170,832	-	23,669,489	22,983,056
Restricted for Debt Service	167,071	156,902	248,127	160,389	-	732,489	731,476
Restricted for Closure Costs/Postclosure Maintenance	-	-	-	(749,675)	-	(749,675)	(718,420)
Unrestricted	1,203,213	732,301	78,997	180,206	-	2,194,717	2,429,695
Total Net Assets	<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>25,425,807</u>
Total Liabilities and Net Assets	<u>\$ 15,544,595</u>	<u>\$ 5,965,827</u>	<u>\$ 9,131,710</u>	<u>\$ 3,038,979</u>	<u>\$ 72,972</u>	<u>\$ 33,754,083</u>	<u>\$ 33,912,470</u>

CITY OF BEATRICE, NEBRASKA

Schedule H-2

ENTERPRISE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005**

	2006						2005 Totals
	Electric	Water	Water Pollution Control	BASWA	Sanitation	Total	
Operating Revenues							
Charges for Services	\$ 10,956,522	\$ 1,590,944	\$ 1,134,329	\$ 923,420	\$ 1,072,664	\$ 15,677,879	\$ 15,433,810
Operating Expenses							
Electric Energy Purchased	7,492,594	-	-	-	-	7,492,594	7,287,319
Operating and Maintenance Expenses	995,871	796,146	466,663	-	1,072,664	3,331,344	2,996,750
Customer Accounting Expenses	180,056	82,725	64,220	-	-	327,001	336,204
Engineering Services	42,744	16,000	16,000	-	-	74,744	128,396
Administrative and General Expense	706,005	314,805	159,292	485,995	-	1,666,097	1,701,098
Municipal Services	348,738	27,351	10,473	-	-	386,562	355,944
Depreciation and Amortization	941,554	431,652	625,654	295,239	-	2,294,099	2,280,700
Landfill Operating Contracts	-	-	-	210,605	-	210,605	166,217
Total Operating Expenses	10,707,562	1,668,679	1,342,302	991,839	1,072,664	15,783,046	15,252,628
Operating Income (Loss)	248,960	(77,735)	(207,973)	(68,419)	-	(105,167)	181,182
Non-Operating Revenues (Expenses)							
Interest Income	79,737	7,307	3,267	20,388	-	110,699	59,192
Merchandising, Etc.	8,325	52,684	22,035	-	-	83,044	98,323
Contributions in Aid of Construction	-	-	93,637	-	-	93,637	1,095
Grant Income	-	-	361,458	-	-	361,458	-
Income (Loss) on Disposal of							
Capital Assets	-	-	-	-	-	-	(60,692)
Miscellaneous	109,776	-	9,108	2,841	-	121,725	237,334
Interest Expense	(44,646)	(46,952)	(91,716)	(57,128)	-	(240,442)	(229,815)
Transfer to (from) Other Fund	(172,986)	89,260	83,726	-	-	-	-
Amortization of Bond Issuance Cost	(2,397)	(556)	(788)	-	-	(3,741)	(3,785)
Total Non-Operating Revenues (Expenses)	(22,191)	101,743	480,727	(33,899)	-	526,380	101,652
Net Income (Loss)	226,769	24,008	272,754	(102,318)	-	421,213	282,834
Net Assets, Beginning of Year, as previously reported	12,987,800	4,779,124	6,794,813	864,070	-	25,425,807	26,239,218
Restatement of Net Assets	-	-	-	-	-	-	(1,096,245)
Net Assets, Beginning of Year, as restated	12,987,800	4,779,124	6,794,813	864,070	-	25,425,807	25,142,973
Net Assets, End of Year	\$ 13,214,569	\$ 4,803,132	\$ 7,067,567	\$ 761,752	\$ -	\$ 25,847,020	\$ 25,425,807

**CITY OF BEATRICE, NEBRASKA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005**

Schedule H-3

ENTERPRISE FUNDS	2006						2005 Totals
	Electric	Water	Water Pollution Control	BASWA	Sanitation	Total	
Cash Flows from Operating Activities							
Cash Received from Customers	\$ 11,216,577	\$ 1,688,001	\$ 1,166,956	\$ 932,669	\$ 1,070,316	\$ 16,074,519	\$ 15,892,535
Cash Paid to Suppliers for Goods and Services	(8,627,808)	(510,001)	(166,544)	(383,903)	(1,070,641)	(10,758,897)	(11,517,085)
Cash Paid to Employees for Services	(1,291,550)	(778,081)	(450,247)	(205,125)	-	(2,725,003)	(1,898,893)
Net Cash Provided by (Used in) Operating Activities	1,297,219	399,919	550,165	343,641	(325)	2,590,619	2,476,557
Cash Flows From Capital and Related Financing Activities							
Principal Payments on Long-Term Debt	(185,164)	(76,677)	(133,379)	(185,000)	-	(580,220)	(556,953)
Principal Advances on Long-Term Debt	-	-	-	(66,365)	-	(66,365)	(49,684)
Transfers (to) from Other Funds	(172,986)	89,260	83,726	-	-	-	-
Interest Paid on Long-Term Debt	(43,105)	(40,142)	(77,625)	(44,859)	-	(205,731)	(229,815)
Contribution in Aid to Construction	-	-	-	-	-	-	1,095
Grant Proceeds	-	-	361,458	-	-	361,458	-
Capital Expenditures	(1,032,020)	(367,905)	(815,377)	(28,749)	-	(2,244,051)	(2,016,684)
Net Cash Used in Capital and Related Financing Activities	(1,433,275)	(395,464)	(581,197)	(324,973)	-	(2,734,909)	(2,852,041)
Cash Flows from Investing Activities							
Purchase of Bond	-	-	-	-	-	-	(540,000)
Receipts of Principal Payments on Bond Receivable	175,000	-	-	-	-	175,000	-
Interest Received	76,875	7,289	3,243	20,388	-	107,795	62,829
Net Cash Provided by (Used in) Investing Activities	251,875	7,289	3,243	20,388	-	282,795	(477,171)
Net Increase (Decrease) in Cash and Cash Equivalents	115,819	11,744	(27,789)	39,056	(325)	138,505	(852,655)
Cash and Cash Equivalents, Beginning of Year	706,385	728,741	530,678	575,289	353	2,541,446	3,394,101
Cash and Cash Equivalents, End of Year	\$ 822,204	\$ 740,485	\$ 502,889	\$ 614,345	\$ 28	\$ 2,679,951	\$ 2,541,446
Cash and Cash Equivalents consist of:							
Cash and Investments	\$ 517,803	\$ 583,583	\$ 254,762	\$ 83,631	\$ 28	\$ 1,439,807	\$ 1,356,924
Employee Benefits Cash	26,150	-	-	-	-	26,150	41,081
Debt Service Reserve Account	167,071	156,902	248,127	160,389	-	732,489	731,476
Customer Deposits Investments	111,180	-	-	-	-	111,180	106,830
Closure/Postclosure Maintenance and Care	-	-	-	370,325	-	370,325	305,135
Total Cash and Cash Equivalents	\$ 822,204	\$ 740,485	\$ 502,889	\$ 614,345	\$ 28	\$ 2,679,951	\$ 2,541,446

**CITY OF BEATRICE, NEBRASKA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005**

Schedule H-3

ENTERPRISE FUNDS	2006						2005 Totals
	Electric	Water	Water Pollution Control	BASWA	Sanitation	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities							
Operating Income (Loss)	\$ 248,960	\$ (77,735)	\$ (207,973)	\$ (68,419)	\$ -	\$ (105,167)	\$ 181,182
Adjustments to Reconcile Net Income to Net Cash Provided by (Used In) Operating Activities:							
Depreciation	941,554	431,652	625,654	295,239	-	2,294,099	2,280,700
Merchandise and Miscellaneous Revenue	118,101	52,684	31,143	2,841	-	204,769	335,657
Increase in Estimated Current Cost of Closure and Postclosure	-	-	-	96,445	-	96,445	96,197
(Increase) Decrease in Unbilled and Accrued Revenues	104,736	23,911	4,816	-	-	133,463	(91,644)
(Increase) Decrease in Accounts Receivable	35,040	20,462	(3,332)	6,408	(2,348)	56,230	214,712
(Increase) Decrease in Inventory	140,564	(69,849)	-	-	-	70,715	(205,711)
Increase in Prepaid Insurance	(3,291)	(1,407)	(1,066)	-	-	(5,764)	-
Increase (Decrease) in Accounts Payable	(330,828)	6,061	96,072	1,997	2,023	(224,675)	(331,192)
Decrease in Sales Tax Payable	(2,172)	-	-	-	-	(2,172)	-
Increase in Employee Insurance Payable	20,919	-	-	-	-	20,919	-
Increase (Decrease) in Accrued Compensated Absences	19,286	14,140	4,851	9,130	-	47,407	6,331
Increase (Decrease) in Customer Deposits	4,350	-	-	-	-	4,350	(9,675)
Total Adjustments	1,048,259	477,654	758,138	412,060	(325)	2,695,786	2,295,375
Net Cash Provided by (Used in) Operating Activities	\$ 1,297,219	\$ 399,919	\$ 550,165	\$ 343,641	\$ (325)	\$ 2,590,619	\$ 2,476,557

**CITY OF BEATRICE, NEBRASKA
ELECTRIC ENTERPRISE FUND
BALANCE SHEET
SEPTEMBER 30, 2006**

Schedule H-4

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	2006	2005
Assets		
Current Assets		
Cash	\$ 517,803	\$ 425,881
Accounts Receivable (Net)	752,879	787,919
Unbilled and Accrued Revenues	372,171	476,907
Materials and Supplies Inventories	434,518	575,082
Prepaid Expenses	7,250	3,959
Current Portion of CRA Bonds Receivable	180,000	175,000
Interest Receivable	4,500	1,638
Total Current Assets	<u>2,269,121</u>	<u>2,446,386</u>
Restricted Cash		
Employee Benefits	26,150	41,081
Debt Service Reserve Account	167,071	132,593
Total Restricted Cash	<u>193,221</u>	<u>173,674</u>
Restricted Investments		
Customer Deposits	111,180	106,830
Total Restricted Assets	<u>304,401</u>	<u>280,504</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	22,388,822	20,976,009
Machinery and Equipment	2,616,678	2,550,918
	<u>26,167,778</u>	<u>24,689,205</u>
Less: Accumulated Depreciation	13,393,690	12,451,148
	<u>12,774,088</u>	<u>12,238,057</u>
Construction in Progress	-	445,564
Net Property, Plant and Equipment	<u>12,774,088</u>	<u>12,683,621</u>
Other Assets		
CRA Bonds Receivable, net of Current Portion	185,000	365,000
Unamortized Bond Issuance Cost, Net of Amortization of \$9,588 and \$7,191 for 2006 and 2005	11,985	14,383
Total Other Assets	<u>196,985</u>	<u>379,383</u>
Total Assets	<u><u>\$ 15,544,595</u></u>	<u><u>\$ 15,789,894</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 926,135	\$ 1,256,963
Compensated Absences	82,805	74,801
Sales Tax Payable	64,491	66,663
Employee Insurance Payable	62,000	41,081
Accrued Interest	1,541	-
Customer Deposits	111,180	106,830
Current Portion of Revenue Bonds	188,358	185,165
Total Current Liabilities	<u>1,436,510</u>	<u>1,731,503</u>
Long-Term Liabilities		
Compensated Absences, Noncurrent	140,086	128,804
Revenue Bonds, net of Current Portions	753,430	941,787
Total Long-term Liabilities	<u>893,516</u>	<u>1,070,591</u>
Total Liabilities	<u>2,330,026</u>	<u>2,802,094</u>
Net Assets		
Invested in Capital Assets, net of Related Debt	11,844,285	11,571,052
Restricted for Debt Service	167,071	132,593
Unrestricted	1,203,213	1,284,155
Total Net Assets	<u>13,214,569</u>	<u>12,987,800</u>
Total Liabilities and Net Assets	<u><u>\$ 15,544,595</u></u>	<u><u>\$ 15,789,894</u></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, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

Schedule H-5

	2006				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Totals
Operating Revenues					
Charges for Services	\$ 10,037,300	\$ 10,037,300	\$ 10,956,522	\$ 919,222	\$ 10,828,533
Operating Expenses					
Electric Energy Purchased	6,410,000	6,410,000	7,492,594	(1,082,594)	7,287,319
Operating and Maintenance Expense	862,820	862,820	995,871	(133,051)	810,296
Customer Accounting Expenses	229,050	229,050	180,056	48,994	178,357
Engineering Services	154,750	154,750	42,744	112,006	93,662
Administrative and General Expense	809,024	809,024	706,005	103,019	778,494
Depreciation	800,000	800,000	941,554	(141,554)	936,605
Municipal Services	391,650	391,650	348,738	42,912	324,355
Total Operating Expenses	<u>9,657,294</u>	<u>9,657,294</u>	<u>10,707,562</u>	<u>(1,050,268)</u>	<u>10,409,088</u>
Operating Income	380,006	380,006	248,960	(131,046)	419,445
Non-Operating Revenues (Expenses)					
Merchandising, Etc.	54,500	54,500	8,325	(46,175)	30,397
Interest Income	18,300	18,300	79,737	61,437	45,138
Miscellaneous	60,000	60,000	109,776	49,776	164,335
Income (Loss) on Disposal of Capital Assets	-	-	-	-	(35,437)
Interest Expense	(46,697)	(46,697)	(44,646)	2,051	(48,110)
Transfer to Other Fund	-	-	(172,986)	(172,986)	-
Transfer from Other Fund	-	-	-	-	18,489
Amortization of Bond Issuance Cost	-	-	(2,397)	(2,397)	(2,441)
Total Non-Operating Revenues (Expenses)	<u>86,103</u>	<u>86,103</u>	<u>(22,191)</u>	<u>(108,294)</u>	<u>172,371</u>
Net Income (Loss)	<u>\$ 466,109</u>	<u>\$ 466,109</u>	226,769	<u>\$ (239,340)</u>	591,816
Net Assets, Beginning of Year, as previously reported			12,987,800		12,630,514
Restatement of Net Assets			-		(234,530)
Net Assets, Beginning of Year as restated			<u>12,987,800</u>		<u>12,395,984</u>
Retained Earnings, End of Year			<u>\$ 13,214,569</u>		<u>\$ 12,987,800</u>

**CITY OF BEATRICE, NEBRASKA
ELECTRIC ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005**

Schedule H-6

	2006	2005
Cash Flows From Operating Activities		
Cash Received From Customers	\$ 11,216,577	\$ 11,198,331
Cash Paid to Suppliers for Goods and Services	(8,627,808)	(9,124,945)
Cash Paid to Employees for Services	(1,291,550)	(867,705)
Net Cash Provided by Operating Activities	<u>1,297,219</u>	<u>1,205,681</u>
Cash Flows From Capital and Related Financing Activities		
Principal Payments on Long-Term Debt	(185,164)	(175,588)
Transfers from Other Funds	-	18,489
Transfers to Other Funds	(172,986)	-
Interest Paid on Long-Term Debt	(43,105)	(48,110)
Capital Expenditures	(1,032,020)	(927,891)
Net Cash Used in Capital and Related Financing Activities	<u>(1,433,275)</u>	<u>(1,133,100)</u>
Cash Flows From Investing Activities		
Purchase of Bond	-	(540,000)
Receipt of Principal Payments on Bond Receivable	175,000	-
Interest Received	76,875	47,739
Net Cash Provided by (Used in) Investing Activities	<u>251,875</u>	<u>(492,261)</u>
Net Increase (Decrease) in Cash and Restricted Cash	115,819	(419,680)
Cash and Restricted Cash, Beginning of Year	<u>706,385</u>	<u>1,126,065</u>
Cash and Restricted Cash, End of Year	<u><u>\$ 822,204</u></u>	<u><u>\$ 706,385</u></u>
Cash and Cash Equivalents consist of:		
Cash and Investments	\$ 517,803	\$ 425,881
Employee Benefits Cash	26,150	41,081
Debt Service Reserve Account	167,071	132,593
Customer Deposits Investments	111,180	106,830
Total Cash and Cash Equivalents	<u><u>\$ 822,204</u></u>	<u><u>\$ 706,385</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 248,960	\$ 419,445
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	941,554	936,605
Merchandise and Miscellaneous Revenue	118,101	194,732
Decrease (Increase) in Unbilled and Accrued Revenues	104,736	(76,908)
Decrease in Accounts Receivable	35,040	251,974
Decrease (Increase) in Inventory	140,564	(179,788)
Increase in Prepaid Expenses	(3,291)	-
Decrease in Accounts Payable	(330,828)	(343,825)
Increase (Decrease) in Customer Deposits	4,350	(9,675)
Decrease in Sales Tax Payable	(2,172)	-
Increase in Employee Insurance Payable	20,919	-
Increase (Decrease) in Compensated Absences	19,286	13,121
Total Adjustments	<u>1,048,259</u>	<u>786,236</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,297,219</u></u>	<u><u>\$ 1,205,681</u></u>
Summary of Non-Cash Transactions: None		

CITY OF BEATRICE, NEBRASKA

Schedule H-7

WATER ENTERPRISE FUND

BALANCE SHEET

SEPTEMBER 30, 2006

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	2006	2005
Assets		
Current Assets		
Cash	\$ 583,583	\$ 579,228
Accounts Receivable (Net)	88,242	108,704
Unbilled and Accrued Revenues	68,442	92,353
Materials and Supplies Inventories	236,698	166,849
Prepaid Expenses	3,452	2,045
Interest Receivable	232	214
Total Current Assets	<u>980,649</u>	<u>949,393</u>
Restricted Cash		
Debt Service Reserve Account	156,902	149,513
Property, Plant and Equipment		
Land and Land Rights	59,832	59,832
Buildings and Improvements	63,555	63,555
Improvements Other Than Buildings	11,395,731	11,147,223
Machinery and Equipment	711,030	709,006
	<u>12,230,148</u>	<u>11,979,616</u>
Less Accumulated Depreciation	<u>7,522,028</u>	<u>7,090,376</u>
	4,708,120	4,889,240
Construction in Progress	117,374	-
Net Property, Plant and Equipment	<u>4,825,494</u>	<u>4,889,240</u>
Deferred Charges		
Unamortized Bond Issuance Costs, Net of Amortization of \$2,226 and \$1,669 for 2006 and 2005	<u>2,782</u>	<u>3,339</u>
Total Assets	<u>\$ 5,965,827</u>	<u>\$ 5,991,485</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 44,563	\$ 38,502
Accrued Compensated Absences	61,278	53,879
Accrued Interest	6,810	-
Current Portion of Long-Term Debt	78,492	76,677
Total Current Liabilities	<u>191,143</u>	<u>169,058</u>
Long-Term Liabilities		
Compensated Absences, noncurrent	135,697	128,956
Revenue Bonds, net of Current Portion	176,528	187,367
Notes Payable, net of Current Portion	659,327	726,980
Total Long-term Liabilities	<u>971,552</u>	<u>1,043,303</u>
Total Liabilities	1,162,695	1,212,361
Net Assets		
Invested in Capital Assets, net of Related Debt	3,913,929	3,901,555
Restricted for Debt Service	156,902	149,513
Unrestricted	732,301	728,056
Total Net Assets	<u>4,803,132</u>	<u>4,779,124</u>
Total Liabilities and Net Assets	<u>\$ 5,965,827</u>	<u>\$ 5,991,485</u>

CITY OF BEATRICE, NEBRASKA
WATER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

Schedule H-8

	2006				2005 Totals
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
Operating Revenues					
Charges for Services	\$ 1,470,000	\$ 1,470,000	\$ 1,590,944	\$ 120,944	\$ 1,545,380
Operating Expenses					
Operating and Maintenance Expenses	640,242	640,242	796,146	(155,904)	703,225
Customer Accounting Expenses	93,800	93,800	82,725	11,075	104,281
Engineering Services	-	-	16,000	(16,000)	18,267
Administrative and General Expenses	363,480	363,480	314,805	48,675	299,021
Depreciation	450,000	450,000	431,652	18,348	441,451
Municipal Services	22,800	22,800	27,351	(4,551)	21,867
Total Operating Expenses	<u>1,570,322</u>	<u>1,570,322</u>	<u>1,668,679</u>	<u>(98,357)</u>	<u>1,588,112</u>
Operating Income (Loss)	(100,322)	(100,322)	(77,735)	22,587	(42,732)
Non-Operating Revenues (Expenses)					
Merchandising, Etc.	50,000	50,000	52,684	2,684	59,438
Contributions in Aid of Construction	-	-	-	-	1,095
Interest Income	3,600	3,600	7,307	3,707	4,726
Miscellaneous	5,000	5,000	-	(5,000)	51,462
Income (Loss) on Disposal of Capital Assets	-	-	-	-	(20,305)
Interest Expense	(38,292)	(38,292)	(46,952)	(8,660)	(42,674)
Transfer to Other Fund	-	-	-	-	(5,897)
Transfer From Other Fund	150,000	150,000	89,260	(60,740)	-
Amortization of Bond Issuance Costs	-	-	(556)	(556)	(556)
Total Non-Operating Revenues (Expenses)	<u>170,308</u>	<u>170,308</u>	<u>101,743</u>	<u>(68,565)</u>	<u>47,289</u>
Net Income (Loss)	<u>\$ 69,986</u>	<u>\$ 69,986</u>	<u>24,008</u>	<u>\$ (45,978)</u>	<u>4,557</u>
Net Assets, Beginning of Year, as previously reported			4,779,124		4,827,329
Restatement of Net Assets			-		(52,762)
Net Assets, Beginning of Year as restated			<u>4,779,124</u>		<u>4,774,567</u>
Net Assets, End of Year			<u>\$ 4,803,132</u>		<u>\$ 4,779,124</u>

**CITY OF BEATRICE, NEBRASKA
WATER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005**

Schedule H-9

	2006	2005
Cash Flows From Operating Activities		
Cash Received From Customers	\$ 1,688,001	\$ 1,620,895
Cash Paid to Suppliers for Goods and Services	(510,001)	(726,983)
Cash Paid to Employees for Services	(778,081)	(496,672)
Net Cash Provided by Operating Activities	<u>399,919</u>	<u>397,240</u>
Cash Flows from Capital and Related Financing Activities		
Principal Payments on Long-Term Debt	(76,677)	(73,399)
Transfers to Other Funds	-	(5,897)
Transfers From Other Funds	89,260	-
Contribution in Aid of Construction	-	1,095
Interest Paid on Long-Term Debt	(40,142)	(42,674)
Capital Expenditures	(367,905)	(521,822)
Net Cash Used in Capital and Related Financing Activities	<u>(395,464)</u>	<u>(642,697)</u>
Cash Flows From Investing Activities		
Interest Received	7,289	5,155
Net Cash Provided by Investing Activities	<u>7,289</u>	<u>5,155</u>
Net Increase (Decrease) in Cash and Restricted Cash	11,744	(240,302)
Cash and Restricted Cash, Beginning of Year	<u>728,741</u>	<u>969,043</u>
Cash and Restricted Cash, End of Year	<u><u>\$ 740,485</u></u>	<u><u>\$ 728,741</u></u>
Cash and Cash Equivalents consist of:		
Cash and Investments	\$ 583,583	\$ 579,228
Debt Service Reserve Account	156,902	149,513
Total Cash and Cash Equivalents	<u><u>\$ 740,485</u></u>	<u><u>\$ 728,741</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Loss	\$ (77,735)	\$ (42,732)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	431,652	441,451
Merchandise and Miscellaneous Revenue	52,684	110,900
Decrease (Increase) in Accounts Receivable	20,462	(24,287)
Decrease (Increase) in Unbilled and Accrued Revenues	23,911	(11,098)
Increase in Inventory	(69,849)	(25,923)
Increase in Prepaid Expenses	(1,407)	-
Increase (Decrease) in Accounts Payable	6,061	(54,274)
Increase in Compensated Absences	14,140	3,203
Total Adjustments	<u>477,654</u>	<u>439,972</u>
Net Cash Provided by Operating Activities	<u><u>\$ 399,919</u></u>	<u><u>\$ 397,240</u></u>
Summary of Non-Cash Transactions: None		

CITY OF BEATRICE, NEBRASKA
WATER POLLUTION CONTROL ENTERPRISE FUND
BALANCE SHEET
SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

Schedule H-10

	2006	2005
Assets		
Current Assets		
Cash	\$ 254,762	\$ 233,741
Accounts Receivable (Net)	59,859	56,527
Unbilled and Accrued Revenues	52,742	57,558
Prepaid Expenses	2,165	1,099
Interest Receivable	328	304
Total Current Assets	<u>369,856</u>	<u>349,229</u>
Restricted Cash		
Debt Service Reserve Account	248,127	296,937
Property, Plant and Equipment		
Land and Land Rights	16,588	16,588
Improvements Other Than Buildings	15,612,793	15,328,478
Machinery and Equipment	1,366,599	766,632
	<u>16,995,980</u>	<u>16,111,698</u>
Less: Accumulated Depreciation	8,486,194	7,885,272
Net Property, Plant and Equipment	<u>8,509,786</u>	<u>8,226,426</u>
Deferred Charges		
Unamortized Debt Expense, Net of Amortization of \$3,152 and \$2,364 for 2006 and 2005	<u>3,941</u>	<u>4,729</u>
Total Assets	<u><u>\$ 9,131,710</u></u>	<u><u>\$ 8,877,321</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 193,450	\$ 97,378
Compensated Absences	21,622	21,342
Accrued Interest	14,091	-
Current Portion of Long-Term Debt	136,743	133,379
Total Current Liabilities	<u>365,906</u>	<u>252,099</u>
Long-Term Liabilities		
Compensated Absences, noncurrent	61,696	57,125
Revenue Bonds, net of Current Portion	250,042	240,625
Notes Payable, net of Current Portion	1,386,499	1,532,659
Total Long-Term Liabilities	<u>1,698,237</u>	<u>1,830,409</u>
Total Liabilities	2,064,143	2,082,508
Fund Equity		
Invested in Capital Assets, net of Related Debt	6,740,443	6,324,492
Restricted for Debt Service	248,127	296,937
Unrestricted	78,997	173,384
Total Net Assets	<u>7,067,567</u>	<u>6,794,813</u>
Total Liabilities and Net Assets	<u><u>\$ 9,131,710</u></u>	<u><u>\$ 8,877,321</u></u>

CITY OF BEATRICE, NEBRASKA
WATER POLLUTION CONTROL ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

	2006				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Totals
Operating Revenues					
Charges for Services	\$ 1,122,680	\$ 1,122,680	\$ 1,134,329	\$ 11,649	\$ 1,062,860
Operating Expenses					
Operating and Maintenance Expenses	430,360	430,360	466,663	(36,303)	417,173
Customer Accounting Expenses	48,350	48,350	64,220	(15,870)	53,566
Engineering Expenses	-	-	16,000	(16,000)	16,467
Administrative and General Expenses	215,125	215,125	159,292	55,833	164,440
Depreciation	520,000	520,000	625,654	(105,654)	606,285
Municipal Services	7,100	7,100	10,473	(3,373)	9,722
Total Operating Expenses	<u>1,220,935</u>	<u>1,220,935</u>	<u>1,342,302</u>	<u>(121,367)</u>	<u>1,267,653</u>
Operating Income (Loss)	(98,255)	(98,255)	(207,973)	(109,718)	(204,793)
Non-Operating Revenues (Expenses)					
Merchandising, Etc.	10,200	10,200	22,035	11,835	8,488
Contributions in Aid of Construction	-	-	93,637	93,637	-
Grant Income	450,000	450,000	361,458	(88,542)	-
Interest Income	4,800	4,800	3,267	(1,533)	3,718
Miscellaneous	3,000	3,000	9,108	6,108	21,502
Income (Loss) on Disposal of Capital Assets	-	-	-	-	(4,950)
Interest Expense	(63,668)	(63,668)	(91,716)	(28,048)	(82,222)
Transfer to Other Fund	-	-	-	-	(12,592)
Transfer from Other Fund	200,000	200,000	83,726	(116,274)	-
Amortization of Bond Issuance Costs	-	-	(788)	(788)	(788)
Total Non-Operating Revenues (Expenses)	<u>604,332</u>	<u>604,332</u>	<u>480,727</u>	<u>(123,605)</u>	<u>(66,844)</u>
Net Income (Loss)	<u>\$ 506,077</u>	<u>\$ 506,077</u>	<u>272,754</u>	<u>\$ (233,323)</u>	<u>(271,637)</u>
Net Assets, Beginning of Year as previously reported			6,794,813		7,153,618
Restatement of Net Assets			-		(87,168)
Net Assets, Beginning of Year as restated			<u>6,794,813</u>		<u>7,066,450</u>
Net Assets, End of Year			<u>\$ 7,067,567</u>		<u>\$ 6,794,813</u>

CITY OF BEATRICE, NEBRASKA
WATER POLLUTION CONTROL ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

Schedule H-12

	2006	2005
Cash Flows From Operating Activities		
Cash Received From Customers	\$ 1,166,956	\$ 1,088,017
Cash Paid to Suppliers for Goods and Services	(166,544)	(270,080)
Cash Paid to Employees for Services	(450,247)	(332,876)
Net Cash Provided by Operating Activities	<u>550,165</u>	<u>485,061</u>
Cash Flows From Capital and Related Financing Activities		
Principal Payments on Long-Term Debt	(133,379)	(127,966)
Transfers to Other Funds	-	(12,592)
Transfers from Other Funds	83,726	-
Interest Paid on Long-Term Debt	(77,625)	(82,222)
Capital Expenditures	(815,377)	(497,646)
Grant proceeds	361,458	-
Net Cash Used in Capital and Related Financing Activities	<u>(581,197)</u>	<u>(720,426)</u>
Cash Flows From Investing Activities		
Interest Received	3,243	4,325
Net Cash Provided by Investing Activities	<u>3,243</u>	<u>4,325</u>
Net Decrease in Cash	(27,789)	(231,040)
Cash and Restricted Cash, Beginning of Year	<u>530,678</u>	<u>761,718</u>
Cash and Restricted Cash, End of Year	<u>\$ 502,889</u>	<u>\$ 530,678</u>
Cash and Cash Equivalents consist of:		
Cash and Investments	\$ 254,762	\$ 233,741
Debt Service Reserve Account	248,127	296,937
Total Cash and Cash Equivalents	<u>\$ 502,889</u>	<u>\$ 530,678</u>
Reconciliation of Operating Income (Loss) to Net		
Cash Provided by Operating Activities		
Operating Loss	\$ (207,973)	\$ (204,793)
Adjustments to Reconcile Net Income (Loss) to Net		
Cash Provided by Operating Activities:		
Depreciation	625,654	606,285
Merchandise and Miscellaneous Revenue	31,143	29,990
Decrease (Increase) in Accounts Receivable	(3,332)	(1,195)
Decrease (Increase) in Unbilled and Accrued Revenues	4,816	(3,638)
Increase in Prepaid Expenses	(1,066)	-
Increase in Accounts Payable	96,072	65,374
Increase (Decrease) in Accrued Expenses	4,851	(6,962)
Total Adjustments	<u>758,138</u>	<u>689,854</u>
Net Cash Provided by Operating Activities	<u>\$ 550,165</u>	<u>\$ 485,061</u>

Summary of Non-Cash Transactions:

The Water Pollution Control Fund received \$93,637 of Contributions in Aid of Construction on distribution systems put in by developers.

CITY OF BEATRICE, NEBRASKA
BEATRICE SANITATION ENTERPRISE FUND
BALANCE SHEET
SEPTEMBER 30, 2006

Schedule H-13

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	<u>2006</u>	<u>2005</u>
Assets		
Current Assets		
Cash	\$ 28	\$ 353
Accounts Receivable (Net)	<u>72,944</u>	<u>70,596</u>
Total Assets	<u><u>\$ 72,972</u></u>	<u><u>\$ 70,949</u></u>
Liabilities and Fund Equity		
Liabilities		
Accounts Payable	<u>\$ 72,972</u>	<u>\$ 70,949</u>
Total Liabilities	<u>72,972</u>	<u>70,949</u>
Net Assets		
Unrestricted	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u><u>\$ 72,972</u></u>	<u><u>\$ 70,949</u></u>

CITY OF BEATRICE, NEBRASKA
 BEATRICE SANITATION ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
 BUDGET (GAAP) AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2006
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

Schedule H-14

	2006				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Totals
Operating Revenues					
Garbage Service Fees	\$ 1,212,500	\$ 1,212,500	\$ 1,072,664	\$ (139,836)	\$ 1,066,056
Operating Expenses					
Bad Debt Expense	2,500	2,500	3,222	(722)	2,611
Garbage Disposal Contract	719,000	719,000	578,933	140,067	580,813
Garbage Hauler Contract	491,000	491,000	490,509	491	482,632
Total Operating Expenses	<u>1,212,500</u>	<u>1,212,500</u>	<u>1,072,664</u>	<u>139,836</u>	<u>1,066,056</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Net Assets, Beginning of Year			<u>-</u>		<u>-</u>
Net Assets, End of Year			<u>\$ -</u>		<u>\$ -</u>

CITY OF BEATRICE, NEBRASKA
BEATRICE SANITATION
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

Schedule H-15

	<u>2006</u>	<u>2005</u>
Cash Flows From Operating Activities		
Cash Received From Customers	\$ 1,070,316	\$ 1,065,585
Cash Paid to Suppliers for Goods and Services	<u>(1,070,641)</u>	<u>(1,065,662)</u>
Net Cash Used in Operating Activities	<u>(325)</u>	<u>(77)</u>
Net Decrease in Cash	(325)	(77)
Cash, Beginning of Year	<u>353</u>	<u>430</u>
Cash, End of Year	<u>\$ 28</u>	<u>\$ 353</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	(2,348)	(471)
Increase in Accounts Payable	<u>2,023</u>	<u>394</u>
Total Adjustments	<u>(325)</u>	<u>(77)</u>
Net Cash Used in Operating Activities	<u>\$ (325)</u>	<u>\$ (77)</u>
Summary of Non-Cash Transactions: None		

CITY OF BEATRICE, NEBRASKA
BASWA ENTERPRISE FUND
BALANCE SHEET
SEPTEMBER 30, 2006

Schedule H-16

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	2006	2005
Assets		
Current Assets		
Cash and Investments	\$ 83,631	\$ 117,721
Accounts Receivable (Net)	127,361	133,769
Total Current Assets	<u>210,992</u>	<u>251,490</u>
Restricted Cash		
Debt Service Reserve Account	160,389	152,433
Restricted Investments		
Closure/Postclosure Maintenance Account	370,325	305,135
Property, Plant and Equipment		
Improvements Other Than Buildings	3,584,215	3,584,215
Machinery and Equipment	623,179	599,245
	<u>4,207,394</u>	<u>4,183,460</u>
Less: Accumulated Depreciation	1,923,724	1,726,500
Net Property, Plant and Equipment	<u>2,283,670</u>	<u>2,456,960</u>
Deferred Charges		
Bond Issue Costs, Net of Amortization of \$7,847 and \$4,647 for 2006 and 2005	13,603	16,803
Total Assets	<u><u>\$ 3,038,979</u></u>	<u><u>\$ 3,182,821</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 3,136	\$ 1,139
Compensated Absences	14,610	5,130
Accrued Compensation	771	1,121
Accrued Interest Payable	12,269	-
Current Maturities of Bonds Payable	195,000	185,000
Current Maturities of Notes Payable	16,994	-
Total Current Liabilities	<u>242,780</u>	<u>192,390</u>
Long-Term Liabilities		
Revenue Bonds Payable, net of current portion	855,000	1,050,000
Notes Payable, net of current portion	59,447	52,806
Estimated Current Cost of Closure and Postclosure	1,120,000	1,023,555
Total Long-Term Liabilities	<u>2,034,447</u>	<u>2,126,361</u>
Total Liabilities	2,277,227	2,318,751
Net Assets		
Invested in Capital Assets, net of Related Debt	1,170,832	1,185,957
Restricted for Debt Service	160,389	152,433
Restricted for Closure Costs/Postclosure Maintenance	(749,675)	(718,420)
Unrestricted	180,206	244,100
Net Assets	<u>761,752</u>	<u>864,070</u>
Total Liabilities and Net Assets	<u><u>\$ 3,038,979</u></u>	<u><u>\$ 3,182,821</u></u>

CITY OF BEATRICE, NEBRASKA
BASWA ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
BUDGET (GAAP) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

Schedule H-17

	2006				2005 Totals
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
Operating Revenues					
Other Government User Fees	\$ 97,659	\$ 97,659	\$ 97,659	\$ -	\$ 97,659
Gate Fees	250,000	250,000	230,869	(19,131)	236,995
Garbage Service Fees	731,767	731,767	592,591	(139,176)	593,892
Recycling Income	2,000	2,000	2,301	301	2,435
Total Operating Revenues	1,081,426	1,081,426	923,420	(158,006)	930,981
Operating Expenses					
Personal Services	203,195	203,195	214,255	(11,060)	198,609
Supplies	81,800	81,800	72,798	9,002	70,388
Other Services and Charges	308,090	308,090	198,942	109,148	190,146
Contractual Services	139,080	139,080	114,160	24,920	70,020
Depreciation and Amortization	270,000	270,000	295,239	(25,239)	296,359
Landfill Closure and Postclosure Care	-	-	96,445	(96,445)	96,197
Total Operating Expenses	1,002,165	1,002,165	991,839	10,326	921,719
Operating Income (Loss)	79,261	79,261	(68,419)	(147,680)	9,262
Non-Operating Revenues (Expenses)					
Miscellaneous Income	500	500	2,841	2,341	35
Interest Earnings	13,473	13,473	20,388	6,915	5,610
Interest Expense	(234,856)	(234,856)	(57,128)	177,728	(56,809)
Total Non-Operating Revenues (Expenses)	(220,883)	(220,883)	(33,899)	186,984	(51,164)
Net Income (Loss)	\$ (141,622)	\$ (141,622)	(102,318)	\$ 39,304	(41,902)
Net Assets, Beginning of Year, as previously reported			864,070		1,627,757
Restatement of Net Assets			-		(721,785)
Net Assets, Beginning of Year as restated			<u>864,070</u>		<u>905,972</u>
Net Assets, End of Year			<u>\$ 761,752</u>		<u>\$ 864,070</u>

CITY OF BEATRICE, NEBRASKA
BASWA ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

Schedule H-18

	2006	2005
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 932,669	\$ 919,707
Cash Paid to Suppliers for Goods and Services	(383,903)	(329,415)
Cash Paid to Employees for Services	(205,125)	(201,640)
Net Cash Provided by Operating Activities	<u>343,641</u>	<u>388,652</u>
Cash Flows from Capital and Related Financing Activities		
Bond Principal Repayments	(185,000)	(180,000)
Note Payable Repayments	(66,365)	(49,684)
Interest Expenditures	(44,859)	(56,809)
Capital Expenditures	(28,749)	(69,325)
Net Cash Used in Capital and Related Financing Activities	<u>(324,973)</u>	<u>(355,818)</u>
Cash Flows from Investing Activities		
Interest Received	20,388	5,610
Net Cash Provided by Investing Activities	<u>20,388</u>	<u>5,610</u>
Net Increase in Cash and Cash Equivalents	39,056	38,444
Cash and Cash Equivalents, Beginning of Year	<u>575,289</u>	<u>536,845</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 614,345</u></u>	<u><u>\$ 575,289</u></u>
Cash and Cash Equivalents consist of:		
Cash and Investments	\$ 83,631	\$ 117,721
Debt Service Reserve Account	160,389	152,433
Closure/Postclosure Maintenance Account	370,325	305,135
Total Cash and Cash Equivalents	<u><u>\$ 614,345</u></u>	<u><u>\$ 575,289</u></u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating Income	\$ (68,419)	\$ 9,262
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	295,239	296,359
Other Revenue	2,841	35
Increase in Estimated Current Cost of Closure and Postclosure	96,445	96,197
Decrease (Increase) in Accounts Receivable	6,408	(11,309)
Increase in Accounts Payable	1,997	1,139
Increase (Decrease) in Accrued Expenses	9,130	(3,031)
Total Adjustments	<u>412,060</u>	<u>379,390</u>
Net Cash Provided by Operating Activities	<u><u>\$ 343,641</u></u>	<u><u>\$ 388,652</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, 2006

Schedule I-1

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	<u>2006</u>	<u>2005</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 22,190	\$ 4,417
Accounts Receivable (net)	<u>347,804</u>	<u>-</u>
Total Current Assets	369,994	4,417
Liabilities		
Current Liabilities		
Claims Incurred But Not Reported	65,000	62,111
Due to General Fund	<u>315,000</u>	<u>-</u>
Total Current Liabilities	<u>380,000</u>	<u>62,111</u>
Net Assets		
Unrestricted	<u>\$ (10,006)</u>	<u>\$ (57,694)</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, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2005

	2006				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Totals
Operating Revenues					
Charges for Services	\$ 671,140	\$ 671,140	\$ 929,021	\$ 257,881	\$ 720,832
Reimbursements	20,000	20,000	391,039	371,039	29,666
Total Operating Revenues	<u>691,140</u>	<u>691,140</u>	<u>1,320,060</u>	<u>628,920</u>	<u>750,498</u>
Operating Expenses					
Health Insurance Claims Paid	513,940	1,118,940	1,120,282	(1,342)	649,515
Health and Life Insurance Premiums	83,000	83,000	67,017	15,983	77,722
Payflex Expenditures	48,500	48,500	47,882	618	35,013
Workers Compensation Claims Paid	20,000	20,000	12,167	7,833	-
Other Services and Charges	26,000	26,000	26,336	(336)	24,895
Total Operating Expenses	<u>691,440</u>	<u>1,296,440</u>	<u>1,273,684</u>	<u>22,756</u>	<u>787,145</u>
Operating Income	(300)	(605,300)	46,376	606,164	(36,647)
Non-Operating Revenues					
Interest	300	300	1,312	1,012	436
CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ (605,000)</u>	<u>47,688</u>	<u>\$ 607,176</u>	<u>(36,211)</u>
TOTAL NET ASSETS, Beginning of Year			<u>(57,694)</u>		<u>(21,483)</u>
TOTAL NET ASSETS, End of Year			<u>\$ (10,006)</u>		<u>\$ (57,694)</u>

CITY OF BEATRICE
INTERNAL SERVICE FUND
SELF-INSURED GROUP INSURANCE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

Schedule I-3

	2006	2005
Cash Flows From Operating Activities		
Receipts From Customers and Users	\$ 972,256	\$ 750,498
Payments to suppliers	(1,270,795)	(753,387)
Net Cash Provided by (Used in) Operating Activities	<u>(298,539)</u>	<u>(2,889)</u>
Cash Flows From Capital and Related Financing Activities		
Advance from General Fund	315,000	-
Net Cash Provided by Capital and Related Financing Activities	<u>315,000</u>	<u>-</u>
Cash Flows From Investing Activities		
Interest Received	1,312	436
Net Cash Provided by Investing Activities	<u>1,312</u>	<u>436</u>
Net Increase in Cash	17,773	(2,453)
Cash, Beginning of Year	<u>4,417</u>	<u>6,870</u>
Cash, End of Year	<u><u>\$ 22,190</u></u>	<u><u>\$ 4,417</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 46,376	\$ (36,647)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Increase in accounts receivable	(347,804)	-
Increase in Claims Incurred But Not Reported	2,889	33,758
Total Adjustments	<u>(344,915)</u>	<u>33,758</u>
Net cash provided by operating activities	<u><u>\$ (298,539)</u></u>	<u><u>\$ (2,889)</u></u>

CITY OF BEATRICE, NEBRASKA
PENSION TRUST FUND - EMPLOYEE'S RETIREMENT SYSTEM
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

Schedule J-1

	<u>2006</u>	<u>2005</u>
Assets		
Investments with Fiscal Agent	\$ 14,540,272	\$ 14,411,427
Total Assets	14,540,272	14,411,427
Net Assets		
Reserved for Employees' Retirement System	<u>14,540,272</u>	<u>14,411,427</u>
Total Net Assets	<u>\$ 14,540,272</u>	<u>\$ 14,411,427</u>

CITY OF BEATRICE, NEBRASKA
PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
COMBINING STATEMENT OF NET ASSETS
SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	2006					2005 Totals
	Firefighters	Police	General Government	Board of Public Works	Total	
Assets						
Investments with Fiscal Agent	\$ 5,057,764	\$ 1,836,437	\$ 2,087,667	\$ 5,558,404	\$ 14,540,272	\$ 14,411,427
Total Assets	<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						
Reserved for Employees' Retirement System	<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>
Total Net Assets	<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>

CITY OF BEATRICE, NEBRASKA
PENSION TRUST FUND - EMPLOYEE'S RETIREMENT SYSTEM
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

Schedule J-3

	<u>2006</u>	<u>2005</u>
Additions:		
Contributions:		
Employer	\$ 442,993	\$ 366,210
Employee	397,105	387,007
Total Contributions	<u>840,098</u>	<u>753,217</u>
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	<u>858,878</u>	<u>1,072,494</u>
Total Additions	1,698,976	1,825,711
Deductions:		
Benefit Payments	1,556,027	850,912
Administrative Costs	<u>14,104</u>	<u>15,930</u>
Total Deductions	<u>1,570,131</u>	<u>866,842</u>
Net Increase (Decrease)	128,845	958,869
Net Assets Held in Trust for Pension Benefits, Beginning of Year	<u>14,411,427</u>	<u>13,452,558</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u><u>\$ 14,540,272</u></u>	<u><u>\$ 14,411,427</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, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	2006					2005
	Firefighters	Police	General Government	Board of Public Works	Total	Totals
Additions:						
Contributions:						
Employer	\$ 121,470	\$ 117,661	\$ 62,946	\$ 140,916	\$ 442,993	\$ 366,210
Employee	60,735	57,873	76,414	202,083	397,105	387,007
Total Contributions	182,205	175,534	139,360	342,999	840,098	753,217
Investment Income:						
Net Appreciation (Depreciation) in Fair Value of Investments	354,584	130,209	109,265	264,820	858,878	1,072,494
Total Additions	536,789	305,743	248,625	607,819	1,698,976	1,825,711
Deductions:						
Benefit Payments	480,071	399,664	15,679	660,613	1,556,027	850,912
Administrative Costs	5,946	4,062	4,096	-	14,104	15,930
Total Deductions	486,017	403,726	19,775	660,613	1,570,131	866,842
Net Increase (Decrease)	50,772	(97,983)	228,850	(52,794)	128,845	958,869
Net Assets Held in Trust for Pension Benefits, Beginning of Year	5,006,992	1,934,420	1,858,817	5,611,198	14,411,427	13,452,558
Net Assets Held in Trust for Pension Benefits, End of Year	\$ 5,057,764	\$ 1,836,437	\$ 2,087,667	\$ 5,558,404	\$ 14,540,272	\$ 14,411,427

CITY OF BEATRICE, NEBRASKA
PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

Schedule J-5

	2006	2005
Cash Flows From Operating Activities		
Cash Contributions Received	\$ 840,098	\$ 753,217
Cash Terminations/Retirements Paid	(1,556,027)	(850,912)
Other Operating Charges Paid	(14,104)	(15,930)
Net Cash Used in Operating Activities	<u>(730,033)</u>	<u>(113,625)</u>
Cash Flows From Investing Activities		
Interest and Dividends on Investments	858,878	1,072,494
Purchase of Investments	(128,845)	(958,869)
Net Cash Provided by Investing Activities	<u>730,033</u>	<u>113,625</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)	\$ 128,845	\$ 958,869
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Interest and Dividends on Investments	<u>(858,878)</u>	<u>(1,072,494)</u>
Net Cash Used In Operating Activities	<u><u>\$ (730,033)</u></u>	<u><u>\$ (113,625)</u></u>

CITY OF BEATRICE, NEBRASKA
PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

Schedule J-6

	2006					2005
	Firefighters	Police	General Government	Board of Public Works	Total	Totals
Cash Flows From Operating Activities						
Cash Contributions Received	\$ 182,205	\$ 175,534	\$ 139,360	\$ 342,999	\$ 840,098	\$ 753,217
Cash Terminations/Retirements Paid	(480,071)	(399,664)	(15,679)	(660,613)	(1,556,027)	(850,912)
Other Operating Charges Paid	(5,946)	(4,062)	(4,096)	-	(14,104)	(15,930)
Net Cash Provided by (Used in) Operating Activities	(303,812)	(228,192)	119,585	(317,614)	(730,033)	(113,625)
Cash Flows From Investing Activities						
Interest and Dividends on Investments	354,584	130,209	109,265	264,820	858,878	1,072,494
Sale (Purchase) of Investments	(50,772)	97,983	(228,850)	52,794	(128,845)	(958,869)
Net Cash Provided by (Used in) Investing Activities	303,812	228,192	(119,585)	317,614	730,033	113,625
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)	\$ 50,772	\$ (97,983)	\$ 228,850	\$ (52,794)	\$ 128,845	\$ 958,869
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:						
Interest and Dividends on Investments	(354,584)	(130,209)	(109,265)	(264,820)	(858,878)	(1,072,494)
Net Cash Provided by (Used In) Operating Activities	\$ (303,812)	\$ (228,192)	\$ 119,585	\$ (317,614)	\$ (730,033)	\$ (113,625)

CITY OF BEATRICE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULES BY SOURCE
SEPTEMBER 30, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

Schedule K-1

	2006	2005
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 2,373,664	\$ 2,246,065
Buildings	4,679,861	4,411,547
Improvements Other Than Buildings	3,523,124	3,496,921
Machinery and Equipment	6,053,344	5,650,749
Infrastructure	20,763,400	19,831,398
Total	<u><u>37,393,393</u></u>	<u><u>35,636,680</u></u>
INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE		
General Obligation Bonds	4,004,607	4,004,607
Federal and State Grants	6,184,173	5,940,646
General Fund Revenues	25,325,225	24,022,668
Donations	1,879,388	1,668,759
Total Investments in Governmental Funds Capital Assets	<u><u>\$ 37,393,393</u></u>	<u><u>\$ 35,636,680</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, 2006
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

Schedule K-2

Function and Activity	2006						2005 Totals
	Land	Buildings and Improvements	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Total	
GENERAL GOVERNMENT							
Management and Budget	\$ 5,025	\$ -	\$ -	\$ 82,323	\$ -	\$ 87,348	\$ 79,463
Legal	-	-	-	6,683	-	6,683	6,683
Inspection	-	-	-	30,897	-	30,897	15,943
Total General Government	<u>5,025</u>	<u>-</u>	<u>-</u>	<u>119,903</u>	<u>-</u>	<u>124,928</u>	<u>102,089</u>
PUBLIC SAFETY							
Police	76,500	62,748	147,480	1,552,757	-	1,839,485	1,662,504
Fire	-	-	-	1,850,403	-	1,850,403	1,715,777
Total Public Safety	<u>76,500</u>	<u>62,748</u>	<u>147,480</u>	<u>3,403,160</u>	<u>-</u>	<u>3,689,888</u>	<u>3,378,281</u>
CULTURE AND RECREATION							
Public Properties	2,191,563	2,276,859	3,293,441	728,666	-	8,490,529	8,256,231
Library	100,577	2,102,933	82,204	658,686	-	2,944,400	2,921,677
Total Culture and Recreation	<u>2,292,140</u>	<u>4,379,792</u>	<u>3,375,645</u>	<u>1,387,352</u>	<u>-</u>	<u>11,434,929</u>	<u>11,177,908</u>
STREETS	<u>-</u>	<u>237,321</u>	<u>-</u>	<u>1,142,927</u>	<u>19,840,324</u>	<u>21,220,572</u>	<u>20,055,326</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>\$ 2,373,665</u>	<u>\$ 4,679,861</u>	<u>\$ 3,523,125</u>	<u>\$ 6,053,342</u>	<u>\$ 20,763,400</u>	<u>\$ 37,393,393</u>	<u>\$ 35,636,680</u>

CITY OF BEATRICE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2006

Schedule K-3

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets 10/1/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets 09/30/06</u>
GENERAL GOVERNMENT				
Management and Budget	\$ 79,463	\$ 7,885	\$ -	\$ 87,348
Legal	6,683	-	-	6,683
Inspection	15,943	23,614	8,660	30,897
Total General Government	<u>102,089</u>	<u>31,499</u>	<u>8,660</u>	<u>124,928</u>
PUBLIC SAFETY				
Police	1,662,504	276,294	99,313	1,839,485
Fire	1,715,777	186,777	52,151	1,850,403
Total Public Safety	<u>3,378,281</u>	<u>463,071</u>	<u>151,464</u>	<u>3,689,888</u>
CULTURE AND RECREATION				
Public Properties	8,256,231	271,093	36,795	8,490,529
Library	2,921,677	22,723	-	2,944,400
Total Culture and Recreation	<u>11,177,908</u>	<u>293,816</u>	<u>36,795</u>	<u>11,434,929</u>
STREETS	<u>20,055,326</u>	<u>1,196,056</u>	<u>30,810</u>	<u>21,220,572</u>
SANITATION	<u>923,076</u>	<u>-</u>	<u>-</u>	<u>923,076</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 35,636,680</u>	<u>\$ 1,984,442</u>	<u>\$ 227,729</u>	<u>\$ 37,393,393</u>

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

Table 1

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Governmental Activities										
Invested in capital assets, net of related debt							\$ 20,075,667	\$ 21,654,093	\$ 19,908,477	\$ 21,437,464
Restricted							1,574,517	1,876,590	1,718,362	3,733,809
Unrestricted							1,243,908	(339,060)	1,401,146	1,018,752
Total Governmental Activities Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,894,092	\$ 23,191,623	\$ 23,027,985	\$ 26,190,025
Business-type Activities										
Invested in capital assets, net of related debt							\$ 21,503,986	\$ 22,840,444	\$ 22,943,802	\$ 23,669,489
Restricted							-	-	-	(17,186)
Unrestricted							5,300,332	3,398,774	3,674,447	2,194,717
Total Business-type Activities Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,804,318	\$ 26,239,218	\$ 26,618,249	\$ 25,847,020
Primary Government										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,579,653	\$ 44,494,537	\$ 42,852,279	\$ 45,106,953
Restricted	-	-	-	-	-	-	1,574,517	1,876,590	1,718,362	3,716,623
Unrestricted	-	-	-	-	-	-	6,544,240	3,059,714	5,075,593	3,213,469
Total Primary Government Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,698,410	\$ 49,430,841	\$ 49,646,234	\$ 52,037,045

2003 - Implementation of GASB 34

2005 - Restatement in 2006 financials

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

Table 2

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Expenses										
Governmental Activities:										
General Government							\$ 3,856,369	\$ 2,381,834	\$ 2,534,949	\$ 1,534,901
Public Safety							3,954,312	3,976,443	4,199,255	4,221,570
Highways and Streets							3,000,884	2,234,234	2,068,107	1,322,483
Culture and Recreation							1,536,976	1,382,277	1,164,624	1,337,021
Interest on Long-Term Debt							81,337	58,176	141,854	156,582
Total Governmental Activities Expenses	-	-	-	-	-	-	12,429,878	10,032,964	10,108,789	8,572,557
Business-type Activities										
Electric							10,011,509	9,992,361	10,459,639	10,754,605
Water							1,558,393	1,662,178	1,631,342	1,716,187
Water Pollution Control							1,242,411	1,294,085	1,350,663	1,434,806
Off-Street Parking							28,182	-	-	-
Sanitation							1,023,608	1,047,352	1,066,056	1,072,664
Beatrice Area Solid Waste Agency							859,694	815,750	882,331	1,048,967
Total Business-type Activities Expenses	-	-	-	-	-	-	14,723,797	14,811,726	15,390,031	16,027,229
Total Primary Government Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,153,675	\$ 24,844,690	\$ 25,498,820	\$ 24,599,786
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government							\$ 1,293,248	\$ 959,092	\$ 979,857	\$ 345,007
Public Safety							631,460	618,717	770,979	1,306,089
Culture and Recreation							375,281	356,773	246,427	250,418
Other Governmental Activities							950	6,390	26,757	37,492
Operating Grants and Contributions							1,500,639	1,641,935	2,140,648	1,525,902
Capital Grants and Contributions							1,830,176	458,219	307,453	461,506
Total Governmental Activities Program Revenues	-	-	-	-	-	-	5,631,754	4,041,126	4,472,121	3,926,414
Business-type Activities										
Charges for Services:										
Electric							10,409,284	10,066,889	10,828,533	10,964,847
Water							1,402,693	1,387,434	1,545,380	1,643,628
Water Pollution Control							1,077,881	1,049,083	1,062,860	1,156,364
Sanitation							1,023,608	1,047,352	1,066,056	1,072,664
Beatrice Area Solid Waste Agency							957,043	903,927	930,981	923,420
Other Business-type Activities							30,382	-	-	
Capital Grants and Contributions										455,095
Total Business-type Activities Program Revenues	-	-	-	-	-	-	14,900,891	14,454,685	15,433,810	16,216,018
Total Primary Government Program Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,532,645	\$ 18,495,811	\$ 19,905,931	\$ 20,142,432

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

Table 2

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Net (Expense) Revenue										
Governmental Activities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,798,124)	\$ (5,991,838)	\$ (5,636,668)	\$ (4,646,143)
Business-type Activities	-	-	-	-	-	-	177,094	(357,041)	43,779	188,789
Total Primary Government Net (Expense)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,621,030)	\$ (6,348,879)	\$ (5,592,889)	\$ (4,457,354)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes							\$ 4,102,572	\$ 4,631,501	\$ 4,487,542	\$ 4,668,783
Unrestricted Intergovernmental							388,778	418,468	383,844	453,478
Miscellaneous Revenues							484,498	839,042	538,916	414,510
Unrestricted Investment Earnings							44,477	33,266	69,412	142,609
Lease Proceeds							299,990	-	-	-
Transfers							60,000	356,829	-	-
Gain on Sale of Capital Assets							40,000	4,071	(6,684)	4,451
Total Governmental Activities	-	-	-	-	-	-	5,420,315	6,283,177	5,473,030	5,683,831
Business-type Activities:										
Miscellaneous Revenues							252,942	116,105	335,657	121,725
Investment Earnings							53,154	38,857	59,192	110,699
Transfers							-	(356,829)	-	-
Gain on Sale of Capital Assets							-	-	(60,692)	-
Total Business-type Activities	-	-	-	-	-	-	306,096	(201,867)	334,157	232,424
Total Primary Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,726,411	\$ 6,081,310	\$ 5,807,187	\$ 5,916,255
Change in Net Assets										
Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,377,809)	\$ 291,339	\$ (163,638)	\$ 1,037,688
Business-type Activities	-	-	-	-	-	-	483,190	(558,908)	377,936	421,213
Total Primary Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (894,619)	\$ (267,569)	\$ 214,298	\$ 1,458,901

2003 - Implementation of GASB 34
2005 - Restatement in 2006 Financials

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

<u>FISCAL YEAR</u>		<u>PROPERTY TAX</u>	<u>SALES TAX</u>	<u>UTILITY OCC. TAX</u>	<u>OTHER OCC. TAX</u>	<u>TOTAL</u>
1997		\$ 1,005,651	\$ 1,919,131	\$ 473,658	\$ 19,246	\$ 3,417,686
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

(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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved										
Unreserved, undesignated	\$ 1,110,178	\$ 1,153,336	\$ 1,028,426	\$ 1,474,484	\$ 1,463,851	\$ 1,506,408	\$ 990,220	\$ 1,311,328	\$ 1,190,438	\$ 1,120,317
Unreserved, designated for subsequent years' expenditures	250,000	250,000	250,000	250,000	550,000	470,000	570,000	570,000	570,000	445,000
Total General Fund	<u>\$ 1,360,178</u>	<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>\$ 1,565,317</u>
All other governmental funds										
Reserved for:										
Reserved for Economic Development	\$ 153,539	\$ 19,691	\$ 31,689	\$ 167,604	\$ 313,171	\$ 431,340	\$ 532,318	\$ 664,788	\$ 845,281	\$ 861,742
Reserved for Debt Service	246,862	228,510	235,089	247,669	229,581	223,638	492,957	370,480	233,006	223,587
Reserved for Library Capital	100,581	91,735	87,421	91,816	90,079	90,263	91,583	92,120	94,083	97,106
Reserved for Public Safety	166,059	102,357	0	266,232	172,661	70,590	47,106	109,613	184,598	235,366
Reserved for Keno Progressive	121,222	150,933	161,092	165,833	0	0	0	0	0	0
Reserved for CDBG Revolving Loans	115,636	517,941	470,877	681,689	770,074	304,619	410,553	639,589	361,394	2,316,008
Unreserved, reported in:										
Special Revenue funds	1,217,247	1,072,092	1,232,807	1,185,944	909,598	467,156	70,277	(1,908,825)	71,699	(133,618)
Debt Service Funds	(391,181)	(452,425)	(613,551)	(185,553)	167,179	0	(199,997)	(84,177)	(159,872)	(183,671)
Capital Projects funds	1,738,211	23,192	54,582	32,467	1,944	42,278	63,863	30,075	22,766	34,799
Total all other governmental funds	<u>\$ 3,468,176</u>	<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>\$ 3,451,319</u>

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

2001 - New Keno Operator discontinued progressive game

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

2005 - Restatement in 2006 Financials

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

Table 5

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$ 3,417,686	\$ 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
Licenses & Permits	52,034	72,285	95,069	124,690	89,054	86,120	75,169	98,084	106,454	94,817
Intergovernmental and Grants	2,167,823	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
Charges for Services	617,941	712,875	806,826	792,720	729,622	927,667	916,447	1,073,036	1,167,068	1,461,191
Keno Proceeds	201,703	218,602	156,903	125,889	251,975	167,404	179,889	172,674	135,253	93,706
Special Assessments	56,121	145,723	105,393	374,611	325,257	156,549	575,503	146,619	93,984	159,761
Interest	224,673	230,513	164,978	208,365	220,132	83,257	44,157	33,055	68,976	141,297
Donations and Misc Revenue	687,911	581,722	613,013	1,047,505	446,967	680,385	498,554	839,042	538,916	498,419
Lease Income	108,673	110,551	107,067	108,413	109,363	109,945	110,145	0	0	34,000
Total revenues	7,534,565	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
Expenditures										
General Government	1,848,453	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
Public Safety	2,365,924	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
Highways and Streets	1,094,917	1,345,572	1,220,927	1,393,513	2,434,542	2,225,867	2,464,023	1,677,969	1,968,128	990,837
Culture and Recreation	850,809	883,663	891,612	946,926	1,029,748	1,053,991	1,097,953	1,055,237	1,164,624	1,141,291
Lease Payments	108,673	110,551	107,067	108,413	109,363	109,945	110,145	0	0	0
Debt Service:										
Principal	270,000	449,400	471,600	734,149	492,082	508,210	394,372	354,803	535,000	325,000
Interest	89,359	219,828	159,275	115,986	172,229	123,328	81,337	58,176	141,854	156,582
Capital Outlay	1,046,945	2,347,991	774,316	1,300,788	736,714	1,367,995	1,237,479	2,596,514	740,767	1,984,442
MFO Payments to Other Entities	0	0	0	0	111,165	116,522	121,332	118,336	120,880	122,576
Total Expenditures	7,675,080	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
Excess of Revenues over (under) Expenditures	(140,515)	(2,218,992)	(323,579)	(23,010)	287,440	(1,076,847)	(877,402)	(1,813,932)	(828,123)	(560,209)
Other Financing Sources (Uses)										
Transfers In	1,270,390	1,161,269	1,032,733	1,644,465	1,412,267	880,832	527,577	142,251	341,370	387,000
Transfers Out	(1,286,610)	(1,161,269)	(1,032,733)	(1,644,465)	(1,412,267)	(880,832)	(527,577)	(142,251)	(341,370)	(387,000)
Bond Issuance Costs	(23,625)	0	0	0	0	0	0	0	(33,834)	0
Bond and Lease Proceeds	1,500,000	500,000	0	1,334,595			299,990	0	2,480,000	0
Sale of Capital Assets	0	48,000	101,199	129,700	0	15,000	40,000	540,043	359	39,100
Total Other Financing Sources (Uses)	1,460,155	548,000	101,199	1,464,295	0	15,000	339,990	540,043	2,446,525	39,100
Net Change in Fund Balances	\$ 1,319,640	\$ (1,670,992)	\$ (222,380)	\$ 1,441,285	\$ 287,440	\$ (1,061,847)	\$ (537,412)	\$ (1,273,889)	\$ 1,618,402	\$ (521,109)
Debt Service as a percentage of noncapital expenditures	5.5%	9.5%	9.0%	11.4%	7.8%	6.9%	4.9%	4.9%	7.4%	6.0%

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

Table 6

FISCAL YEAR		ASSESSED VALUE	ESTIMATED ACTUAL VALUE	PERCENT OF GROWTH	RATIO OF ASSESSED TO EST. ACTUAL
1997		\$ 310,002,275	\$ 310,002,275	3.05%	1
1998	(2)	336,670,423	336,670,423	8.60%	1
1999		345,805,905	345,805,905	2.71%	1
2000		352,946,080	352,946,080	2.06%	1
2001		366,646,731	366,646,731	3.88%	1
2002		403,585,978	403,585,978	10.07%	1
2003		415,500,759	415,500,759	2.95%	1
2004		437,194,620	437,194,620	5.22%	1
2005		453,422,564	453,422,564	3.71%	1
2006		463,420,813	463,420,813	2.21%	1

(2) Commercial Properties re-assessment completed. Motor vehicles were removed from the property tax base.

**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>
1997	0.31074	1.58815	0.38005	0.16829	0.04526	2.49249
1998 (2)	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

(1) State Statutory change recognizes motor vehicle taxes as County Revenue and are no longer a part of the property tax levy. Commercial properties re-assessment was completed.

Table 8

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**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
1997	\$ 963,273	\$ 947,605	98.37%	\$ 37,102	\$ 984,707	102.2%
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%	60,600	1,092,478	100.2%
2001	1,107,296	1,040,483	93.97%	51,334	1,091,817	98.6%
2002	1,105,767	1,034,788	93.58%	62,606	1,097,394	99.2%
2003	1,138,409	1,072,347	94.20%	64,425	1,136,772	99.9%
2004	1,197,846	1,155,652	96.48%	45,631	1,201,283	100.3%
2005	1,250,949	1,197,780	95.75%	51,100	1,248,880	99.8%
2006	1,360,231	1,302,036	95.72%	0	1,302,036	95.7%

1998 - due to a change in statutes Motor Vehicle Taxes were no longer a part of the tax levy

**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	Development Revenue Bonds	Capital Leases	Utility Revenue Bonds	Utility State Notes	BASWA Revenue Bonds	Capital Leases			
1997	\$ 2,420,000	\$ 525,000	\$ -	\$ 3,735,000	\$ -	\$ 2,440,000	\$ 189,059	\$ 9,309,059		\$752.92
1998	2,150,000	845,600	-	3,540,000	-	2,440,000	155,685	9,131,285		738.54
1999	1,870,000	654,000	-	3,335,000	-	2,330,000	120,225	8,309,225		671.18
2000	2,720,000	225,000	82,548	3,125,000	-	2,215,000	282,000	8,649,548		698.67
2001	2,375,000	115,000	42,518	2,905,000	-	2,090,000	234,730	7,762,248		620.88
2002	2,020,000	-	-	2,575,000	2,561,538	1,650,000	193,294	8,999,832		719.41
2003	1,665,000	-	214,285	2,305,000	2,460,379	1,590,000	144,880	8,379,544		669.83
2004	1,375,000	-	274,265	2,040,000	2,361,592	1,415,000	102,490	7,568,347		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		708.20
2006	955,000	2,040,000	185,739	1,475,000	2,154,419	1,050,000	76,441	7,936,599		634.01

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

**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
1997	(a)	\$310,002,275	\$ 2,420,000	\$ 123,402	\$ 2,296,598	0.74%	\$ 185.75
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	(b)	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	(c)	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

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) Water Park Facility Bonds issued February, 1997 in the amount of \$1,500,000

(b) 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

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

**CITY OF BEATRICE, NEBRASKA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2006**

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	\$ 265,000	100.00%	\$ 265,000
OVERLAPPING:			
School District #15	\$ 6,595,000	61.29%	\$ 4,042,076
Lower Big Blue Natural Resources District	\$ 98,457	19.29%	\$ 18,992
Gage County	\$ 30,713	33.96%	\$ 10,430

**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	
1997	(a)	\$9,740,912	\$8,159,738	\$ 1,581,174	\$ 185,000	\$125,280	\$310,280	5.10
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	(b)	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

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

(a) New Bonds issued November, 1996 and January, 1997 totaling \$3.92 million

(b) 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)	AVERAGE INCOME(3)	MEDIAN AGE (3)	SCHOOL ENROLLMENT(2)	UNEMPLOYMENT RATE(3)
1997	12,364	\$ 15,777	44	2,277	1.60%
1998	12,364	19,415	39	2,340	1.30%
1999	12,380	19,473	39	2,322	2.10%
2000	12,380	20,440	37.2	2,323	2.30%
2001	12,502	20,904	39.9	2,285	1.90%
2002	12,510	22,110	39.9	2,264	2.40%
2003	12,510	22,651	39.9	2,281	3.50%
2004	12,510	23,452	39.9	2,326	3.40%
2005	12,518	24,180	40.6	2,266	4.10%
2006	12,518	24,180	40.1	2,221	3.30%

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

**CITY OF BEATRICE, NEBRASKA
PRINCIPAL EMPLOYERS
CURRENT YEAR**

Table 15

Employer	Type of Activity	2006		
		Employees	Rank	% of County Employment
Beatrice State Developmental Center	Home for mentally handicapped	888	1	8.56%
Exmark Manufacturing	Manufacturing	704	2	6.79%
Beatrice Community Hospital	Medical	441	3	4.25%
Mosaic	Home for mentally handicapped	352	4	3.39%
Husqvarna Turf Care	Manufacturing	350	5	3.37%
Beatrice Public Schools	Education	280	6	2.70%
Store Kraft Manufacturing	Manufacturing	226	7	2.18%
City of Beatrice	Government	210	8	2.02%
Good Samaritan Center	Nursing Home	180	9	1.73%
NEAPCO	Manufacturing	164	10	1.58%
		3,795		36.58%

Source: Nebraska Public Power District Community Facts Book

**CITY OF BEATRICE, NEBRASKA
MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2006**

Table 16

Founded	1857
Date of Incorporation	1873
City - First Class Charter Date	1893
Last Charter Date	June 15th, 1949
Form of Government	Mayor/Council
Area	8 Square Miles
Miles of Streets: Paved 89.1%	269.97 lane miles
Unpaved - 10.9%	31.69 lane miles
Bridges	11
Storm Sewers	25 miles
Fire Protection:	
Number of Stations	1
Number of full-time firefighters	23
Number of reserve firefighters	8
Fire losses (2005)	\$510,700
Percent Property Value Saved (2005)	98.86%
Number of Responses: Ambulance (2005)	1,960
Suppression (2005)	776
Police Protection:	
Number of Stations	1
Number of Police Officers	22
Number of law violations: Arrest Charges (2005)	1,191
Number of Patrol Citations (2005)	2,815
Number of calls for service-Beatrice (2005)	21,736
Education - School District #15:	
Number of Schools: Elementary	4
Parochial	2
Middle (6-8)	1
Senior High (9-12)	1
Handicapped	1
Number of Students (not including parochial)	2,221
Teacher/Student Ratio: Elementary	1 to 17
Middle School	1 to 17
Senior High	1 to 20
Sewers:	
Sanitary Sewers	127 miles
Number of Treatment Plants	1
Daily Average of Treatment	1.5 million gallons

**CITY OF BEATRICE, NEBRASKA
MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2006**

Table 16

Municipal Water:

Number of consumers	638 Commercial 5029 Residential
Average daily consumption	4.25 million gallons
Miles of water main	123 miles
Number of Fire Hydrants	652

Municipal Electricity:

Number of customers	1434 Commercial 5904 Residential
Average daily usage	286.64 MWH Commercial 186.25 MWH Residential
Substations	10
12.5 KV Primary Service	94.0 miles
34.5 KV Primary Service	17.1 miles
4.16 KV Primary Service	101 miles
Transformers	2,339
Number of Street Lights	1,535

Number of Employees (excluding uniformed):

Full-time	97
Part-time	30
Seasonal	40

Building Permits Issued (2005):

Number	208
Value	\$9,257,931

Recreation & Culture:

Number of Parks	11 (340 acres)
Swimming Pools/Water Park Facility	1 (outdoor)
Tennis Courts	10
Ballfields	12
Shelters	10

Number of Libraries	1
Total Volumes	105,033
Total Video/Audio	6,690
Computer Software/Electronic Media	31