

City of Beatrice Nebraska
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended September 30, 2017

Prepared by: Administration & Finance
Tobias Tempelmeyer
City Administrator

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CITY OF BEATRICE, NEBRASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2017
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SECTION 1

INTRODUCTORY SECTION

**CITY HALL**

400 Ella Street | Beatrice, NE 68310

Phone: 402.228.5200 Fax: 402.228.2312

SERVICE CENTER

500 North Commerce Street | Beatrice, NE 68310

Phone: 402.228.5211 Fax: 402.223.5181

March 8, 2018

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, 2017.

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.

BKD, LLP, 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, 2017 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 unmodified ("clean") opinion that the City of Beatrice's financial statements for the fiscal year ended September 30, 2017 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

The City of Beatrice, founded in 1857 and incorporated in 1873, is located in Southeast Nebraska, just 39 miles south of Lincoln, the State Capital. The City of Beatrice is the county seat for Gage County and provides some county-wide services. The City of Beatrice currently occupies a land area of eight square miles and serves a population of 12,669. The City of Beatrice is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

The biennial 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 prior to the start of the next biennial budget cycle. 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 73.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

The City of Beatrice is located on a four-lane expressway just 39 miles south of Nebraska's state capital, Lincoln, and is the site of the Homestead National Monument of America. Beatrice continues to provide a diverse economical mix of agriculture, light industry, health-related services, and general government for the retail area of Southeast Nebraska. The City unemployment rate averaged 3.4% over the past 12 month period, which is higher than the State of Nebraska rate of 2.6% but continued to be lower than the national rate of 4.1%.

Tax revenues received in 2017 were down slightly from 2016. The property tax levy for fiscal year 2017 was 0.004114 cent higher than the property tax levy in 2016. Property valuations increased approximately \$11,527,000, as a result of the completion of TIF projects, and resulted in an increase of property tax revenue received of 3.3%. Sales tax revenues reflect a decrease of 1.4% from 2016. Occupation tax revenue decreased 3.2% in 2017.

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

The City has been active in developing the Gage County Industrial Park which has 17 manufacturing and commercial industries and attracted two new businesses in 2017. Two other major manufacturing companies are located within the City. The area's top private industries are manufacturing, trade, and utilities and makeup over one-third of the area's employment, totaling 3,000 employees. The largest non-manufacturers include government, education, and healthcare services, employing 2,500.

In 2010 developers began construction on the new Northgate development project on the north edge of the city. This project includes the site of the Beatrice Community Hospital as well as offer 28 additional sites for commercial use. The new hospital facility opened for business on February 15, 2012, and added an expansion in 2017 to house the new Women's and Children's clinic. In 2017, Rare Earth Salts built their new production facility in the Northgate development.

Beatrice was named Southeast Nebraska Community of the Year because of deliberate investments in the community and its infrastructure, which led to economic development projects such as Rare Earth Salts, Landmark Snacks, Hybrid Turkeys, Duonix Biodiesel, and Worldlawn Power Equipment, and community

Honorable Mayor, City Council and
Citizens of the City of Beatrice, Nebraska
March 8, 2018

improvements to the parks, trail system, and housing projects.

Financial Planning and Initiatives

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beatrice, Nebraska, for its comprehensive annual financial report for the fiscal year ended September 30, 2016. This was the 26th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Tobias J. Tempelmeyer', with a stylized flourish at the end.

Tobias J. Tempelmeyer
City Administrator



Government Finance Officers Association

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

Presented to

**City of Beatrice
Nebraska**

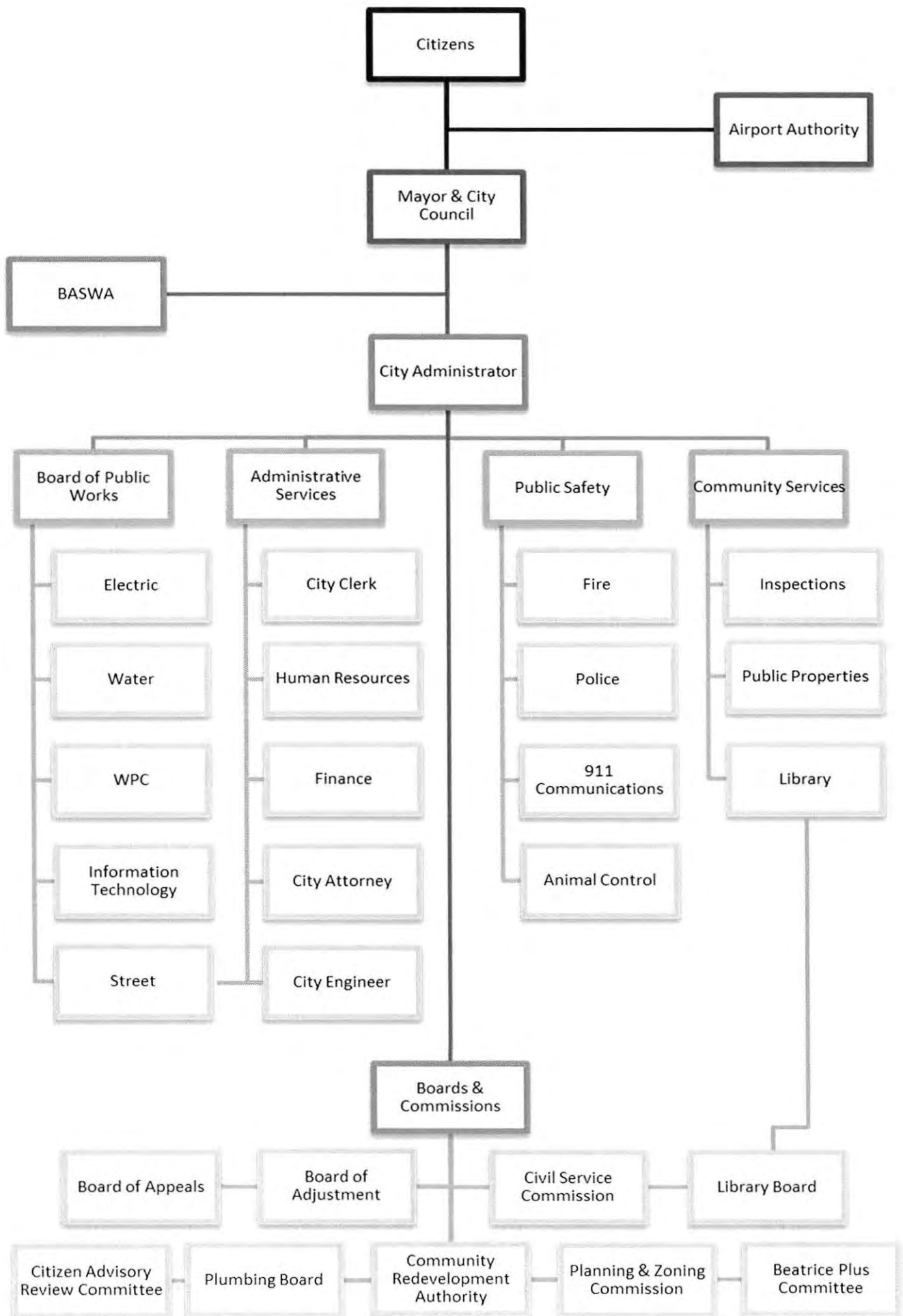
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrell

Executive Director/CEO

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**CITY OF BEATRICE, NEBRASKA
OFFICIALS
2017**

MAYOR
Stan Wirth

CITY COUNCILMEMBERS

| | |
|---------------------|------------------|
| Phil Cook | Robert Morgan |
| Ted Fairbanks | Richard Clabaugh |
| Rich Kerr | Dwight Parde |
| David "Pede" Catlin | Joe Billesbach |

CITY ADMINISTRATOR
Tobias Tempelmeyer

CITY OFFICIALS

| | |
|--------------------|-------------------------------|
| Linda Koch | Finance Director |
| Erin Saathoff | City Clerk |
| Bruce Lang | Police Chief |
| Brian Daake | Fire Chief |
| Mark Pethoud | Director of Public Properties |
| Laureen Riedesel | Library Director |
| Tobias Tempelmeyer | Interim City Attorney |
| Rob Mierau | Building Inspector |
| James Burroughs | City Engineer |
| Jason Moore | Street Superintendent |
| Pat Feist | Electric Superintendent |
| Steve Kelley | Water Superintendent |
| Dean Kelch | WPC Chief Plant Operator |

SECTION 2

FINANCIAL SECTION

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Beatrice, Nebraska (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Beatrice Public Library Foundation, which represent 19%, 20% and 7%, respectively, of the assets, net position and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Beatrice Public Library Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Beatrice Public Library Foundation, a component unit included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Beatrice, Nebraska, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 10, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary and other information, consisting of combining and individual fund statements and schedules, capital asset schedules, the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the introductory and statistical sections, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund statements and schedules, capital asset schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to

the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, capital asset schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole. Additionally, the combining and individual fund statements and schedules for the Beatrice Public Library Foundation were audited by other auditors, and our opinion, insofar as it relates to the amounts included for the Beatrice Public Library Foundation, is based solely on the report of the other auditors.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Lincoln, Nebraska
March 8, 2018

City of Beatrice, Nebraska
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, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory Section on pages ix to xvi of this report.

FINANCIAL HIGHLIGHTS

The City of Beatrice's assets exceeded its liabilities at the close of the most recent year by \$75,724,939. Of this amount, \$9,834,010 may be used to meet the City's ongoing obligations to citizens and creditors. The City of Beatrice total net position increased \$4,226,084 or 5.9%.

As of the close of the current fiscal year, the City of Beatrice's governmental funds reported combined ending fund balances of \$6,202,476, a decrease of \$1,362,688 in comparison with the prior year. At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$1,871,664, or 18.6% of total General Fund expenditures.

The City of Beatrice's total long-term obligations, not including component units, increased \$1,713,141 during the current fiscal year. The City issued debt during the year totaling \$2,022,500 and annual debt obligations of \$824,904 were paid. Obligations for compensated absences and closure and post-closure costs recognized a net increase of \$515,545.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

The government-wide financial statements include not only the City of Beatrice itself (known as the primary government), but also a legally separate entity the Beatrice Area Solid Waste Agency. The Beatrice Area Solid Waste

City of Beatrice, Nebraska
MANAGEMENT'S DISCUSSION AND ANALYSIS

Agency, although legally separate, functions for all practical purposes as a department of the City of Beatrice, and therefore has been included as an integral part of the primary government. The Beatrice Airport Authority and the Community Redevelopment Authority are determined to be discretely presented component units and included due to the fiscal dependency on the City for any allocation of tax revenues. The Beatrice Library Foundation, also a discretely presented component unit, is included due to the financial support it provides the Beatrice Public Library. The government-wide financial statements can be found on pages 13 to 15 of this report.

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance 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 balance for the General Fund and the Street Fund, both of which are considered to be major funds. Data from the other eleven 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 in the supplemental information section of this report.

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

Proprietary Funds

The City of Beatrice maintains six different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Beatrice uses enterprise funds to account for its electric, water, and water pollution control utilities and its 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, Water, Water Pollution

City of Beatrice, Nebraska
MANAGEMENT'S DISCUSSION AND ANALYSIS

Control, and Beatrice Area Solid Waste Agency funds which are considered to be major funds of the City of Beatrice. The proprietary fund financial statements also show the data for the two nonmajor funds: the Sanitation Fund (an enterprise fund) and the Self-Insured Group Insurance Fund (an internal service fund). The basic proprietary fund financial statements can be found on pages 20 to 24 of this report.

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 to 70 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 71 and 72 of this report, followed by other supplementary information including nonmajor combining balance sheets and statements and schedules of individual fund information in further detail.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Beatrice, assets exceeded liabilities by \$75,724,939 at the close of the most recent fiscal year. By far the largest portion of the City of Beatrice's net position (80.7%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Beatrice uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Beatrice's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Beatrice's Net Position (expressed in thousands)
September 30, 2017 and 2016

| | Governmental activities | | Business-type activities | | Total | |
|----------------------------------|----------------------------|------------------|-----------------------------|------------------|-----------------|-----------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| ASSETS | | | | | | |
| Current and other assets | \$ 7,996 | \$ 8,864 | \$ 16,046 | \$ 14,623 | \$ 24,042 | \$ 23,487 |
| Capital assets | 33,937 | 31,756 | 32,747 | 28,868 | 66,684 | 60,624 |
| TOTAL ASSETS | <u>41,933</u> | <u>40,620</u> | <u>48,793</u> | <u>43,491</u> | <u>90,726</u> | <u>84,111</u> |
| LIABILITIES | | | | | | |
| Long-term liabilities noncurrent | 933 | 1,252 | 8,838 | 7,058 | 9,771 | 8,310 |
| Other liabilities | 1,901 | 1,347 | 3,329 | 2,955 | 5,230 | 4,302 |
| TOTAL LIABILITIES | <u>2,834</u> | <u>2,599</u> | <u>12,167</u> | <u>10,013</u> | <u>15,001</u> | <u>12,612</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 33,304 | 30,825 | 27,815 | 25,423 | 61,119 | 56,248 |
| Restricted | 4,051 | 4,004 | 721 | 579 | 4,772 | 4,583 |
| Unrestricted | 1,744 | 3,192 | 8,090 | 7,476 | 9,834 | 10,668 |
| TOTAL NET POSITION | <u>\$ 39,099</u> | <u>\$ 38,021</u> | <u>\$ 36,626</u> | <u>\$ 33,478</u> | <u>\$75,725</u> | <u>\$71,499</u> |

City of Beatrice, Nebraska
MANAGEMENT'S DISCUSSION AND ANALYSIS

An additional portion of the City of Beatrice's net position (6.3%) represents resources that are subject to external restrictions on how they may be used for specific purposes. The remaining balance of unrestricted net position \$9,834,010 may be used to meet the government's ongoing obligations to citizens and creditors.

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

There was an increase of \$1,077,659 in net position reported in connection with the City of Beatrice's governmental activities. Business-type activities increased the City of Beatrice's net position by \$3,148,425. A breakdown of these activities is as follows:

City of Beatrice's Changes in Net Position
(expressed in thousands)
For the years ended September 30, 2017 and 2016

| | Governmental activities | | Business-type activities | | Total | |
|--|----------------------------|-----------------|-----------------------------|-----------------|-----------------|-----------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| REVENUES | | | | | | |
| Program Revenues | | | | | | |
| Charges for services | \$ 5,118 | \$ 4,658 | \$24,985 | \$22,939 | \$30,103 | \$27,597 |
| Operating grants and contributions | 1,236 | 1,701 | - | - | 1,236 | 1,701 |
| Capital grants and contributions | 2,392 | 2,066 | 351 | - | 2,743 | 2,066 |
| General revenues | | | | | | |
| Taxes | 6,160 | 6,181 | - | - | 6,160 | 6,181 |
| Unrestricted intergovernmental | 789 | 751 | - | - | 789 | 751 |
| Other revenue | 252 | 232 | 612 | 626 | 864 | 858 |
| TOTAL REVENUES | 15,947 | 15,589 | 25,948 | 23,565 | 41,895 | 39,154 |
| EXPENSES | | | | | | |
| General government | 4,722 | 4,258 | - | - | 4,722 | 4,258 |
| Public safety | 6,581 | 6,267 | - | - | 6,581 | 6,267 |
| Highways and streets | 1,948 | 1,915 | - | - | 1,948 | 1,915 |
| Culture and recreation | 1,604 | 1,773 | - | - | 1,604 | 1,773 |
| Interest on long-term debt | 14 | 15 | - | - | 14 | 15 |
| Electric | - | - | 16,340 | 15,574 | 16,340 | 15,574 |
| Water | - | - | 2,131 | 2,136 | 2,131 | 2,136 |
| Water pollution control (WPC) | - | - | 1,539 | 1,546 | 1,539 | 1,546 |
| Solid waste management | - | - | 1,468 | 1,636 | 1,468 | 1,636 |
| Sanitation | - | - | 1,322 | 1,266 | 1,322 | 1,266 |
| TOTAL EXPENSES | 14,869 | 14,228 | 22,800 | 22,158 | 37,669 | 36,386 |
| CHANGE IN NET POSITION | 1,078 | 1,361 | 3,148 | 1,407 | 4,226 | 2,768 |
| NET POSITION, Beginning of Year | 38,021 | 36,660 | 33,478 | 32,071 | 71,499 | 68,731 |
| NET POSITION, End of Year | \$39,099 | \$38,021 | \$36,626 | \$33,478 | \$75,725 | \$71,499 |

City of Beatrice, Nebraska
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Tax revenues decreased just slightly in 2017 from the previous year. This includes property tax, sales tax, and occupation tax revenues. The property tax levy to fund the necessary operations of the government and capital projects for 2017 was increased 0.4 cents, resulting in an increase in property tax revenue recognized of 3.1%. Sales tax revenues collected decreased 1.4% in 2017 as compared to 2016. Occupation taxes from utilities, which are based upon gross sales, decreased 3.2% in 2017. The lodging occupation tax brought in \$91,528 in 2017 as compared to \$114,398 in 2016. More information on tax revenue history can be found in Table 3 of the Statistical Section.

Unrestricted intergovernmental revenues, which include county motor vehicle taxes, state aid, and municipal equalization funding (MEF), increased \$38,240 in 2017. The formula to calculate MEF aid figures the City's need, based upon population, less resources however that aid is reduced 20% for each cent the city's non-bond levy is less than the state-wide average levy, making this a funding source that can vary greatly from year to year. In 2017 the City's MEF revenue was \$547,190 as compared to \$515,903 in 2016; the City's calculation was above the state-wide average for both fiscal years.

Operating grants continued to fund important public safety programs, culture and recreation programs, and provide for street maintenance and storm water management. State highway allocation dollars, which are a major funding source to maintain the street fund, increased 5.7% in 2017 from 2016. The police department operates a victim assistance program and school resource program with grant funding and other local assistance. Interlocal agreements also provide funding for the 911 communications center and ambulance services. The library continues to receive funding assistance from the county and state aid.

Capital grants and contributions vary from year to year. During 2017 the City continued to receive grant funding through the Mutual Finance Organization Assistance Act for fire and EMS equipment and facility improvements, and various smaller grants for public safety equipment. State funding and a Community Development Block Grant provided funding for street improvements. The City received assistance payments from the Federal Emergency Management Agency for storm damage in 2017. Private contributions assisted towards ball field and trail improvements and provided for the purchase of library materials and library building improvements.

Expenses increased 4.5% in 2017 as compared to 2016. Changes in General Government can vary from year to year due to changes in economic development and grant expenses, and Internal Service Funds activity. Changes to expenses for other activities in 2017 as compared to 2016 are as follows: public safety increased 5% as compared to the prior year, streets increased 1.7%, and culture and recreation decreased 9.5%.

Business-Type Activities

Charges for services for business-type activities increased 8.9% in 2017 from 2016. The Electric fund, which distributes purchased power, did not increase rates during 2017, however revenue increased 3.6% due to new industrial customer sales. The Water fund, which increased rates 2.7% in 2017, saw an increase in sales of 5.4% also due to an increase in commercial water sales. The Water Pollution Control fund increased rates 12% and continued collection of an infrastructure improvement fee to provide funding for required major plant improvements over the next five years. Garbage service fees, which are accounted for in the Sanitation fund to fund the cost of the hauler contract and landfill disposal fee, increased 4.5% in 2017. The Beatrice Area Solid Waste Agency fund revenues had a major influx of revenue during 2017 due to one-time customer sales totaling \$768,000 and a new contract customer increasing sales \$244,000, other customer sales increased 5.4% due to a rate increase implemented in July of 2016.

City of Beatrice, Nebraska
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the City of Beatrice's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Beatrice's financing requirements. In particular, unrestricted fund balances (made up of unassigned and assigned balances) may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Beatrice's governmental funds reported a combined ending fund balance of \$6,202,476 which is a decrease of \$1,362,688 in comparison with the prior year. Of this amount, 19.3% of this balance is unassigned and is available for spending at the City's discretion (\$1,197,641). The City's unassigned balance decreased \$816,176 from the prior year. The remainder of the fund balance is either restricted, committed, or assigned to indicate that it is restricted for particular purposes (\$4,057,084), committed for particular purposes (\$246,991), or assigned by management for particular purposes (\$700,760).

The General fund is the chief operating fund of the City of Beatrice. At the end of the current fiscal year, the unrestricted fund balance (made up of unassigned and assigned balances) of the General Fund was \$1,871,664; a decrease from 2016 of \$1,284,096. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance to total fund expenditures. Unrestricted fund balance represents 18.6% of total General fund expenditures.

General fund revenues decreased just \$4,701 from the previous year. Tax revenues were maintained at the 2016 level. Intergovernmental revenue available to fund general operations decreased \$16,327; state aid and interlocal agreements to provide 911 and EMS services increased however there was a decrease due to federal disaster assistance received in 2016 as compared to 2017. Charges for services increased 1.5% (\$27,787) and licenses and permits revenue brought in \$51,314 more than 2016. Other revenues decreased \$69,956 from 2016 due to a decrease in donations.

General fund expenditures in 2017 increased 14.9% from the previous year; the cost of operations to provide services increased just 2.3%, from 2016, however the fund experienced a major expenditure in 2017, costing \$1.6 million for the clean-up of a former gas-plant site. Transfers in for 2017 were \$70,082 as compared to \$70,029 in 2016, which is from the 911 surcharge and E911 wireless funds collected and distributed to the General fund for the operation of the 911 communications center. Transfers out to fund capital projects in 2017 were \$309,756, as compared to \$360,398 in 2016.

The fund balance restricted for the Street fund at year end was \$2,073,302, a decrease of \$166,683 from 2016. In 2017 total revenues increased 14.1% from 2016. Sales tax revenues decreased 1.4% but state aid and grant funding for highway improvement projects increased 18.6%. Expenditures increased 34.5% from the previous year. Non-capital operational expenditures increased 2.9% from 2016, while capital outlay expenditures in 2017 were \$1,863,051 as compared to \$1,148,662 in 2016.

Nonmajor governmental funds include five special revenue funds, three debt service funds, and three capital project funds. The combined fund balance for these funds at the end of the fiscal year was \$2,257,510 which was restricted, committed, or assigned for each fund's specific purposes. The Economic Development fund received the maximum sales tax dollars of \$250,000, \$70,507 in other revenues and \$221,085 for land and building sales; expenditures included professional services to study blight and substandard areas, funding towards a joint economic development organization, and demolition and renovation of downtown buildings; economic development loans were awarded in

City of Beatrice, Nebraska
MANAGEMENT'S DISCUSSION AND ANALYSIS

the amount of \$105,375 with \$246,262 paid back during the fiscal year and the fund balance increased by \$125,806 from 2016. The Community Development Block Grant fund balance restricted for Revolving Loans of \$360,070 increased \$4,281 from 2016 due to loan repayments. The Keno fund balance increased to \$80,257 as compared to \$9,859 in 2016. Keno proceeds increased 9.5% and there were no transfers out for community betterment capital projects in 2017. The Storm Water Management fund accounts for the costs associated with the implementation of the plan and the revenue sources, including grant specific funds, and had a fund balance of \$71,502 at year end. The 911 Surcharge fund had a fund balance of \$57,035 at the end of 2017 and accounts for the collection of local 911 surcharge taxes and the collection of state wireless E911 funds, which must be expended on specific associated costs. In 2017 \$70,082 was transferred to the General fund for support of the 911 communications center operations. The debt service funds requirements were funded with special levies and special assessment revenues. Capital improvement funds fund balances at year end are restricted, committed or assigned for specific purposes: \$81,343 for library improvements, \$125,797 for public safety equipment, and \$25,921 for auditorium exterior improvements that will be completed in the next fiscal year. Major capital projects in 2017 include: completion of the library renovation project; auditorium and fire facility exterior and drainage improvements; parks road, trailhead shelter, ballfield improvements and a mower; computer equipment and phone system; and police, fire and EMA equipment.

Proprietary Funds

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

The unrestricted net position of the Electric, Water, Water Pollution Control, Beatrice Area Solid Waste Agency (BASWA), and Sanitation enterprise funds at the end of the year amounted to \$8,089,978, which is an increase of \$614,362 from 2016. The Electric fund decreased \$169,537; the Water Fund increased \$283,538; the Water Pollution Control fund increased \$904,804; and the BASWA fund decreased \$404,443. Restricted net position for debt service was \$721,481 at year end as compared to \$579,207 in 2016. Net investment in capital assets increased from \$25,423,188 in FY2016 to \$27,814,977 in FY2017. Extension and replacement of capital assets is discussed later in this report. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Beatrice's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget of expenditures for governmental funds amounted to an increase in appropriations of \$1,900,369 and can be briefly summarized as follows: \$1,542,000 in the General Fund for the gas plant clean-up; \$330,000 in the Self-Insured Group Insurance Fund to pay large health insurance claims; \$4,000 in the Keno Fund to pay the lottery tax; and \$24,369 in the Public Safety Capital Improvements Capital Projects Fund to pay out grant funded equipment and increased MFO payments to participating entities.

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, 2017, amounts to \$61,966,890, (net of accumulated depreciation), construction in progress of \$5,421, and land of \$4,711,627. This investment in capital assets includes land, buildings and park facilities, improvements other than buildings, machinery and equipment, a system of roads, highways, bridges, storm sewers, sanitary sewers, water mains, and an electrical system. The total increase in the City of Beatrice's investment in capital assets for the current fiscal year was 10% percent (a 6.9% increase for governmental activities and a 13.4% increase for business-type activities).

City of Beatrice, Nebraska
MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Beatrice's Capital Assets (net of depreciation, except land)
(expressed in thousands)
September 30, 2017 and 2016

| | Governmental activities | | Business-Type activities | | Total | |
|-------------------------------|----------------------------|------------------|-----------------------------|------------------|------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Land | \$ 4,575 | \$ 3,000 | \$ 137 | \$ 127 | \$ 4,712 | \$ 3,127 |
| Buildings and system | 9,103 | 8,937 | 11,078 | 11,022 | 20,181 | 19,959 |
| Improvements other than Bldgs | 4,967 | 4,887 | 63,974 | 58,893 | 68,941 | 63,780 |
| Machinery & Equipment | 11,485 | 10,952 | 8,410 | 7,455 | 19,895 | 18,407 |
| Infrastructure | 31,350 | 29,797 | - | - | 31,350 | 29,797 |
| Construction in progress | - | - | 5 | - | 5 | - |
| Less accumulated depreciation | (27,543) | (25,817) | (50,857) | (48,629) | (78,400) | (74,446) |
| TOTAL | \$33,937 | \$ 31,756 | \$ 32,747 | \$ 28,868 | \$ 66,684 | \$ 60,624 |

Major changes in capital assets in the governmental activities during fiscal year 2017 include infrastructure improvements for street and alley projects, completion of phase 1 of Standing Bear trail and trailhead, and park road improvements; other improvements included ballfield improvements and parking lot, and a water park study; exterior building improvements were done at the city auditorium which houses the fire station, and final costs to complete the library renovation project; equipment purchases included a street motor grader, dump truck and pickup, parks mower, fire response and hazmat equipment, police in-car computer/camera systems and 911 software; a new phone system and computer equipment for all departments. In 2017 there were land acquisitions for future development, including restoration clean-up and demolition costs.

Major changes in capital assets in the business-type activities during fiscal year 2017 include: in the Electric fund continuation of 12.5 KV conversions, replacement of underground cable, completion of the AMI system installation, new transformers, new services and extensions for residential and commercial developments, decorative lighting in the downtown business district, a pickup and message board, and a new phone system and computer equipment; in the Water fund water main projects in 2017 included replacement of old mains in the areas of 2nd Street Court to Bell, Market 2nd to 3rd, 8th and Beaver to 13th and Oak, and extension of services for new commercial and residential development, well #7 rehab, equipment costs for metering, completion of the AMI installation, a new backhoe, pickup and message board; in the Water Pollution Control fund projects included engineering services for installation of a new bar screen at the disposal plant in 2018, sewer extension for commercial development, repairs to lift station #5 and grinder for lift station #1, pipe bursting and manhole repairs; and the BASWA fund purchased a new compactor to replace the baling system and completed construction of a new cell to add more capacity and extend the life of the landfill.

Additional information on the City of Beatrice's capital assets can be found in note E on pages 56 to 57 of this report.

Long-Term Obligations

At the end of the current fiscal year the City of Beatrice, not including component units, had total bonded debt outstanding of \$4,545,000. Of this amount, \$385,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Beatrice's bonded debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). Other long-term obligations included \$1,020,229 in lease payables, \$1,701,233 for compensated absences, and \$4,170,000 for closure post-closure costs.

During the current fiscal year, the City of Beatrice issued \$1,250,000 in BASWA Disposal Facilities Revenue Bonds, and paid annual bond maturities of \$725,000 thereby increasing the bonded debt \$525,000. A new lease was issued for the purchase of a compactor for the landfill in the amount of \$772,500.

City of Beatrice, Nebraska
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Beatrice Airport Authority, a component unit of the City of Beatrice, had outstanding debt of \$260,000 at September 30, 2017; this amount comprises bonded debt paid through a special levy approved by the City of Beatrice. During the current fiscal year, the Beatrice Airport Authority paid the annual maturities and decreased the bonded debt \$105,000.

Additional information on the City of Beatrice's long-term debt can be found on pages 59 to 63 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate for the City of Beatrice reported for September 2017 is unusually high at 5.4%, however the average over 12 months is 3.4%, which is still higher than the state unemployment rate of 2.6% but lower than the national average of 4.1%. The unemployment rate for the City of Beatrice increased from 3.1% in 2016.

Sales tax revenue can be affected year to year by tax incentives offered to local business that receive tax credits, thereby reducing the sales tax remitted to the City. Sales tax revenue prior to any tax credits better reflects the retail economy, which for 2017 was slightly lower by 0.5% when compared to 2016. 2017 was a positive year for economic development efforts in the City. City and County officials provide combined support for an economic development organization, Gage Area Growth Enterprises (NGage), to promote Beatrice and the surrounding area. Highlights during 2017 included a full year of biofuels production at the former bio-diesel plant, completion of a new location for a business that refines rare earth elements, infrastructure improvements and construction of a new business facility in the industrial park for a turkey hatchery, planning to provide for multiple new housing developments, including an assisted living facility, and the recent announcement regarding plans for expansion of a major manufacturing business in the industrial park. Several downtown business owners have taken advantage of some grant funding the City was awarded to assist with façade improvements.

The City of Beatrice prepared and approved a budget plan that included both fiscal years 2018 and fiscal year 2019. That budget presented a balanced budget of operating revenues to meet expenditure needs and fund various capital projects, along with a plan to gradually replenish general fund cash reserves. Tax revenue projections included a conservative increase in sales tax revenue, and in 2018 the total property tax requirement increased 10%, however, an increase in property valuations allowed the general fund levy to remain the same at .352021; the debt levy decreased slightly to .0294258. In the biennial budget no levy increase was proposed for 2019, however capital funding needs and general fund cash reserves will be reviewed before that levy is set in September of 2018.

Major capital projects for the 2018 fiscal year include: various street improvements, including the City's share of improvements to a federal highway that runs through town, construction of a new trail extension, demolition of an old elevator, park improvements that include ballfield parking, ADA playground, indoor recreational facility and creation of a splash pad, and public safety equipment and a new ambulance. Studies are being done to look at the possibility of a new fire station facility and water park improvements.

In fiscal year 2018, the City proposed a zero rate increase for all three utility funds, Electric, Water, and Water Pollution Control, and if necessary will absorb any excess cost from the rate stabilization and infrastructure fee funds; projected revenues should be sufficient to fund operations, capital costs, and maintain prudent reserves for cash flow and emergencies. The Beatrice Area Solid Waste Agency, which issued bonds and constructed a new cell in 2017 to extend the life of the landfill to 2029, implemented a rate increase of \$2.00 per month per residential customer to increase revenues and cover the cost of operations, fund the closure and post-closure reserves, and cover annual debt service requirements.

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, Nebraska
STATEMENT OF NET POSITION
September 30, 2017
With comparative totals for September 30, 2016

| | Primary Government | | | | 2017 |
|---|----------------------|----------------------|----------------------|----------------------|---------------------|
| | Governmental | Business-Type | 2017 | 2016 | Component |
| | Activities | Activities | Total | Total | Units |
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | \$ 4,151,189 | \$ 6,194,385 | \$ 10,345,574 | \$ 10,468,143 | \$ 461,052 |
| Cash on deposit - county treasurer | 103,142 | - | 103,142 | 222,490 | 8,421 |
| Accounts receivable | 835,763 | 1,859,479 | 2,695,242 | 2,272,425 | 16,487 |
| Interest receivable | 9,110 | 39,978 | 49,088 | 37,357 | - |
| Assessments receivable | 10,895 | - | 10,895 | 25,708 | - |
| Unbilled and accrued revenues | - | 915,018 | 915,018 | 889,328 | - |
| Due from other governments | 698,853 | - | 698,853 | 703,217 | - |
| Materials and supplies inventories | - | 924,847 | 924,847 | 946,975 | 51,844 |
| Prepaid expenses | - | 13,854 | 13,854 | 13,042 | - |
| In-lieu-of assessments receivable | 10,105 | - | 10,105 | 10,105 | - |
| Taxes receivable | 127,940 | - | 127,940 | 121,734 | 14,270 |
| Current portion of loans receivable | 123,493 | - | 123,493 | 302,576 | - |
| Total Current Assets | 6,070,490 | 9,947,561 | 16,018,051 | 16,013,100 | 552,074 |
| Noncurrent Assets | | | | | |
| Investments | 1,211,648 | 3,350,000 | 4,561,648 | 4,178,159 | 1,335,698 |
| Restricted Cash and Cash Equivalents | | | | | |
| Cash on deposit - county treasurer | - | - | - | - | 21,229 |
| Debt service reserve account | - | - | - | - | 97,028 |
| Customer and developer deposits | - | 94,781 | 94,781 | 101,987 | - |
| Grants and capital projects | - | - | - | - | 135,129 |
| Restricted Investments | | | | | |
| Debt service reserve account | - | 757,402 | 757,402 | 594,198 | - |
| Customer deposits | - | 280,000 | 280,000 | 280,000 | - |
| Grants and capital projects | - | - | - | - | 132,933 |
| Closure and post-closure costs | - | 1,616,399 | 1,616,399 | 1,598,177 | - |
| Total Restricted Assets | - | 2,748,582 | 2,748,582 | 2,574,362 | 386,319 |
| Capital Assets | | | | | |
| Land | 4,574,523 | 137,104 | 4,711,627 | 3,126,891 | 1,321,356 |
| Construction in progress | - | 5,421 | 5,421 | - | - |
| Capital assets, net of accumulated depreciation | 29,361,938 | 32,604,952 | 61,966,890 | 57,497,478 | 5,517,935 |
| Net Capital Assets | 33,936,461 | 32,747,477 | 66,683,938 | 60,624,369 | 6,839,291 |
| Other Assets | | | | | |
| Loans receivable, net of current portion | 713,900 | - | 713,900 | 720,921 | - |
| Total Noncurrent Assets | 35,862,009 | 38,846,059 | 74,708,068 | 68,097,811 | 8,561,308 |
| Total Assets | \$ 41,932,499 | \$ 48,793,620 | \$ 90,726,119 | \$ 84,110,911 | \$ 9,113,382 |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF NET POSITION - CONTINUED
 September 30, 2017
 With comparative totals for September 30, 2016

| | Primary Government | | | | 2017 |
|---|----------------------|----------------------|----------------------|----------------------|---------------------|
| | Governmental | Business-Type | 2017 | 2016 | Component |
| | Activities | Activities | Total | Total | Units |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | \$ 1,073,174 | \$ 1,776,977 | \$ 2,850,151 | \$ 2,324,972 | \$ 23,226 |
| Claims incurred but not reported | 176,415 | - | 176,415 | 96,753 | - |
| Accrued compensated absences | 349,164 | 276,121 | 625,285 | 588,435 | 15,944 |
| Sales tax payable | - | 634 | 634 | 78 | - |
| Accrued interest payable | 8,467 | 35,921 | 44,388 | 25,592 | 1,461 |
| Accrued expenses | - | 100,134 | 100,134 | 56,712 | - |
| Other accrued liabilities | - | 18,476 | 18,476 | 2,783 | - |
| Customer and developer deposits | - | 374,520 | 374,520 | 381,845 | - |
| Due to developer | - | - | - | - | 40,090 |
| Current portion of registered warrants | - | - | - | - | - |
| Current maturities of lease obligation | 103,432 | 151,062 | 254,494 | 99,904 | - |
| Current maturities of bonds and notes | 190,000 | 595,000 | 785,000 | 725,000 | 150,000 |
| Total Current Liabilities | <u>1,900,652</u> | <u>3,328,845</u> | <u>5,229,497</u> | <u>4,302,074</u> | <u>230,721</u> |
| Noncurrent Liabilities, Net of Current Portion | | | | | |
| Compensated absences | 594,047 | 481,901 | 1,075,948 | 1,088,253 | 56,144 |
| Revenue bonds | - | 3,565,000 | 3,565,000 | 2,910,000 | - |
| General obligation bonds | 195,000 | - | 195,000 | 385,000 | 110,000 |
| Lease obligation | 144,297 | 621,438 | 765,735 | 247,729 | - |
| Closure and postclosure costs | - | 4,170,000 | 4,170,000 | 3,679,000 | - |
| Total Noncurrent Liabilities | <u>933,344</u> | <u>8,838,339</u> | <u>9,771,683</u> | <u>8,309,982</u> | <u>166,144</u> |
| Total Liabilities | <u>2,833,996</u> | <u>12,167,184</u> | <u>15,001,180</u> | <u>12,612,056</u> | <u>396,865</u> |
| Net Position | | | | | |
| Net investment in capital assets | 33,303,732 | 27,814,977 | 61,118,709 | 56,248,231 | 6,564,899 |
| Restricted net position | | | | | |
| Restricted for economic development | 1,380,437 | - | 1,380,437 | 1,254,631 | - |
| Restricted for library capital improvements | 40,406 | - | 40,406 | 1,943 | - |
| Restricted for debt service | 67,987 | 721,481 | 789,468 | 648,991 | 95,567 |
| Restricted revolving loan fund | 360,070 | - | 360,070 | 355,789 | - |
| Restricted for E911 public safety | 57,035 | - | 57,035 | 20,321 | - |
| Restricted for streets | 2,073,302 | - | 2,073,302 | 2,239,985 | - |
| Restricted for storm water management | 71,502 | - | 71,502 | 60,935 | - |
| Restricted for Library Foundation | - | - | - | - | 255,769 |
| Unrestricted net position | <u>1,744,032</u> | <u>8,089,978</u> | <u>9,834,010</u> | <u>10,668,029</u> | <u>1,800,282</u> |
| Total Net Position | <u>\$ 39,098,503</u> | <u>\$ 36,626,436</u> | <u>\$ 75,724,939</u> | <u>\$ 71,498,855</u> | <u>\$ 8,716,517</u> |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
STATEMENT OF ACTIVITIES
For the year ended September 30, 2017
With comparative totals for the year ended September 30, 2016

| Functions/Programs | Expenses | Program Revenues | | | Net Revenue (Expense) and Changes in Net Position Primary Government | | | 2017 Component Units |
|------------------------------------|--------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|----------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | 2017 Total | 2016 Total |
| Primary Government: | | | | | | | | |
| Governmental Activities | | | | | | | | |
| General government | \$ 4,722,164 | \$ 3,487,714 | \$ - | \$ 126,636 | \$ (1,107,814) | \$ - | \$ (1,107,814) | \$ (1,062,874) |
| Public safety | 6,580,523 | 1,361,264 | 1,032,764 | 115,639 | (4,070,856) | - | (4,070,856) | (3,661,284) |
| Highways and streets | 1,948,452 | 24,098 | 177,385 | 1,844,206 | 97,237 | - | 97,237 | (142,914) |
| Culture and recreation | 1,604,137 | 244,772 | 26,130 | 305,204 | (1,028,031) | - | (1,028,031) | (920,328) |
| Interest on long-term debt | 14,039 | - | - | - | (14,039) | - | (14,039) | (15,219) |
| Total Governmental Activities | 14,869,315 | 5,117,848 | 1,236,279 | 2,391,685 | (6,123,503) | - | (6,123,503) | (5,802,619) |
| Business-type Activities | | | | | | | | |
| Electric | 16,339,629 | 16,235,194 | - | 140,878 | - | 36,443 | 36,443 | 98,237 |
| Water | 2,130,625 | 2,862,930 | - | 143,365 | - | 875,670 | 875,670 | 581,131 |
| Water pollution control | 1,539,418 | 2,315,112 | - | 67,145 | - | 842,839 | 842,839 | 501,075 |
| BASWA | 1,467,795 | 2,249,641 | - | - | - | 781,846 | 781,846 | (399,738) |
| Sanitation | 1,322,624 | 1,322,624 | - | - | - | - | - | - |
| Total Business-type Activities | 22,800,091 | 24,985,501 | - | 351,388 | - | 2,536,798 | 2,536,798 | 780,705 |
| Total Primary Government | 37,669,406 | 30,103,349 | 1,236,279 | 2,743,073 | (6,123,503) | 2,536,798 | (3,586,705) | (5,021,914) |
| Component Units: | | | | | | | | |
| Beatrice Airport Authority | 710,731 | 395,604 | - | 68,937 | | | | (246,190) |
| Community Redevelopment Authority | 329,655 | - | - | - | | | | (329,655) |
| Beatrice Public Library Foundation | 89,560 | - | - | - | | | | (89,560) |
| Total Component Units | \$ 1,129,946 | \$ 395,604 | \$ - | \$ 68,937 | | | | (665,405) |
| General Revenues | | | | | | | | |
| Taxes | | | | | | | | |
| Property tax | | | | | 2,309,878 | - | 2,309,878 | 2,241,225 |
| Tax increment financing | | | | | - | - | - | - |
| Sales tax | | | | | 3,182,824 | - | 3,182,824 | 3,229,496 |
| Occupation tax | | | | | 667,508 | - | 667,508 | 710,457 |
| Unrestricted intergovernmental | | | | | 788,647 | - | 788,647 | 750,407 |
| Miscellaneous revenues | | | | | 218,493 | 508,280 | 726,773 | 661,086 |
| Unrestricted investment earnings | | | | | 33,812 | 103,347 | 137,159 | 181,123 |
| Gain on disposal of assets | | | | | - | - | - | 15,919 |
| Total General Revenues | | | | | 7,201,162 | 611,627 | 7,812,789 | 7,789,713 |
| Change in Net Position | | | | | 1,077,659 | 3,148,425 | 4,226,084 | 2,767,799 |
| Net Position, Beginning of Year | | | | | 38,020,844 | 33,478,011 | 71,498,855 | 68,731,056 |
| Net Position, End of Year | | | | | \$ 39,098,503 | \$ 36,626,436 | \$ 75,724,939 | \$ 71,498,855 |
| | | | | | | | | \$ 8,716,517 |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | | | | 2016 |
|--|---------------------|---------------------|--------------------------------|---------------------|---------------------|
| | General Fund | Streets Fund | Other Governmental Funds | Total | Total |
| Assets | | | | | |
| Cash and cash equivalents | \$ 370,965 | \$ 2,110,344 | \$ 1,487,889 | \$ 3,969,198 | \$ 4,694,811 |
| Investments | 1,211,648 | - | - | 1,211,648 | 1,003,159 |
| Cash on deposit - county treasurer | 95,979 | - | 7,163 | 103,142 | 222,490 |
| Accounts receivable | 552,885 | 194,526 | 356 | 747,767 | 734,416 |
| Due from other funds | - | - | - | - | 115,363 |
| Taxes receivable | 111,661 | - | 16,279 | 127,940 | 121,734 |
| Due from other governments | 440,893 | 257,960 | - | 698,853 | 703,217 |
| Interest receivable | - | - | 9,110 | 9,110 | 14,554 |
| Assessments receivable | - | - | 10,895 | 10,895 | 25,708 |
| Loans receivable | - | - | 837,393 | 837,393 | 1,023,497 |
| In-lieu of assessments receivable | - | - | 10,105 | 10,105 | 10,105 |
| Total Assets | <u>\$ 2,784,031</u> | <u>\$ 2,562,830</u> | <u>\$ 2,379,190</u> | <u>\$ 7,726,051</u> | <u>\$ 8,669,054</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | | | | |
| Liabilities | | | | | |
| Accounts payable and accrued expenses | \$ 513,211 | \$ 482,757 | \$ 77,206 | \$ 1,073,174 | \$ 613,291 |
| Due to other funds | - | - | - | - | 115,363 |
| Accrued interest payable | - | - | 2,122 | 2,122 | 2,122 |
| Total Liabilities | <u>513,211</u> | <u>482,757</u> | <u>79,328</u> | <u>1,075,296</u> | <u>730,776</u> |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenue | <u>399,156</u> | <u>6,771</u> | <u>42,352</u> | <u>448,279</u> | <u>373,114</u> |
| Fund Balance | | | | | |
| Restricted for: | | | | | |
| Economic development | - | - | 1,380,437 | 1,380,437 | 1,254,631 |
| Library capital improvements | - | - | 40,406 | 40,406 | 1,943 |
| Debt service | - | - | 74,332 | 74,332 | 72,452 |
| Revolving loan fund | - | - | 360,070 | 360,070 | 355,789 |
| E911 public safety | - | - | 57,035 | 57,035 | 20,321 |
| Streets | - | 2,073,302 | - | 2,073,302 | 2,239,985 |
| Storm water management | - | - | 71,502 | 71,502 | 60,935 |
| Committed for: | | | | | |
| Library capital improvements | - | - | 40,937 | 40,937 | 40,917 |
| Public safety equipment | - | - | 125,797 | 125,797 | 204,005 |
| Community betterment | - | - | 80,257 | 80,257 | 9,859 |
| Assigned, for: | | | | | |
| Subsequent years' expenditures | 674,023 | - | 25,921 | 699,944 | 1,212,453 |
| Debt service | - | - | 816 | 816 | 78,057 |
| Unassigned, reported in: | | | | | |
| General fund | <u>1,197,641</u> | <u>-</u> | <u>-</u> | <u>1,197,641</u> | <u>2,013,817</u> |
| Total Fund Balance | <u>1,871,664</u> | <u>2,073,302</u> | <u>2,257,510</u> | <u>6,202,476</u> | <u>7,565,164</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | <u>\$ 2,784,031</u> | <u>\$ 2,562,830</u> | <u>\$ 2,379,190</u> | | |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
BALANCE SHEET - CONTINUED
GOVERNMENTAL FUNDS
September 30, 2017
With comparative totals for September 30, 2016

| | <u>2017</u> <u>Total</u> | <u>2016</u> <u>Total</u> |
|---|-----------------------------|-----------------------------|
| Fund Balance Governmental Funds | 6,202,476 | 7,565,164 |
| Amounts reported for Governmental Activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the funds. | \$ 33,936,461 | \$ 31,756,181 |
| Internal service funds are used by management to charge the costs for fleet management and management information systems to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | 93,572 | 213,531 |
| Unavailable revenues that are not current financial resources are recognized in the government-wide financial statements. | 448,279 | 373,114 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds as follows: | | |
| Accrued interest on long-term debt | (6,345) | (8,479) |
| Bonds payable | (385,000) | (575,000) |
| Notes and leases payable | (247,729) | (347,633) |
| Compensated absences | (943,211) | (956,034) |
| Net Position of Governmental Activities | <u>\$ 39,098,503</u> | <u>\$ 38,020,844</u> |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 For the year ended September 30, 2017
 With comparative totals for the year ended September 30, 2016

| | 2017 | | | | 2016 |
|--|-----------------|-----------------|--------------------------------|--------------------------------|--------------|
| | General Fund | Streets Fund | Other Governmental Funds | Total Governmental Funds | Total |
| Revenues | | | | | |
| Taxes | | | | | |
| Property tax | \$ 2,116,562 | \$ - | \$ 194,783 | \$ 2,311,345 | \$ 2,236,813 |
| Sales tax | 2,296,259 | 636,565 | 250,000 | 3,182,824 | 3,229,496 |
| Occupation tax | 667,508 | - | - | 667,508 | 710,457 |
| Licenses and permits | 182,377 | - | - | 182,377 | 131,063 |
| Intergovernmental | 1,748,328 | 2,015,344 | 257,606 | 4,021,278 | 3,966,494 |
| Charges for services | 1,859,992 | 24,098 | 106,796 | 1,990,886 | 1,991,166 |
| Keno proceeds | - | - | 85,619 | 85,619 | 78,192 |
| Special assessments | - | - | 14,814 | 14,814 | 142,077 |
| Interest | 19,661 | - | 13,851 | 33,512 | 111,329 |
| Miscellaneous | 142,160 | 55,290 | 303,689 | 501,139 | 480,670 |
| Total Revenues | 9,032,847 | 2,731,297 | 1,227,158 | 12,991,302 | 13,077,757 |
| Expenditures | | | | | |
| Current | | | | | |
| General government | 2,823,148 | - | 189,539 | 3,012,687 | 1,663,744 |
| Public safety | 5,944,639 | - | - | 5,944,639 | 5,699,342 |
| Highways and streets | - | 1,034,929 | - | 1,034,929 | 1,005,346 |
| Culture and recreation | 1,061,376 | - | - | 1,061,376 | 1,091,641 |
| Debt Service | | | | | |
| Principal | - | - | 190,000 | 190,000 | 190,000 |
| Interest | - | - | 3,479 | 3,479 | 1,235 |
| Bond issuance costs | - | - | - | - | 6,675 |
| Capital outlay | 252,389 | 1,863,051 | 1,084,348 | 3,199,788 | 3,410,909 |
| MFO payments - other entities | - | - | 132,460 | 132,460 | 131,810 |
| Total Expenditures | 10,081,552 | 2,897,980 | 1,599,826 | 14,579,358 | 13,200,702 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,048,705) | (166,683) | (372,668) | (1,588,056) | (122,945) |
| Other Financing Sources (Uses) | | | | | |
| Sale of capital assets | 4,283 | - | 221,085 | 225,368 | 40,405 |
| Insurance recoveries | - | - | - | - | 149,528 |
| Bond and lease issuances | - | - | - | - | 575,000 |
| Transfers in | 70,082 | - | 309,756 | 379,838 | 552,899 |
| Transfers out | (309,756) | - | (70,082) | (379,838) | (552,899) |
| Total Other Financing Sources | (235,391) | - | 460,759 | 225,368 | 764,933 |
| Net Change in Fund Balance | (1,284,096) | (166,683) | 88,091 | (1,362,688) | 641,988 |
| Fund Balance, Beginning of Year | 3,155,760 | 2,239,985 | 2,169,419 | 7,565,164 | 6,923,176 |
| Fund Balance, End of Year | \$ 1,871,664 | \$ 2,073,302 | \$ 2,257,510 | \$ 6,202,476 | \$ 7,565,164 |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
 THE STATEMENT OF ACTIVITIES
 For the year ended September 30, 2017
 With comparative totals for September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|--|---------------------|---------------------|
| Amounts reported for Governmental Activities in the Statement of Activities are different because: | | |
| Net change in fund balance - total governmental funds | \$ (1,362,688) | \$ 641,988 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are 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 | 4,401,677 | 2,993,864 |
| Depreciation expense | (1,971,430) | (1,906,594) |
| Change in unavailable revenues that are not current financial resources but that are recognized in the government-wide statements. | 75,165 | (182,305) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt. | 292,038 | (137,164) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This includes the decrease in compensated absences. | 12,823 | 40 |
| The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position. | (249,967) | (24,487) |
| The net revenue of certain activities of internal service funds is reported with governmental activities. | <u>(119,959)</u> | <u>(24,368)</u> |
| Change in Net Position of Governmental Activities | <u>\$ 1,077,659</u> | <u>\$ 1,360,974</u> |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2017
With comparative totals for September 30, 2016

| | Business-Type Activities Enterprise Funds | | | | | | | Governmental Activities Internal Service Fund | |
|--|--|--------------|-------------------------------|--------------|------------------------|---------------|---------------|--|---------------|
| | Electric | Water | Water Pollution Control | BASWA | Nonmajor Sanitation | 2017 Total | 2016 Total | 2017 Total | 2016 Total |
| Current Assets | | | | | | | | | |
| Cash and cash equivalents | \$ 2,442,003 | \$ 1,288,354 | \$ 2,092,962 | \$ 336,846 | \$ 34,220 | \$ 6,194,385 | \$ 5,463,048 | \$ 181,991 | \$ 310,284 |
| Accounts receivable | 1,264,047 | 207,321 | 108,749 | 231,412 | 47,950 | 1,859,479 | 1,538,009 | 87,996 | - |
| Unbilled and accrued revenues | 653,145 | 146,573 | 115,300 | - | - | 915,018 | 889,328 | - | - |
| Materials and supplies inventories | 648,887 | 275,960 | - | - | - | 924,847 | 946,975 | - | - |
| Prepaid expenses | 5,753 | 5,038 | 3,063 | - | - | 13,854 | 13,042 | - | - |
| Interest receivable | 27,976 | 2,297 | 9,705 | - | - | 39,978 | 22,803 | - | - |
| Total Current Assets | 5,041,811 | 1,925,543 | 2,329,779 | 568,258 | 82,170 | 9,947,561 | 8,873,205 | 269,987 | 310,284 |
| Noncurrent Assets | | | | | | | | | |
| Investments | 2,400,000 | - | 950,000 | - | - | 3,350,000 | 3,175,000 | - | - |
| Restricted Cash and Cash Equivalents | | | | | | | | | |
| Customer and developer deposits | 94,781 | - | - | - | - | 94,781 | 101,987 | - | - |
| Restricted Investments | | | | | | | | | |
| Debt service reserve account | 79,275 | 136,968 | 188,321 | 352,838 | - | 757,402 | 594,198 | - | - |
| Customer deposits | 280,000 | - | - | - | - | 280,000 | 280,000 | - | - |
| Closure and post-closure costs | - | - | - | 1,616,399 | - | 1,616,399 | 1,598,177 | - | - |
| Total Restricted Cash, Cash Equivalents and Investments | 454,056 | 136,968 | 188,321 | 1,969,237 | - | 2,748,582 | 2,574,362 | - | - |
| Capital Assets | | | | | | | | | |
| Land and land rights | 65,058 | 55,458 | 16,588 | - | - | 137,104 | 126,631 | - | - |
| Construction in progress | 5,421 | - | - | - | - | 5,421 | - | - | - |
| Buildings and improvements | 1,397,318 | 125,563 | 9,554,830 | - | - | 11,077,711 | 11,021,653 | - | - |
| Improvements other than buildings | 29,361,575 | 17,808,962 | 9,125,103 | 7,678,368 | - | 63,974,008 | 58,893,606 | - | - |
| Machinery and equipment | 3,296,567 | 1,053,441 | 2,181,783 | 1,877,847 | - | 8,409,638 | 7,454,951 | - | - |
| Total Capital Assets | 34,125,939 | 19,043,424 | 20,878,304 | 9,556,215 | - | 83,603,882 | 77,496,841 | - | - |
| Less accumulated depreciation | (19,396,512) | (12,142,903) | (14,832,661) | (4,484,329) | - | (50,856,405) | (48,628,653) | - | - |
| Net Capital Assets | 14,729,427 | 6,900,521 | 6,045,643 | 5,071,886 | - | 32,747,477 | 28,868,188 | - | - |
| Total Noncurrent Assets | 17,583,483 | 7,037,489 | 7,183,964 | 7,041,123 | - | 38,846,059 | 34,617,550 | - | - |
| Total Assets | \$ 22,625,294 | \$ 8,963,032 | \$ 9,513,743 | \$ 7,609,381 | \$ 82,170 | \$ 48,793,620 | \$ 43,490,755 | \$ 269,987 | \$ 310,284 |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
STATEMENT OF NET POSITION - CONTINUED
PROPRIETARY FUNDS
September 30, 2017
With comparative totals for September 30, 2016

| | Business-Type Activities Enterprise Funds | | | | | | | Governmental Activities Internal Service Fund | |
|--|--|--------------|-------------------------------|-------------|------------------------|---------------|---------------|--|---------------|
| | Electric | Water | Water Pollution Control | BASWA | Nonmajor Sanitation | 2017 Total | 2016 Total | 2017 Total | 2016 Total |
| Liabilities | | | | | | | | | |
| Current Liabilities | | | | | | | | | |
| Accounts payable | \$ 1,310,008 | \$ 40,204 | \$ 75,913 | \$ 268,682 | \$ 82,170 | \$ 1,776,977 | \$ 1,711,681 | \$ - | \$ - |
| Claims incurred but not reported | - | - | - | - | - | - | - | 176,415 | 96,753 |
| Accrued compensated absences | 138,572 | 82,729 | 40,395 | 14,425 | - | 276,121 | 251,363 | - | - |
| Accrued payroll | 53,939 | 24,994 | 14,282 | 6,919 | - | 100,134 | 56,712 | - | - |
| Sales tax payable | 634 | - | - | - | - | 634 | 78 | - | - |
| Accrued interest | 2,251 | 4,496 | 6,613 | 22,561 | - | 35,921 | 14,991 | - | - |
| Other accrued liabilities | 11,755 | 4,695 | 2,026 | - | - | 18,476 | 2,783 | - | - |
| Customer and developer deposits | 374,520 | - | - | - | - | 374,520 | 381,845 | - | - |
| Current maturities of lease obligation | - | - | - | 151,062 | - | 151,062 | - | - | - |
| Current maturities of long-term debt | 63,000 | 113,220 | 158,780 | 260,000 | - | 595,000 | 535,000 | - | - |
| Total Current Liabilities | 1,954,679 | 270,338 | 298,009 | 723,649 | 82,170 | 3,328,845 | 2,954,453 | 176,415 | 96,753 |
| Noncurrent Liabilities, Net of Current Portion | | | | | | | | | |
| Compensated absences | 264,503 | 171,347 | 46,051 | - | - | 481,901 | 469,291 | - | - |
| Revenue bonds, net of current portion | 400,750 | 661,570 | 887,680 | 1,615,000 | - | 3,565,000 | 2,910,000 | - | - |
| Lease obligation | - | - | - | 621,438 | - | 621,438 | - | - | - |
| Closure and post-closure cost | - | - | - | 4,170,000 | - | 4,170,000 | 3,679,000 | - | - |
| Total Noncurrent Liabilities | 665,253 | 832,917 | 933,731 | 6,406,438 | - | 8,838,339 | 7,058,291 | - | - |
| Total Liabilities | 2,619,932 | 1,103,255 | 1,231,740 | 7,130,087 | 82,170 | 12,167,184 | 10,012,744 | 176,415 | 96,753 |
| Net Position | | | | | | | | | |
| Net investment in capital assets | 14,265,677 | 6,125,731 | 4,999,183 | 2,424,386 | - | 27,814,977 | 25,423,188 | - | - |
| Restricted for debt service | 77,024 | 132,472 | 181,708 | 330,277 | - | 721,481 | 579,207 | - | - |
| Unrestricted | 5,662,661 | 1,601,574 | 3,101,112 | (2,275,369) | - | 8,089,978 | 7,475,616 | 93,572 | 213,531 |
| Total Net Position | \$ 20,005,362 | \$ 7,859,777 | \$ 8,282,003 | \$ 479,294 | \$ - | \$ 36,626,436 | \$ 33,478,011 | \$ 93,572 | \$ 213,531 |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 For the year ended September 30, 2017
 With comparative totals for the year ended September 30, 2016

| | Business-Type Activities Enterprise Funds | | | | | | Governmental Activities Internal Service Fund | | |
|--|--|--------------|-------------------------------|--------------|------------------------|---------------|--|---------------|---------------|
| | Electric | Water | Water Pollution Control | BASWA | Nonmajor Sanitation | 2017 Total | 2016 Total | 2017 Total | 2016 Total |
| Operating Revenues | | | | | | | | | |
| Charges for services | \$ 16,235,194 | \$ 2,862,930 | \$ 2,315,112 | \$ 2,249,641 | \$ 1,322,624 | \$ 24,985,501 | \$ 22,938,574 | \$ 2,722,614 | \$ 2,521,849 |
| Reinsurance coverage reimbursements | - | - | - | - | - | - | - | 157,594 | 5,578 |
| Total Operating Revenues | 16,235,194 | 2,862,930 | 2,315,112 | 2,249,641 | 1,322,624 | 24,985,501 | 22,938,574 | 2,880,208 | 2,527,427 |
| Operating Expenses | | | | | | | | | |
| Electric energy purchased | 12,078,081 | - | - | - | - | 12,078,081 | 11,459,679 | - | - |
| Operating and maintenance expenses | 1,098,375 | 1,000,888 | 584,480 | - | 1,322,624 | 4,006,367 | 3,941,622 | - | - |
| Customer accounting expenses | 243,168 | 129,025 | 84,339 | - | - | 456,532 | 446,585 | - | - |
| Engineering services | 308,033 | 30,750 | 30,750 | - | - | 369,533 | 363,200 | - | - |
| Administrative and general expense | 876,780 | 401,186 | 263,054 | 625,406 | - | 2,166,426 | 2,127,205 | - | - |
| Depreciation | 1,134,350 | 518,390 | 531,637 | 204,492 | - | 2,388,869 | 2,328,779 | - | - |
| Municipal expenses | 593,043 | 50,746 | 22,116 | - | - | 665,905 | 652,434 | - | - |
| Landfill operating contracts | - | - | - | 609,967 | - | 609,967 | 495,146 | - | - |
| Health insurance claims paid | - | - | - | - | - | - | - | 2,327,570 | 1,900,757 |
| Health and life insurance premiums | - | - | - | - | - | - | - | 379,470 | 365,293 |
| Payflex expenses | - | - | - | - | - | - | - | 191,275 | 186,638 |
| Other services and charges | - | - | - | - | - | - | - | 102,152 | 99,412 |
| Total Operating Expenses | 16,331,830 | 2,130,985 | 1,516,376 | 1,439,865 | 1,322,624 | 22,741,680 | 21,814,650 | 3,000,467 | 2,552,100 |
| Operating Income (Loss) | (96,636) | 731,945 | 798,736 | 809,776 | - | 2,243,821 | 1,123,924 | (120,259) | (24,673) |
| Nonoperating Revenues (Expenses) | | | | | | | | | |
| Interest income | 52,629 | 6,731 | 20,223 | 23,764 | - | 103,347 | 69,489 | 300 | 305 |
| Gain (loss) on disposal of capital asset | - | 16,000 | - | (1,139) | - | 14,861 | (261,308) | - | - |
| Miscellaneous | 281,291 | 169,903 | 57,086 | - | - | 508,280 | 556,631 | - | - |
| Interest expense | (7,799) | (15,640) | (23,042) | (26,791) | - | (73,272) | (81,911) | - | - |
| Total Nonoperating Revenues (Expenses) | 326,121 | 176,994 | 54,267 | (4,166) | - | 553,216 | 282,901 | 300 | 305 |
| Income (Loss) Before Contributions | 229,485 | 908,939 | 853,003 | 805,610 | - | 2,797,037 | 1,406,825 | (119,959) | (24,368) |
| Capital Contributions | 140,878 | 143,365 | 67,145 | - | - | 351,388 | - | - | - |
| Change in Net Position | 370,363 | 1,052,304 | 920,148 | 805,610 | - | 3,148,425 | 1,406,825 | (119,959) | (24,368) |
| Net Position, Beginning of Year | 19,634,999 | 6,807,473 | 7,361,855 | (326,316) | - | 33,478,011 | 32,071,186 | 213,531 | 237,899 |
| Net Position, End of Year | \$ 20,005,362 | \$ 7,859,777 | \$ 8,282,003 | \$ 479,294 | \$ - | \$ 36,626,436 | \$ 33,478,011 | \$ 93,572 | \$ 213,531 |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | Business-Type Activities Enterprise Funds | | | | | | Governmental Activities Internal Service Fund | | |
|---|--|--------------|-------------------------------|--------------|------------------------|---------------|--|---------------|---------------|
| | Electric | Water | Water Pollution Control | BASWA | Nonmajor Sanitation | 2017 Total | 2016 Total | 2017 Total | 2016 Total |
| Cash Flows From Operating Activities | | | | | | | | | |
| Cash received from customers | \$ 16,042,565 | \$ 2,804,270 | \$ 2,297,230 | \$ 2,155,621 | \$ 1,338,655 | \$ 24,638,341 | \$ 22,873,538 | \$ 2,792,212 | \$ 2,553,756 |
| Cash paid to suppliers for goods and services | (13,776,863) | (854,660) | (591,167) | (265,637) | (1,349,566) | (16,837,893) | (16,119,253) | (2,920,805) | (2,602,698) |
| Cash paid to employees for services | (1,361,351) | (753,978) | (470,900) | (261,363) | - | (2,847,592) | (2,843,213) | - | - |
| Net cash provided by (used in) operating activities | 904,351 | 1,195,632 | 1,235,163 | 1,628,621 | (10,911) | 4,952,856 | 3,911,072 | (128,593) | (48,942) |
| Cash Flows from Noncapital Financing Activities | | | | | | | | | |
| Other miscellaneous receipts | 281,291 | 169,903 | 57,086 | - | - | 508,280 | 556,631 | - | - |
| Cash Flows from Capital and Related Financing Activities | | | | | | | | | |
| Principal payments on long-term debt | (63,000) | (113,220) | (158,780) | (200,000) | - | (535,000) | (504,290) | - | - |
| Proceeds from long-term debt | - | - | - | 2,022,500 | - | 2,022,500 | - | - | - |
| Net transfer to bond refunding agent | - | - | - | - | - | - | (45,000) | - | - |
| Interest paid on long-term debt | (7,937) | (16,005) | (23,635) | (4,765) | - | (52,342) | (99,955) | - | - |
| Capital contributions | 140,878 | 143,365 | 67,145 | - | - | 351,388 | - | - | - |
| Proceeds from sales of capital assets | - | 16,000 | - | 2,138 | - | 18,138 | 85,000 | - | - |
| Purchases of capital assets | (1,611,112) | (1,174,206) | (388,934) | (3,097,183) | - | (6,271,435) | (3,501,076) | - | - |
| Net cash used in capital and related financing activities | (1,541,171) | (1,144,066) | (504,204) | (1,277,310) | - | (4,466,751) | (4,065,321) | - | - |
| Cash Flows From Investing Activities | | | | | | | | | |
| Sales of investments | 175,000 | - | - | - | - | 175,000 | - | - | - |
| Purchases of investments | - | - | (350,000) | (183,387) | - | (533,387) | (824,549) | - | - |
| Interest received | 42,540 | 6,397 | 15,432 | 23,764 | - | 88,133 | 56,088 | 300 | 305 |
| Net cash provided by (used in) investing activities | 217,540 | 6,397 | (334,568) | (159,623) | - | (270,254) | (768,461) | 300 | 305 |
| Net Change in Cash and Cash Equivalents | (137,989) | 227,866 | 453,477 | 191,688 | (10,911) | 724,132 | (366,079) | (128,293) | (48,637) |
| Cash and Cash Equivalents, Beginning of Year | 2,674,773 | 1,060,488 | 1,639,485 | 145,158 | 45,131 | 5,565,035 | 5,931,114 | 310,284 | 358,921 |
| Cash and Cash Equivalents, End of Year | \$ 2,536,784 | \$ 1,288,354 | \$ 2,092,962 | \$ 336,846 | \$ 34,220 | \$ 6,289,166 | \$ 5,565,035 | \$ 181,991 | \$ 310,284 |
| Composition of Cash and Cash Equivalents | | | | | | | | | |
| Cash and cash equivalents | \$ 2,442,003 | \$ 1,288,354 | \$ 2,092,962 | \$ 336,846 | \$ 34,220 | \$ 6,194,385 | \$ 5,463,048 | \$ 181,991 | \$ 310,284 |
| Restricted cash and cash equivalents | 94,781 | - | - | - | - | 94,781 | 101,987 | - | - |
| Total Cash and Cash Equivalents | \$ 2,536,784 | \$ 1,288,354 | \$ 2,092,962 | \$ 336,846 | \$ 34,220 | \$ 6,289,166 | \$ 5,565,035 | \$ 181,991 | \$ 310,284 |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | Business-Type Activities Enterprise Funds | | | | | | | Governmental Activities Internal Service Fund | |
|---|--|--------------|-------------------------------|--------------|------------------------|---------------|---------------|--|---------------|
| | Electric | Water | Water Pollution Control | BASWA | Nonmajor Sanitation | 2017 Total | 2016 Total | 2017 Total | 2016 Total |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | | | | | | | | | |
| Operating income (loss) | \$ (96,636) | \$ 731,945 | \$ 798,736 | \$ 809,776 | \$ - | \$ 2,243,821 | \$ 1,123,924 | \$ (120,259) | \$ (24,673) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | | | | |
| Depreciation | 1,134,350 | 518,390 | 531,637 | 204,492 | - | 2,388,869 | 2,328,779 | - | - |
| Changes in operating assets and liabilities: | | | | | | | | | |
| Accounts receivable | (187,563) | (47,895) | (8,023) | (94,020) | 16,031 | (321,470) | (48,545) | (87,996) | 26,329 |
| Unbilled and accrued revenues | (5,066) | (10,765) | (9,859) | - | - | (25,690) | (16,491) | - | - |
| Materials and supplies inventory | 43,878 | (21,750) | - | - | - | 22,128 | (46,783) | - | - |
| Prepaid expenses | (226) | (421) | (165) | - | - | (812) | (582) | - | - |
| Accounts payable | (30,656) | 544 | (90,590) | 212,940 | (26,942) | 65,296 | 242,849 | - | - |
| Accrued compensated absences | 17,781 | 9,804 | 5,497 | - | - | 33,082 | 9,802 | - | - |
| Customer and developer deposits | (7,325) | - | - | - | - | (7,325) | 4,150 | - | - |
| Closure and post-closure care | - | - | - | 491,000 | - | 491,000 | 392,000 | - | - |
| Other accrued liabilities | 35,814 | 15,780 | 7,930 | 4,433 | - | 63,957 | (78,031) | 79,662 | (50,598) |
| Total adjustments | 1,000,987 | 463,687 | 436,427 | 818,845 | (10,911) | 2,709,035 | 2,787,148 | (8,334) | (24,269) |
| Net cash provided by (used in) operating activities | \$ 904,351 | \$ 1,195,632 | \$ 1,235,163 | \$ 1,628,621 | \$ (10,911) | \$ 4,952,856 | \$ 3,911,072 | \$ (128,593) | \$ (48,942) |
| Supplemental Disclosure for NonCash Capital Activities: | | | | | | | | | |
| Trade-in value for purchase of capital asset | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 42,500 | \$ - | \$ - |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 September 30, 2017
 With comparative totals for September 30, 2016

| | Pension Trust Fund | |
|--------------------------------------|-----------------------------|-----------------------------|
| | <u>2017</u> | <u>2016</u> |
| Assets | | |
| Investments with fiscal agent: | | |
| Guaranteed interest accounts | \$ 7,702,254 | \$ 7,374,138 |
| Publicly traded mutual funds | <u>12,998,989</u> | <u>11,343,599</u> |
| Total Assets | <u><u>\$ 20,701,243</u></u> | <u><u>\$ 18,717,737</u></u> |
| Net Position | | |
| Net position restricted for pensions | <u><u>\$ 20,701,243</u></u> | <u><u>\$ 18,717,737</u></u> |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the years ended September 30, 2017
With comparative totals for September 30, 2016

| | Pension Trust Fund | |
|---|-----------------------|----------------------|
| | 2017 | 2016 |
| Additions | | |
| Contributions | | |
| Employer | \$ 480,677 | \$ 504,327 |
| Employee | 458,995 | 422,818 |
| Total Contributions | <u>939,672</u> | <u>927,145</u> |
| Investment earnings | | |
| Net change in the fair value of investments | <u>2,042,577</u> | <u>1,410,335</u> |
| Total Additions | <u>2,982,249</u> | <u>2,337,480</u> |
| Deductions | | |
| Benefits | 998,293 | 831,923 |
| Administrative expenses | 450 | 1,350 |
| Total Deductions | <u>998,743</u> | <u>833,273</u> |
| Change in Net Position | <u>1,983,506</u> | <u>1,504,207</u> |
| Net Position Restricted for Pensions, Beginning of Year | <u>18,717,737</u> | <u>17,213,530</u> |
| Net Position Restricted for Pensions, End of Year | <u>\$ 20,701,243</u> | <u>\$ 18,717,737</u> |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the City of Beatrice (the "City") 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 and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note.

The City of Beatrice was founded in 1857, incorporated in 1873, was chartered as a first-class city in 1893, and since 1957 has operated under the Mayor-Council form of government to provide the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, parks, recreation, public improvements, planning and zoning, electric service, water service, water pollution control, and general administrative services. The City is a municipal corporation governed by an elected mayor and eight-member council.

1. Financial Reporting Entity

These financial statements present the financial statements of the City as the primary government. In determining the financial reporting entity, the City has considered all potential component units for which it is financially accountable, including other organizations which are fiscally dependent on the City, or the significance of their relationship with the City are such that exclusion would make the financial statements misleading or incomplete. The Governmental Accounting Standards Board ("GASB") has set forth criteria to be considered in determining financial accountability, which was used in making this evaluation.

The City's financial reporting entity is comprised as follows:

| | |
|---------------------------------------|--|
| Primary Government: | City of Beatrice |
| Blended Component Unit: | Beatrice Area Solid Waste Agency |
| Discretely Presented Component Units: | Beatrice Airport Authority |
| | Community Redevelopment Authority |
| | Beatrice Public Library Foundation, Inc. |

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

1. Financial Reporting Entity – Continued

Blended Component Unit

Blended component units are separate legal entities that meet the component unit criteria as set forth by GASB. Blended component units either (1) have a governing body that is the same or substantially the same as the primary government and there is a financial benefit or burden between the primary government and the component unit or management of the primary government have operational responsibility for the activities of the component unit, or (2) the total debt outstanding of the component unit is expected to be repaid entirely or almost entirely with the resources of the primary government. The City has one blended component unit, as follows, which is blended into the financial statements of the City by appropriate activity type to compose the primary government presentation.

Beatrice Area Solid Waste Agency – The Beatrice Area Solid Waste Agency (“BASWA”) is a joint entity between the City of Beatrice, Gage County, Nebraska, and seven smaller communities whose purpose is to provide for operation of a solid waste disposal facility. The BASWA governing body is substantively the same as the City’s primary government and includes the Mayor, eight City Council members, and two Gage County Board members, with the City holding the voting majority. A management agreement exists between BASWA and the City in which the City undertakes the operation and management of the facilities, as agent acting on behalf of the Agency. BASWA has a September 30 fiscal year end.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria as stated by GASB. The following are the discretely presented component units:

Beatrice Airport Authority – The Beatrice Airport Authority was established to provide for the operations of the Beatrice Airport. The governing body is elected by voters of the City. The City is considered financially accountable for the Airport, as the City approves the Airport Authority’s annual budgetary request for tax levies and debt issuances, and the City would ultimately be responsible for the debt of the Airport Authority if such revenues are insufficient to meet the Airport Authority’s obligations. Information included in this financial statement is from the Airport Authority’s fiscal year end of September 30.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

1. Financial Reporting Entity – Continued

Discretely Presented Component Units – Continued

Community Redevelopment Authority – The Community Redevelopment Authority (“CRA”) receives and distributes tax increment financing funds. These funds are deposited with the City Treasurer as ex-officio treasurer of the authority without any commingling of the money with other City funds. The CRA has a separate governing body that is appointed by the City. The City does not have fiduciary responsibility for the CRA, however, the potential exists for the authority to request tax levies from the City. Information included in this financial statement is from the CRA’s fiscal year end of September 30.

Beatrice Public Library Foundation, Inc. – The Beatrice Public Library Foundation, Inc. (the “Foundation”) has a separate governing body and is not fiscally dependent upon the City; however, the sole purpose of the entity is to provide funds for the financial support of the Beatrice Public Library. The Foundation makes an annual contribution from its investment earnings to the City for the purchase of library materials and remits any bequests for specific projects to benefit the library. The Foundation also donates money for certain capital improvement projects of the library. The amounts included in the City’s 2017 financial statements are amounts as of and for the Foundation’s fiscal year ended July 31, 2017.

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

2. Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Eliminations have been made to minimize interfund activities. All interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Financial Statement Presentation - Continued

Government-wide Financial Statements - Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. *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. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City. *General revenues* of the City include taxes and other items which are properly excluded from the program revenues.

Fund Financial Statements

Separate financial statements are provided for governmental and proprietary funds, which are comprised of individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows and inflows of resources, liabilities, fund balance or net position, revenues, and expenditures/expenses. 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 (i.e. General Fund) or meets the following criteria:

- a. Total assets and deferred outflows, liabilities and deferred inflows, 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 and deferred outflows, liabilities and deferred inflows, 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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Financial Statement Presentation - Continued

Governmental Funds

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City and is 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. Revenues are derived primarily from property and other local taxes, intergovernmental revenues, licenses, permits, charges for services and interest income.

Street Fund – The Street Fund is a special revenue fund used to account for operation of the street department. Revenues are provided by the City's share of state gasoline taxes, in addition to the required match from the City. State law requires these taxes to be used to construct and maintain roads, streets and improvements, and for the street program administration.

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

Special Revenue Funds – The Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. These nonmajor funds consist of the Community Development Block Grant (CDBG), economic development, keno, 911 surcharges, and storm water management funds.

Debt Service Funds – The Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. These nonmajor funds consist of general obligation, bonded districts, and unbonded assessment debt service.

Capital Projects Funds – The Capital Projects Funds account for and report financial resources that are restricted, committed, or assigned to expenditure for the acquisition of fixed assets or construction of major capital facilities not being financed by proprietary funds. These nonmajor funds consist of library capital improvements, public safety capital improvements, and capital improvements.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Financial Statement Presentation - Continued

Proprietary Funds

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

Enterprise Funds – Enterprise Funds are used to account for operations for which a fee is charged to external users. It is required to be used to account for operations that are either (a) financed with debt that is secured solely by a pledge of the net revenues from the fees or charges of the activity; or (b) required by laws or regulations stipulating that the activity's costs of providing services, including capital costs, be recovered with fees and charges, rather than taxes or similar revenues; or (c) where pricing policies of the activity establish fees and charges designed to recover its costs.

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

The City reports the following major proprietary funds:

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

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

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Financial Statement Presentation - Continued

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

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

Additionally, the City reports the following nonmajor enterprise fund:

Sanitation Fund – This enterprise fund accounts for the collection of residential and commercial garbage service fees of the City. The City utilizes the services of a contracted hauler for this commercial garbage service.

Fiduciary Funds

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

Firefighters Pension - Accounts for the administration for the firefighters' pension funds under the defined contribution plan.

Police Pension - Accounts for the administration of the police pension fund under the defined contribution plan.

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, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Financial Statement Presentation - Continued

Prior-Year Summarized Financial Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended September 30, 2016, from which the summarized information was derived.

3. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are prepared on the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures, including interest on long-term debt, as well as expenditures on other long-term liabilities (i.e. accrued compensated absences, registered warrants, etc.) are only recorded when payment is due. Capital assets are recognized as expenditures in the period incurred.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Measurement Focus and Basis of Accounting - Continued

Property taxes, sales taxes, highway user fees, interdepartmental charges, and interdepartmental revenues are all considered to be susceptible to accrual. Special assessments are recorded as revenues in the year the assessment become current. Annual installments not yet due are reflected as special assessment receivables and deferred inflows of resources.

4. Estimates

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

5. Income Taxes

The Internal Revenue Service has determined that the Beatrice Public Library Foundation, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Beatrice Public Library Foundation has adopted the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The Beatrice Public Library Foundation continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax laws, and new authoritative rulings.

6. Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, equity in pooled cash, and original investments with maturities of three months or less from the date of acquisition. The County Treasurer's cash represents revenues collected by Gage County but not yet remitted to the City at September 30, 2017.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Cash and Investments – Continued

The City may invest in certificates of deposits, money market funds, and U.S. treasury bills, notes, or bonds, at financial institutions which are insured by the Federal Deposit Insurance Corporation (“FDIC”) or collateralized by securities held in the City’s name in the form of pledged securities, guaranteed by the full faith and credit of the U.S. Government and other similar obligations of the U.S. Government or its agencies.

Investments in the government and enterprise funds are carried at fair value based on quoted market prices. The investments held by the Pension Trust Fund do not have a readily determinable fair value and are recorded at their net asset values, which approximates fair value.

7. Receivables

In the financial statements, receivables consist of all revenues earned at year end and not yet received. Receivables not received within 60 days of fiscal year end in the governmental funds are deferred as unavailable revenues. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include ambulance billings, CDBG loans, special assessments, sales tax, highway user fees, and property taxes. Business-type activities report utility billings as their major receivable.

8. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Restricted Assets

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

10. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. Capital assets include property, plant, equipment, and infrastructure assets (i.e. roads, bridges, drainage systems, street lights, and similar items).

Government-wide Statements

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

Capital assets are stated at cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement, if any, are reported at acquisition value. 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 Energy Regulatory Commission and/or the National Association of Railroad and Utilities Commissioners.

The City's policy is to capitalize interest on proprietary fund construction projects until substantially completed. Major expenditures for capital assets which substantially extend the useful lives of the asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized. When capital assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and any resulting gains or losses are included in income.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Capital Assets - Continued

Property, plant, equipment, and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

| | |
|--|---------------|
| Vehicles | 5 - 10 years |
| Office equipment | 5 years |
| Tools and work equipment | 5 - 15 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 - 50 years |
| Infrastructure | 5 - 50 years |

Fund Financial Statements

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

11. Compensated Absences

City and Beatrice Public Works employees earn sick leave at the rate of one day per month, except fire captains and fire union employees that earn two days per month, and earn hours of vacation per pay period based on years of service. Vacation and sick leave accumulate on a monthly basis and are fully vested when earned. Non-union city employees, union police employees, and Beatrice Public Works employees will be paid 50% of any unused sick leave hours in excess of 1,040 (maximum) on January 1 of each year. Fire captains and union fire employees will be paid 25% of any unused sick leave hours in excess of 1,460 (maximum) on January 1 of each year, up to a maximum of 48 hours. Non-union city and Beatrice Public Works employees can carry up to 240 hours in vacation leave at calendar year end and fire captains and

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. Compensated Absences - Continued

union employees (police and fire) can carry over the amount they earned in the previous year based on their years of service. Non-union and Beatrice Public Works employees are allowed to sell back 80 hours of vacation at calendar year end.

All accumulated vacation is payable upon separation from the City, as long as written notice is given two weeks prior to separation. Upon separation from employment, non-union city employees and Beatrice Public Works employees will receive 50% of any accumulated unused sick leave hours, and upon death or reaching the age of 55, employees shall be compensated for 75% of any accumulated unused sick leave. Fire captains, union police and fire employees, and Beatrice Public Works employees hired after October 1, 2008, do not receive any payout of sick leave upon separation from employment. For fire captains and union police and fire employees hired before October 1, 2008, they will be paid out as follows: fire captains and union fire employees upon separation from employment will receive 50% of any accumulated unused sick leave hours, up to maximum of 540 hours, and upon retirement or death shall be compensated for 75% of any accumulated unused sick leave hours, up to a maximum of 780 hours; union police employees, which have been employed at least five years, will receive 50% of any accumulated unused sick leave hours, up to a maximum of 360 hours upon separation or 520 hours upon death or retirement upon the age of 60 years or older.

Compensatory time rather than overtime compensation may be given. No employee shall accrue more than 80 hours of compensatory time for hours worked, with the exception of employees covered by the Fraternal Order of Police Union Contract who may accrue up to 120 hours. All accumulated compensatory time is paid to the employee upon his or her termination.

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

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

12. Long-Term Obligations

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

Government-wide Statements

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations of the City consist primarily of accrued compensated absences, registered warrants, notes payable, and bonds payable.

Fund Financial Statements

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

13. Net Position and Fund Balance Classification

Net Position Classification

Net Position is shown in the government-wide, proprietary, and fiduciary fund financial statements. Net position is required to be classified into three components as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investments in capital assets.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

13. Net Position and Fund Balance Classification - Continued

Net Position Classification - Continued

Restricted net position – This component of net position consists of restricted assets, reduced by liabilities related to those assets, with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the “restricted” or “net investment in capital assets” components of net position.

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

Fund Balance Classification

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

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified inventories and prepaid items within this classification as they are not in spendable form.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources by either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

13. Equity Classification - Continued

Fund Balance Classification – Continued

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

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

Unassigned – This classification includes the residual fund balance. Only the General Fund can report a positive unassigned balance.

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

The City records encumbrances in the form of an approved purchase order when the item is ordered or a contract is entered into. Those encumbrances outstanding at year end are included in restricted, committed, or assigned fund balances, as appropriate. Encumbrances can be made in any fund and do not lapse at year end.

14. 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. External transactions and

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

14. Interfund Transactions – Continued

reimbursements are appropriately accounted for as fund revenues and expenditures/expenses, or adjustments thereto, in the funds involved.

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

15. Property Taxes

Property taxes are recorded as a receivable when levied. Based on past experience, the uncollected portion has been deemed immaterial to the City's financial statements. The portion of the taxes not collected within 60 days after fiscal period end is recorded as unavailable revenue, a deferred inflow of resources, in the governmental fund financials.

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:

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

Property taxes are billed and collected by the County Treasurer of Gage County, Nebraska. The City is permitted to levy taxes up to \$0.499934 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt. The tax rate to finance general government services other than the payment of principal and interest on long-term debt for the year ended September 30, 2017 was \$.352021 per \$100 of assessed valuation. The City has a tax margin of \$0.147913 per \$100 of assessed valuation and could raise taxes by \$894,957, based on the present assessed valuation of \$605,056,167, before the limit is reached.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

16. Sales and Use Tax

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

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

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

17. 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 by character and function for the governmental funds and by operating and non-operating for the proprietary funds. In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

18. Implementation of New Accounting Principles

In 2017, the City implemented the provisions of the following accounting principle:

GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement addresses tax abatements and defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. GASB 77 requires disclosures of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The City's tax abatement disclosures can be found in Note M of the Financial Statements.

NOTE B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - CONTINUED

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 pledged securities, the types of which are specifically identified in the Statutes, having an aggregate value at least equal to the amount of the deposits. Any cash deposits or certificates of deposit in excess of the Federal Deposit Insurance Corporation (FDIC) limits are insured by collateral held by the pledging institution in the City's name.

Statutes authorize the City Treasurer (Finance Director) 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 Finance Director.

In-lieu-of the bond requirement, any bank making application to become a depository of the City may deposit security with the City Finance Director 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 FDIC.

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

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

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - CONTINUED

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

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

5. Budgetary Data

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

There were no differences between the City's budgetary basis and GAAP basis for the governmental funds as of September 30, 2017.

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

1. Prior to September 10, the City Administrator submitted to the Mayor and City Council a proposed operating budget for the fiscal period commencing October 1, 2016, and ending September 30, 2017. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 20, the budget is legally enacted through passage of an ordinance.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - CONTINUED

5. Budgetary Data - Continued

The City Council approves, by ordinance, total budget appropriations for the General, Special Revenue, Debt Service, and Capital Project 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 by ordinance the total City budget; by resolution, on a fund basis; and the budgetary control for internal purposes is exercised at the department level. The City Council must approve any supplemental appropriations to a fund. Unused appropriations lapse at period end.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the fiscal period.

NOTE C. CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds except the Board of Public Works, Beatrice Area Solid Waste Agency, Beatrice Airport Authority, and the Pension Trust Fund. Each fund's portion of this pool is displayed on their respective combining balance sheets as "Cash and cash equivalents" and "Investments." The deposits and investments of the aforementioned funds are held separately from those of other City funds. The City's funds are deposited in non-interest bearing accounts, interest bearing accounts, and non-negotiable certificates of deposit at state and national banks.

The Board of Public Works maintains certificates of deposits, money market accounts for restricted assets for customer deposits and its various debt accounts including the Bond Payment Account and the Debt Service Reserve Account. The Airport Authority maintains restricted cash and cash equivalents to be used for future debt service. These accounts are identified on the balance sheet as "Restricted Cash and Cash Equivalents" or "Restricted Investments" in the financial statements.

The Pension Trust Funds of the City's and Beatrice Public Works' employees are managed by Ameritas Investment Company. Ameritas is not required to insure the funds entrusted to them.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE C. CASH AND INVESTMENTS - CONTINUED

State Statutes require that not more than 50% of the pension funds be held in equity accounts. 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. Investments in the Pension Trust Funds are made up of various types of mutual funds. All securities in the Pension Trust Fund are held by Ameritas, not in the City's name.

1. Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's cash deposits, including certificates of deposit, are insured up to \$250,000 for each depositor (City and Beatrice Public Works), per insured financial institution, for each ownership category by the Federal Deposit Insurance Corporation (FDIC). As of September 30, 2017, all of the City's deposits with financial institutions were fully insured or collateralized by securities held in the City's name in the form of pledged securities.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City's investments at September 30, 2017, 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.

Beatrice Public Library Foundation

At July 31, 2017, the amount the Beatrice Public Library Foundation held in cash and certificates of deposits at banks, financial institutions, and brokerage accounts was \$186,195, which equals the amount included in the financial statements. The Federal Deposit Insurance Corporation insures amounts up to \$250,000 at each financial institution. At July 31, 2017, all cash and certificates of deposit held at banks, financial institutions, and brokerage accounts were fully insured.

At July 31, 2017, money market accounts held in brokerage accounts were \$65,317.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE C. CASH AND INVESTMENTS – CONTINUED

2. Interest Rate Risk

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

3. Credit Risk

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

4. 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, 2017, the City's investments significant investment concentrations are as follows:

| <u>Type</u> | <u>Composition</u> |
|--|--------------------|
| Certificates of deposit | |
| Pinnacle Bank | 13.45% |
| First State Bank | 5.44% |
| Mutual Funds - Ameritas Investment Company | |
| Stable Value/ Guaranteed | 27.95% |
| Large Equity | 9.66% |
| Balanced | 8.43% |
| Mid-Equity | 6.72% |
| Small Equity | 5.45% |

5. Foreign Currency Risk

This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City has no investments denominated in foreign currency at September 30, 2017.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE C. CASH AND INVESTMENTS – CONTINUED

6. Summary of Deposit and Investment Balances

Following is a reconciliation of the City's deposits and investment balances as of September 30, 2017:

| | Primary Government | Fiduciary Funds | Totals | Component Units |
|-----------------|-------------------------------|----------------------------|----------------------|----------------------------|
| Cash on deposit | \$ 103,142 | \$ - | \$ 103,142 | \$ 29,650 |
| Demand deposits | 10,793,193 | - | 10,793,193 | 511,624 |
| Time deposits | 6,684,547 | - | 6,684,547 | 181,585 |
| Investments | 178,064 | 20,701,243 | 20,879,307 | 1,468,631 |
| Totals | <u>\$ 17,758,946</u> | <u>\$ 20,701,243</u> | <u>\$ 38,460,189</u> | <u>\$ 2,191,490</u> |

| | Government- Wide Statement of Net Position | Fiduciary Funds Statement of Net Position | Totals | Component Units |
|---------------------------|---|--|----------------------|----------------------------|
| Cash and cash equivalents | \$ 10,345,574 | \$ - | \$ 10,345,574 | \$ 461,052 |
| Cash on deposit | 103,142 | - | 103,142 | 8,421 |
| Investments | 4,561,648 | - | 4,561,648 | 1,335,698 |
| Restricted Assets: | | | | |
| Cash and cash equivalents | 94,781 | - | 94,781 | 232,157 |
| Cash on deposit | - | - | - | 21,229 |
| Investments | 2,653,801 | 20,701,243 | 23,355,044 | 132,933 |
| | <u>\$ 17,758,946</u> | <u>\$ 20,701,243</u> | <u>\$ 38,460,189</u> | <u>\$ 2,191,490</u> |

As of September 30, 2017, the Beatrice Airport Authority had cash on deposit with the Gage County Treasurer of \$8,421 and demand deposits of \$488,153. As of September 30, 2017, the Community Redevelopment Authority had cash on deposit with the Gage County Treasurer of \$21,229 and demand deposits of \$18,861. The Beatrice Public Library Foundation, Inc. had demand deposits of \$4,610; time deposits of \$181,585; and investments of \$1,468,631 as of July 31, 2017.

See further information on the City's and Foundation's investments on the following pages.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE C. CASH AND INVESTMENTS – CONTINUED

6. Summary of Deposit and Investment Balances - Continued

Investments

At September 30, 2017, the City had the following investments, maturities, and credit ratings:

| | September 30, 2017 | | | | | | Fair Value |
|------------------------------|--------------------|---------------------|--------------|--------|-----------|-----------|-----------------|
| Type | Carrying Value | Maturities in Years | | | Ratings | | Hierarchy Level |
| | | Less than 1 | 1 - 5 | 6 - 10 | Moody's | S&P | |
| Primary Government: | | | | | | | |
| U.S. Treasury Note | \$ 178,064 | \$ - | \$ 178,064 | \$ - | Aaa | AA+ | Level 2 |
| Certificates of Deposit | 6,684,547 | 1,723,001 | 4,961,546 | - | Not rated | Not rated | N/A |
| Total Primary Government | 6,862,611 | 1,723,001 | 5,139,610 | - | | | |
| Pension Trust Funds: | | | | | | | |
| Mutual Funds | | | | | | | |
| Stable Value/ Guaranteed | 7,702,788 | 7,702,788 | - | - | Not rated | Not rated | NAV |
| Investment Grade Bond | 159,482 | 159,482 | - | - | Not rated | Not rated | NAV |
| Short-Term Bond | 67,787 | 67,787 | - | - | Not rated | Not rated | NAV |
| High Yield/ Multisector Bond | 22,166 | 22,166 | - | - | Not rated | Not rated | NAV |
| Real Estate | 1,039,875 | 1,039,875 | - | - | Not rated | Not rated | NAV |
| Large Equity | 2,661,648 | 2,661,648 | - | - | Not rated | Not rated | NAV |
| Mid Equity | 1,852,410 | 1,852,410 | - | - | Not rated | Not rated | NAV |
| Small Equity | 1,503,368 | 1,503,368 | - | - | Not rated | Not rated | NAV |
| International Equity | 809,398 | 809,398 | - | - | Not rated | Not rated | NAV |
| Emerging Markets | 164,988 | 164,988 | - | - | Not rated | Not rated | NAV |
| Balanced | 2,324,957 | 2,324,957 | - | - | Not rated | Not rated | NAV |
| World Bond | 5,230 | 5,230 | - | - | Not rated | Not rated | NAV |
| World Stock | 83,625 | 83,625 | - | - | Not rated | Not rated | NAV |
| Utilities | 12,347 | 12,347 | - | - | Not rated | Not rated | NAV |
| Technology | 1,052,572 | 1,052,572 | - | - | Not rated | Not rated | NAV |
| Target Date | 1,238,602 | 1,238,602 | - | - | Not rated | Not rated | NAV |
| Total Pension Funds | 20,701,243 | 20,701,243 | - | - | | | |
| Total | \$ 27,563,854 | \$ 22,424,244 | \$ 5,139,610 | \$ - | | | |

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE C. CASH AND INVESTMENTS - CONTINUED

7. Library Foundation Investments

The carrying amounts, market value, unrealized gains, and unrealized losses for the Beatrice Public Library Foundation at July 31, 2017, were as follows:

| | <u>Cost</u> | <u>Gain</u> | <u>Loss</u> | <u>Fair Value</u> | <u>Fair Value Hierarchy Level</u> |
|---|---------------------|-------------------|------------------|---------------------|-----------------------------------|
| Investments Stated at Fair Value | | | | | |
| Unrestricted | | | | | |
| Governmental agencies | \$ 19,372 | \$ - | \$ 5,630 | \$ 13,742 | Level 1 |
| Common stock | 484,146 | 173,144 | - | 657,290 | Level 1 |
| Corporate bonds | 412,346 | 2,111 | - | 414,457 | Level 1 |
| Foreign bonds | 47,001 | - | 70 | 46,931 | Level 1 |
| Government bonds | 81,254 | - | 690 | 80,564 | Level 1 |
| Mutual Funds | 74,014 | - | 363 | 73,651 | Level 1 |
| Preferred stock | 50,182 | - | 1,119 | 49,063 | Level 1 |
| Total unrestricted | <u>1,168,315</u> | <u>175,255</u> | <u>7,872</u> | <u>1,335,698</u> | |
| Restricted | | | | | |
| Governmental agencies | | | | | |
| Federal Home Loan Mtg. Corp. | 32,749 | - | 1,716 | 31,033 | Level 1 |
| Government Asset Backed/ CMO | 4,079 | 19 | - | 4,098 | Level 1 |
| Corporate bonds | 63,254 | 1,185 | - | 64,439 | Level 1 |
| Preferred stock | 34,476 | - | 1,113 | 33,363 | Level 1 |
| Total restricted | <u>134,558</u> | <u>1,204</u> | <u>2,829</u> | <u>132,933</u> | |
| Total | <u>\$ 1,302,873</u> | <u>\$ 176,459</u> | <u>\$ 10,701</u> | <u>\$ 1,468,631</u> | |

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE C. CASH AND INVESTMENTS - CONTINUED

8. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The tables displayed on pages 52-53 present the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at year-end.

The City's investment in certificates of deposit are carried at cost, and thus are not included within the fair value hierarchy. Certain investments that are measured using the net asset value per share (or its equivalent practical expedient) have also not been classified within the fair value hierarchy, and are noted with NAV in the table on page 52. These investments carried using the net asset value per share have no unfunded commitments and can be redeemed at any time.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE D. RECEIVABLES AND DUE FROM OTHER GOVERNMENTS

Receivables and Due from Other Governments at September 30, 2017, consist of the following:

| Fund | Taxes | Accounts | Loans Receivable | Special Assessments | Accrued Interest | Gross Receivables | Allowance | Net |
|----------------------------|-------------------|---------------------|---------------------|------------------------|---------------------|----------------------|---------------------|---------------------|
| General | \$ 617,228 | \$ 565,641 | \$ - | \$ - | \$ - | \$ 1,182,869 | \$ (77,430) | \$ 1,105,439 |
| Street | 110,223 | 342,263 | - | - | - | 452,486 | - | 452,486 |
| Electric | - | 1,957,967 | - | - | 27,976 | 1,985,943 | (40,775) | 1,945,168 |
| Water | - | 369,021 | - | - | 2,297 | 371,318 | (15,127) | 356,191 |
| WPC | - | 230,622 | - | - | 9,705 | 240,327 | (6,573) | 233,754 |
| BASWA | - | 231,412 | - | - | - | 231,412 | - | 231,412 |
| Nonmajor | | | | | | | | |
| Special Revenue | - | - | 837,393 | - | - | 837,393 | - | 837,393 |
| Debt Service | 16,279 | 10,105 | - | 10,895 | 9,110 | 46,389 | - | 46,389 |
| Capital Projects | - | 356 | - | - | - | 356 | - | 356 |
| Sanitation | - | 47,950 | - | - | - | 47,950 | - | 47,950 |
| Internal Service | - | 87,996 | - | - | - | 87,996 | - | 87,996 |
| Total Primary Government | <u>\$ 743,730</u> | <u>\$ 3,843,333</u> | <u>\$ 837,393</u> | <u>\$ 10,895</u> | <u>\$ 49,088</u> | <u>\$ 5,484,439</u> | <u>\$ (139,905)</u> | <u>\$ 5,344,534</u> |
| Beatrice Airport Authority | 14,270 | 16,487 | - | - | - | 30,757 | - | 30,757 |
| Total Component Units | <u>\$ 14,270</u> | <u>\$ 16,487</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 30,757</u> | <u>\$ -</u> | <u>\$ 30,757</u> |

The General Fund's accounts receivables are primarily made up of ambulance service receivables from numerous individuals; the Street Fund's accounts receivables are grant funds and highway user fees from the State of Nebraska; the enterprise fund's (Electric, Water, Water Pollution Control, BASWA, and Sanitation) accounts receivables are primarily made up of charges for services provided to external customers and an accrual for estimated customer usage for the period between the last billing date and the end of the period; and the internal service funds receivables are for services provided to the other funds. The accounts receivable above also include interfund receivables. See footnote G for further information on these interfund receivables/ payables. The Beatrice Airport Authority's accounts receivable includes a grant receivable related to the runway reconstruction project.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE E. CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended September 30, 2017, was as follows:

| | Beginning Balances | Increases | Decreases | Transfers | Ending Balances |
|--|-------------------------------|---------------------|---------------------|------------------|----------------------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land and land rights | \$ 3,000,260 | \$ 1,777,879 | \$ (203,616) | \$ - | \$ 4,574,523 |
| Total capital assets, not being depreciated | <u>3,000,260</u> | <u>1,777,879</u> | <u>(203,616)</u> | <u>-</u> | <u>4,574,523</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 8,936,968 | 245,368 | (79,116) | - | 9,103,220 |
| Improvements other than buildings | 4,887,437 | 79,604 | - | - | 4,967,041 |
| Machinery and equipment | 10,952,036 | 745,538 | (212,416) | - | 11,485,158 |
| Infrastructure | 29,796,943 | 1,553,288 | - | - | 31,350,231 |
| Total capital assets, being depreciated | <u>54,573,384</u> | <u>2,623,798</u> | <u>(291,532)</u> | <u>-</u> | <u>56,905,650</u> |
| Less: accumulated depreciation | | | | | |
| Buildings and improvements | (3,214,098) | (234,131) | 52,116 | - | (3,396,113) |
| Improvements other than buildings | (3,208,590) | (201,502) | - | - | (3,410,092) |
| Machinery and equipment | (6,369,905) | (727,548) | 193,065 | - | (6,904,388) |
| Infrastructure | (13,024,870) | (808,249) | - | - | (13,833,119) |
| Total accumulated depreciation | <u>(25,817,463)</u> | <u>(1,971,430)</u> | <u>245,181</u> | <u>-</u> | <u>(27,543,712)</u> |
| Total capital assets, being depreciated, net | <u>28,755,921</u> | <u>652,368</u> | <u>(46,351)</u> | <u>-</u> | <u>29,361,938</u> |
| Governmental activities capital assets, net | <u>\$ 31,756,181</u> | <u>\$ 2,430,247</u> | <u>\$ (249,967)</u> | <u>\$ -</u> | <u>\$ 33,936,461</u> |
| Business-Type Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land and land rights | \$ 126,631 | \$ 10,473 | \$ - | \$ - | 137,104 |
| Construction in progress | - | 5,421 | - | - | 5,421 |
| Total capital assets, not being depreciated | <u>126,631</u> | <u>15,894</u> | <u>-</u> | <u>-</u> | <u>142,525</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 11,021,653 | 56,058 | - | - | 11,077,711 |
| Improvements other than buildings | 58,893,606 | 5,080,402 | - | - | 63,974,008 |
| Machinery and equipment | 7,454,951 | 1,119,081 | (164,394) | - | 8,409,638 |
| Total capital assets, being depreciated | <u>77,370,210</u> | <u>6,255,541</u> | <u>(164,394)</u> | <u>-</u> | <u>83,461,357</u> |
| Less: accumulated depreciation | | | | | |
| Buildings and improvements | (8,981,676) | (266,584) | - | - | (9,248,260) |
| Improvements other than buildings | (34,525,591) | (1,697,155) | - | - | (36,222,746) |
| Machinery and equipment | (5,121,386) | (425,130) | 161,117 | - | (5,385,399) |
| Total accumulated depreciation | <u>(48,628,653)</u> | <u>(2,388,869)</u> | <u>161,117</u> | <u>-</u> | <u>(50,856,405)</u> |
| Total capital assets, being depreciated, net | <u>28,741,557</u> | <u>3,866,672</u> | <u>(3,277)</u> | <u>-</u> | <u>32,604,952</u> |
| Business-type activities capital assets, net | <u>\$ 28,868,188</u> | <u>\$ 3,882,566</u> | <u>\$ (3,277)</u> | <u>\$ -</u> | <u>\$ 32,747,477</u> |

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE E. CAPITAL ASSETS AND DEPRECIATION - CONTINUED

Depreciation expense was charged to functions/programs as follows for the year ended September 30, 2017:

Governmental Activities:

| | |
|----------------------------|---------------------|
| General government | \$ 35,729 |
| Public safety | 446,706 |
| Highway and streets | 977,004 |
| Culture and recreation | 511,991 |
| Total depreciation expense | <u>\$ 1,971,430</u> |

Business-Type Activities:

| | |
|----------------------------|---------------------|
| Electric | \$ 1,134,350 |
| Water | 518,390 |
| Water Pollution Control | 531,637 |
| Sanitation | - |
| BASWA | 204,492 |
| Total depreciation expense | <u>\$ 2,388,869</u> |

Capital assets activity for the Beatrice Airport Authority for the year ended September 30, 2017, was as follows:

| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|--|-------------------------------|--------------------|------------------|----------------------------|
| Beatrice Airport Authority: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and land rights | \$ 1,321,356 | \$ - | \$ - | \$ 1,321,356 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 1,688,891 | 75,279 | - | 1,764,170 |
| Improvements other than buildings | 9,652,279 | 89,704 | - | 9,741,983 |
| Machinery and equipment | 321,300 | 13,551 | - | 334,851 |
| Total capital assets, being depreciated | 11,662,470 | 178,534 | - | 11,841,004 |
| Less: accumulated depreciation | | | | |
| Buildings and improvements | (1,402,661) | (30,243) | - | (1,432,904) |
| Improvements other than buildings | (4,427,936) | (209,148) | - | (4,637,084) |
| Machinery and equipment | (296,782) | (4,897) | - | (301,679) |
| Total accumulated depreciation | (6,127,379) | (244,288) | - | (6,371,667) |
| Total capital assets, being depreciated, net | 5,535,091 | (65,754) | - | 5,469,337 |
| Beatrice Airport Authority capital assets, net | <u>\$ 6,856,447</u> | <u>\$ (65,754)</u> | <u>\$ -</u> | <u>\$ 6,790,693</u> |

The Beatrice Public Library Foundation, Inc. had capital assets of \$48,598 as of July 31, 2017.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE F. RESTRICTED ASSETS

Certain assets of the City's enterprise funds and component units have constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These assets are reported as restricted assets. The following table summarizes the restricted assets by purpose for each fund or component unit as of September 30, 2017, except for the Foundation which are as of July 31, 2017.

| | Customer and Developer Deposits | Debt Service Reserve | Closure and Postclosure Costs | Donor/ Grantor Restrictions | Developer Tax Increment Financing | Total |
|-----------------------------------|--|----------------------------|--|-----------------------------------|--|---------------------|
| Enterprise Funds | | | | | | |
| Electric | \$ 374,781 | \$ 79,275 | \$ - | \$ - | \$ - | \$ 454,056 |
| Water | - | 136,968 | - | - | - | 136,968 |
| Water Pollution Control | - | 188,321 | - | - | - | 188,321 |
| BASWA | - | 352,838 | 1,616,399 | - | - | 1,969,237 |
| Total Enterprise Funds | <u>\$ 374,781</u> | <u>\$ 757,402</u> | <u>\$ 1,616,399</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,748,582</u> |
| Component Units | | | | | | |
| Beatrice Airport Authority | \$ - | \$ 97,028 | \$ - | \$ - | \$ - | \$ 97,028 |
| Community Redevelopment Authority | - | - | - | - | 40,090 | 40,090 |
| Beatrice Library Foundation, Inc. | - | - | - | 249,201 | - | 249,201 |
| Total Component Units | <u>\$ -</u> | <u>\$ 97,028</u> | <u>\$ -</u> | <u>\$ 249,201</u> | <u>\$ 40,090</u> | <u>\$ 386,319</u> |

NOTE G. INTERFUND ACTIVITY

Interfund transfers were as follows for the year ended September 30, 2017:

| | Transfers Out | | Transfers In | |
|--------------------------|------------------|--------------------------------|-------------------|--------------------------------|
| | General Fund | Other Governmental Funds | General Fund | Other Governmental Funds |
| General Fund | \$ - | \$ 309,756 | \$ 309,756 | |
| Other Governmental Funds | 70,082 | - | 70,082 | |
| Total | <u>\$ 70,082</u> | <u>\$ 309,756</u> | <u>\$ 379,838</u> | |

During the year ended September 30, 2017, the 911 surcharge fund transferred \$70,082 to the general fund; and the general fund transferred \$309,756 to the capital improvements fund.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE H. DEFICIT FUND BALANCES

There were no deficit balances as of September 30, 2017.

NOTE I. LONG-TERM OBLIGATIONS

The City issues tax anticipation and revenue bonds to finance the acquisition and construction of major capital assets. Bonded indebtedness is also entered into to advance refund revenue bonds. The tax anticipation bonds are repaid with property taxes recorded in the debt service fund and the revenue bonds are repaid from pledged revenues derived from the acquired or constructed assets. The City has pledged its full faith and credit as collateral for the bonds.

The City has entered into a lease agreement, as lessee, to finance the acquisition of a Caterpillar compactor for use by the Beatrice Area Solid Waste Agency ("BASWA"). This lease qualifies as a capital lease for accounting purposes and the cost of the equipment obtained through this lease was capitalized in machinery and equipment. The equipment had an original cost of \$772,500, and has a remaining net book value of \$732,429 at September 30, 2017.

The City has entered into a lease agreement to finance the acquisition of a street sweeper for use by the Street Fund. A separate lease agreement has been entered into to finance the acquisition of a skid loader for use by the Street Fund. Both leases qualify as a capital lease for accounting purposes and the cost of the equipment obtained through these leases was capitalized in machinery and equipment. The equipment had an original cost of \$135,000, and has a remaining net book value of \$88,080 at September 30, 2017.

The City has entered into a lease agreement to finance the installation of overhead field lighting for three softball fields. This lease agreement qualifies as a capital lease for accounting purposes and the cost of the improvements was capitalized in improvements other than buildings. The original cost of these improvements was \$317,665, and these assets have a remaining net book value of \$274,323 at September 30, 2017.

In March 2017, the Beatrice Area Solid Waste Agency issued \$1,250,000 of Solid Waste Disposal Facilities Revenue Bonds, Series 2017, to finance the expansion of the solid waste disposal facilities.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE I. LONG-TERM OBLIGATIONS - CONTINUED

The Beatrice Airport Authority, a component unit of the City, issued bonds to finance the purchase of land, construction of improvements to the airport facility, and construction of certain runway extension improvements. These bonds are payable from property taxes, together with revenues from the rental property of the Airport Authority.

Long-term bonded debt of the City's primary government and its component units was comprised of the following individual issues:

| Original Amount | Issued ¹ | Issue | Interest Rates | When Due ¹ | Date Callable ¹ | 9/30/2017 Outstanding |
|---|---------------------|---|-------------------|--------------------------|-------------------------------|--------------------------|
| Governmental Activities: | | | | | | |
| Tax Supported Bonds: | | | | | | |
| \$ 575,000 | 2016 | Public Safety Tax Anticipation Bonds | 0.75 - 0.95% | 2017 to 2019 | --- | <u>\$ 385,000</u> |
| Business-Type Activities: | | | | | | |
| Combined Utilities Bonds: | | | | | | |
| \$1,725,000 | 2011 | Combined Utilities Revenue Refunding Bonds | 0.45 - 2.80% | 2012 to 2021 | 2016 | \$ 960,000 |
| \$2,040,000 | 2013 | Combined Utilities Revenue Refunding Bonds | 0.40 - 2.30% | 2013 to 2023 | 2018 | <u>1,325,000</u> |
| | | Total Combined Utilities Bonds | | | | <u>\$2,285,000</u> |
| Beatrice Area Solid Waste Agency (BASWA): | | | | | | |
| \$1,250,000 | 2017 | BASWA Facilities Revenue Bonds | 1.10 - 2.55% | 2017 to 2024 | 2023 | \$1,250,000 |
| \$ 825,000 | 2016 | BASWA Disposal Facilities Rev Refunding Bonds | 0.75 - 1.75% | 2017 to 2024 | 2021 | <u>625,000</u> |
| | | Total BASWA Bonds | | | | <u>\$1,875,000</u> |
| Component Units: | | | | | | |
| Beatrice Airport Authority: | | | | | | |
| \$ 340,000 | 2010 | Airport Authority Bonds | 1.00 - 3.35% | 2011 to 2018 | 2015 | \$ 45,000 |
| \$ 395,000 | 2015 | Airport Authority Bonds | 0.40 - 1.45% | 2015 to 2019 | 2018 | <u>215,000</u> |
| | | Total Airport Authority Bonds | | | | <u>\$ 260,000</u> |

¹ Fiscal year

All of the long-term bond issues of the City's primary government and its component units are serial bonds with principal due annually and interest due semi-annually.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE I. LONG-TERM OBLIGATIONS - CONTINUED

Long-term obligations activity for the year ended September 30, 2017, for the City and its component units was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|----------------------------------|------------------------------|--------------------|----------------------|---------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| Bonds payable | \$ 575,000 | \$ - | \$ (190,000) | \$ 385,000 | \$ 190,000 |
| Lease payable | 347,633 | - | (99,904) | 247,729 | 103,432 |
| Compensated absences | 956,034 | 402,739 | (415,562) | 943,211 | 349,164 |
| | <u>1,878,667</u> | <u>402,739</u> | <u>(705,466)</u> | <u>1,575,940</u> | <u>642,596</u> |
| Business-Type Activities: | | | | | |
| Revenue bonds payable | 3,445,000 | 1,250,000 | (535,000) | 4,160,000 | 595,000 |
| Lease payable | - | 772,500 | - | 772,500 | 151,062 |
| Compensated absences | 720,654 | 291,489 | (254,121) | 758,022 | 276,121 |
| Closure and post-closure costs | 3,679,000 | 491,000 | - | 4,170,000 | - |
| | <u>7,844,654</u> | <u>2,804,989</u> | <u>(789,121)</u> | <u>9,860,522</u> | <u>1,022,183</u> |
| Primary Government | <u>\$9,723,321</u> | <u>\$3,207,728</u> | <u>\$(1,494,587)</u> | <u>\$11,436,462</u> | <u>\$1,664,779</u> |
| Component Units: | | | | | |
| Airport Authority: | | | | | |
| Bonds payable | \$ 365,000 | \$ - | \$ (105,000) | \$ 260,000 | \$ 150,000 |
| Compensated absences | 70,489 | 16,085 | (14,486) | 72,088 | 15,944 |
| Component Units | <u>\$ 435,489</u> | <u>\$ 16,085</u> | <u>\$ (119,486)</u> | <u>\$ 332,088</u> | <u>\$ 165,944</u> |

The City's governmental funds' compensated absences will be liquidated primarily by the General Fund and the proprietary funds' compensated absences will be liquidated by the fund where the personnel costs are incurred. The Beatrice Airport Authority's compensated absences will be liquidated by its general fund. See footnote L for information about the City's closure and post-closure costs.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE I. LONG-TERM OBLIGATIONS - CONTINUED

Annual requirements to pay principal and interest to maturity on outstanding long-term obligations are as follows:

| Fiscal Year Ending September 30 | Governmental Activities | | | |
|---------------------------------------|-------------------------|-----------------|-------------------|------------------|
| | Tax Allocation Bonds | | Capital Lease | |
| | Principal | Interest | Principal | Interest |
| 2018 | \$ 190,000 | \$ 3,468 | \$ 103,432 | \$ 9,139 |
| 2019 | 195,000 | 1,852 | 75,657 | 5,480 |
| 2020 | - | - | 68,640 | 2,761 |
| | <u>\$ 385,000</u> | <u>\$ 5,320</u> | <u>\$ 247,729</u> | <u>\$ 17,380</u> |

| Fiscal Year Ending September 30 | Business-Type Activities | | | |
|---------------------------------------|--------------------------|-------------------|-------------------|------------------|
| | Revenue Bonds | | Capital Lease | |
| | Principal | Interest | Principal | Interest |
| 2018 | \$ 595,000 | \$ 74,367 | \$ 151,062 | \$ 9,254 |
| 2019 | 595,000 | 67,679 | 152,440 | 7,876 |
| 2020 | 605,000 | 59,021 | 154,372 | 5,944 |
| 2021 | 615,000 | 48,085 | 156,317 | 3,998 |
| 2022 | 800,000 | 33,320 | 158,309 | 2,006 |
| 2023 - 2024 | 950,000 | 28,486 | - | - |
| | <u>\$ 4,160,000</u> | <u>\$ 310,958</u> | <u>\$ 772,500</u> | <u>\$ 29,078</u> |

| Fiscal Year Ending September 30 | Component Units | |
|---------------------------------------|-------------------------|-----------------|
| | Airport Authority Bonds | |
| | Principal | Interest |
| 2018 | \$ 150,000 | \$ 4,310 |
| 2019 | 110,000 | 1,595 |
| | <u>\$ 260,000</u> | <u>\$ 5,905</u> |

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE I. LONG-TERM OBLIGATIONS - CONTINUED

Community Redevelopment Authority – Developer ‘Purchased’ Tax Increment Financing

Developer purchased special tax increment financing allows the CRA, with approval from the affected tax jurisdictions, to create special districts to enable public / private improvements within those districts that will generate public/ private-sector development. The CRA has entered into agreements with developers, which freezes the tax base at the predevelopment level, and the taxes generated from the incremental increases in assessed value are remitted to the developer. The agreements between the CRA and the developers expressly limit the CRA’s commitment for debt repayment to the incremental tax collected during the specified term. At the end of the term, the tax jurisdiction (i.e. City, County, School District, etc.) collects on the increased property values.

The CRA’s responsibility for this liability is limited only to the remittance of paid taxes, thus these notes and bonds are not reflected in the CRA’s financial statements. The developer financing can be either CRA issued bonds, for which the CRA is only liable for remittance of paid taxes in the special district, or privately issued debt of the developer. At September 30, 2017, there were approximately \$2,139,000 of developer purchased tax increment financing notes and bonds outstanding.

NOTE J. EMPLOYEES’ RETIREMENT PLANS

The employees of the City are covered by several retirement plans. The City participates in the following employee retirement plans:

| <u>Name of Plan</u> | <u>Type of Plan</u> |
|----------------------------|--------------------------------------|
| Police and Firefighters | Defined Contribution Plan |
| Non-Uniformed Employees | Defined Contribution Plan |
| Board of Public Works | Defined Contribution Plan |
| Deferred Compensation Plan | Qualified Deferred Compensation Plan |

The Police and Firefighters plan, the Non-Uniformed Employees plan, and the Board of Public Works plan are administered by the City, and are included within the City’s Pension Trust Funds. The Deferred Compensation plans are administered by trustees independent of the City, thus the assets and liabilities related to these plans are not included in the financial statements. The City does not issue separate, audited financial reports of the retirement plans noted above.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE J. EMPLOYEES' RETIREMENT PLANS - CONTINUED

1. Police and Firefighters

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. The plan was originally created as a defined benefit plan, but was converted to a defined contribution plan on January 1, 1984. City Code assigns the authority to establish and amend benefit provisions of the plan to the City Council.

Police – Members of the Police can retire at age 60 and above with 21 or more years of service if employed prior to November 18, 1965. Members, aged 55 to 59 and those over the age of 60 employed on or after November 18, 1965, can retire with 25 or more years of service. The plan also provides death and disability benefits. A member is 40% vested after two years of service, 60% after four years, 80% after five years, and 100% after seven years. At September 30, 2017, there were 26 total participants (active and inactive) in this portion of the plan.

Firefighters – 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%. At September 30, 2017, there were 25 total participants in this portion of the plan.

Pre-1984 – Police and firefighters hired prior to January 1, 1984, participate in the defined contribution plan, but are entitled to receive either their benefit from the defined contribution plan or defined benefit plan, whichever is greater. Only seven participants remained under this arrangement as of September 30, 2017. The City obtained an actuarial study for this arrangement, as of October 1, 2017, which noted the assets held for future benefit payments for these individuals exceeded the actuarial value of projected future benefit payments, thus no obligation exists for the City as of September 30, 2017.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE J. EMPLOYEES' RETIREMENT PLANS - CONTINUED

1. Police and Firefighters - Continued

Contribution Requirements and Contributions Made

Police – The contribution rate for police employees is 7% of gross compensation, with the City also providing a 7% matching contribution. Both the City and covered employees made the required contributions, amounting to \$83,258 for the City and use of \$8,724 in forfeitures, and \$91,982 for the employees, for 2017.

Firefighters – The contribution rate for firefighter employees is 6.5% of base pay, with the City also providing a 13.0% matching contribution. Both the City and the covered employees made the required contributions, amounting to \$146,941 and use of \$17,345 in forfeitures, and \$82,143, respectively, for 2017.

2. Non-Uniformed Employees

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. City Code assigns the authority to establish and amend benefit provisions of the various plans to the City Council. This plan also covers employees of the Airport Authority of the City of Beatrice. The plan is a defined contribution plan. The employees are eligible to participate in the plan after completing one year of full-time service and reaching age 21. The employee is always 100% vested in his or her plan contributions, plus any earnings. Employer contributions plus any earnings generated shall be vested with the employee at a rate of 25% each year, with 100% vesting upon completion of 4 or more years of plan participation. At September 30, 2017, there were 41 participants in this plan.

Contribution Requirements and Contributions Made

The contribution rate for the non-uniformed employees is 6.0% of base pay, with the City also providing a 6.0% matching contribution. Both the City and the covered employees made the required contributions, amounting to \$88,992 for the City and use of \$1,035 in forfeitures, and \$90,027 for the employees, for 2017.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE J. EMPLOYEES' RETIREMENT PLANS - CONTINUED

3. Board of Public Works

Plan Description

The City of Beatrice Board of Public Works (BPW) has adopted a defined contribution plan available to all employees with one year of service and who have attained the age of 19. Eligible employees are required to join the Plan on the first day of the month coinciding with or next following the date on which the eligibility requirements are met. The employee is always 100% vested in his or her plan contributions, plus any earnings. Employer contributions plus any earnings generated shall be vested with the employee at a rate of 25% each year, with 100% vesting upon completion of 4 or more years of plan participation. At September 30, 2017, there were 51 participants in this plan. Plan provisions and contribution requirements are established by and may be amended by the Board of Public Works.

Contribution Requirements and Contributions Made

Through payroll deductions, the employee is required to make pre-tax contributions of 6% of compensation, as a condition of participating in the Plan. The Board of Public Works will make a contribution of 6% of the employee's annual compensation to the Plan. Both the Board of Public Works and covered employees made the required contributions, amounting to \$161,486 for the Board of Public Works, and \$161,486 for the employees, for 2017.

4. Deferred Compensation Plan

City and Board of Public Works employees have the option of participating in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan allows employees to defer a portion of current salary to future years, but the deferred balance is not available to employees until termination, retirement, death, unforeseeable emergency, or permanent disability. All amounts of compensation deferred under the plan, including income attributed to such amounts, are placed in a trust which is not the property of the City or Board of Public Works. Employees made contributions of \$125,071 to the plan in 2017.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE K. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees and the public; or acts of God. These liability exposures continue to be insured through an A+ rated insurance company. Settled claims in the past three years have not exceeded the commercial coverages.

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

The City funds its self-insurance program on an "incurred loss" basis. 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 Fund has a claims liability of \$176,415 reported at September 30, 2017.

The change in the Fund's claims liability amount in fiscal 2017 was as follows:

| | <u>2017</u> |
|-------------------------------------|--------------------|
| Beginning claims liability | \$ 96,753 |
| Charges | 2,407,232 |
| Claims paid and changes in estimate | <u>(2,327,570)</u> |
| Ending claims liability | <u>\$ 176,415</u> |

NOTE L. COMMITMENTS AND CONTINGENCIES

1. General

The City participates in some federal and state assisted grant programs. Federal and state financial assistance programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agencies is not determinable at this time; however, City officials do not believe that such amounts would be significant.

At September 30, 2017, approximately 83% of the full-time, regular City's employees are represented by a Union. All future labor contracts involving City employees have been negotiated to cover a period through September 2018.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE L. COMMITMENTS AND CONTINGENCIES - CONTINUED

1. General - Continued

The City is a defendant in a number of lawsuits and claims in its normal course of operations. Management is currently of the opinion that ultimate settlement of such lawsuits and claims will not have a materially adverse effect on the financial statements.

The City of Beatrice is identified as a Potentially Responsible Party as defined by the Comprehensive Environmental Compensation and Liability Act of 1980 by reason of current ownership of property with the presence of contamination. The City's potential exposure to the clean-up costs may be up to 25% of the total costs, which the City will try to recover from the previous owner and the engineering firm that performed the environmental assessment prior to purchase of the property. Clean up of the site was substantially complete as of September 30, 2017, with the City incurring approximately \$1.6 million in costs. The remaining clean up consists of the disposal of several old methyl mercaptan cylinders, however the costs associated with this disposal were not estimable at September 30, 2017.

2. Closure and Postclosure Care Cost

The Beatrice Area Solid Waste Agency, a fund of the City, owns and operates both a municipal solid waste landfill and a construction and demolition debris landfill. State and federal laws and regulations require the City to close the landfills once capacity is reached and to monitor and maintain the site for thirty subsequent years on the municipal solid waste landfill and five subsequent years on the construction and demolition debris landfill. Although certain closure and postclosure care costs will be paid only near or after the date that the landfills stop accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of September 30, 2017.

At September 30, 2017, the City incurred a liability of approximately \$4,000,000 for the municipal solid waste landfill which represents the costs reported to date based on the approximately 61.3% of the landfill capacity used to date. The remaining estimated liability for these costs is approximately \$2,616,000, which will be recognized as the remaining capacity is used (estimated to be over approximately 12 years).

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE L. COMMITMENTS AND CONTINGENCIES – CONTINUED

2. Closure and Postclosure Care Cost – Continued

At September 30, 2017, the City incurred a liability of approximately \$30,000 for the construction and demolition debris landfill which represents the costs reported to date based on approximately 3% of the landfill capacity used to date. The remaining estimated liability for these costs is approximately \$980,000, which will be recognized as the remaining capacity is used (estimated to be over approximately 90 years). The estimated costs of closure and postclosure care, as determined by an independent engineering consultant, are subject to changes including the effects of inflation, revisions of laws, changes in technology, actual sequence of landfill development and closure, and other variables.

The City, in a review by the Nebraska Department of Environmental Quality (NDEQ), has demonstrated compliance with the financial requirements as specified in Title 132 – *Integrated Solid Waste Management Regulations*, through the Local Government Financial Test.

The City also owns a municipal solid waste disposal area which discontinued operations in 1998, but still requires certain closure and postclosure care, including the construction of final cover, monitoring of groundwater conditions and landfill gas mitigation, and general site maintenance. At September 30, 2017, a liability for closure and postclosure care costs is recorded in the amount of approximately \$140,000. Any unanticipated corrective action costs related to landfill gas migration or groundwater contamination, if identified through current monitoring procedures, may be recorded once these costs can be reasonably estimated.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. At September 30, 2017, the City holds investments of \$1,616,399 for these purposes. These are reported as restricted assets on the balance sheet. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE M. TAX ABATEMENTS

As of September 30, 2017, the City provides tax abatements through the Tax Increment Financing (TIF) program.

The Tax Increment Financing Law allows for the increased property taxes generated by the improvement of blighted property to be used to pay for the financing of community redevelopment/TIF projects. The statutes for community redevelopment/TIF are found in Neb.Rev.Stat. SS 18-2101 through 18-2150. The City must declare the area as substandard, blighted, and in need of redevelopment. The City is required to prepare a redevelopment plan. TIF bonds may be issued for the acquisition of property, site preparation, and public improvements. An agreement is entered into between the City and the Developer and a base valuation is established. The base property valuation remains accessible to all taxing entities. Any increase in value and resulting taxes are used to pay off the debt incurred for the redevelopment project. The project must not exceed a 15-year period.

For the ended September 30, 2017, the City abated \$68,952 in property tax revenue under the tax increment financing program.

NOTE N. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 8, 2018, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Beatrice, Nebraska
GENERAL FUND
MAJOR FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | | | | |
|--|---------------------|-----------------------|-----------------------|------------------------------------|-------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2016 Actual |
| Revenues | | | | | |
| Taxes | | | | | |
| Property tax | \$ 2,114,839 | \$ 2,114,839 | \$ 2,116,562 | \$ 1,723 | \$ 2,045,362 |
| Sales tax | 2,282,000 | 2,282,000 | 2,296,259 | 14,259 | 2,333,597 |
| Occupation tax | 764,075 | 764,075 | 667,508 | (96,567) | 710,457 |
| Licenses and permits | 116,900 | 116,900 | 182,377 | 65,477 | 131,063 |
| Intergovernmental | 1,650,669 | 1,650,669 | 1,748,328 | 97,659 | 1,764,655 |
| Charges for services | 1,864,110 | 1,864,110 | 1,859,992 | (4,118) | 1,832,205 |
| Interest | 6,000 | 6,000 | 19,661 | 13,661 | 8,093 |
| Miscellaneous | 150,000 | 150,000 | 142,160 | (7,840) | 212,116 |
| Total Revenues | <u>8,948,593</u> | <u>8,948,593</u> | <u>9,032,847</u> | <u>84,254</u> | <u>9,037,548</u> |
| Expenditures | | | | | |
| General government | 1,477,408 | 2,927,408 | 2,887,210 | 40,198 | 1,620,247 |
| Public safety | 5,743,815 | 5,835,815 | 6,000,194 | (164,379) | 5,785,472 |
| Culture and recreation | 1,269,966 | 1,269,966 | 1,194,148 | 75,818 | 1,366,980 |
| Total Expenditures | <u>8,491,189</u> | <u>10,033,189</u> | <u>10,081,552</u> | <u>(48,363)</u> | <u>8,772,699</u> |
| Excess of Revenues Over Expenditures | 457,404 | (1,084,596) | (1,048,705) | 35,891 | 264,849 |
| Other Financing Sources (Uses) | | | | | |
| Insurance proceeds | 2,000 | 2,000 | - | (2,000) | 149,528 |
| Bond proceeds | - | - | - | - | 44,542 |
| Sales of capital assets | 2,000 | 2,000 | 4,283 | 2,283 | 405 |
| Transfers from other funds | 70,000 | 70,000 | 70,082 | 82 | 70,029 |
| Transfers to other funds | (706,500) | (706,500) | (309,756) | 396,744 | (360,398) |
| Total Other Financing Sources (Uses) | <u>(632,500)</u> | <u>(632,500)</u> | <u>(235,391)</u> | <u>397,109</u> | <u>(95,894)</u> |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ (175,096)</u> | <u>\$ (1,717,096)</u> | <u>\$ (1,284,096)</u> | <u>\$ 433,000</u> | <u>\$ 168,955</u> |

See independent auditor's report.

City of Beatrice, Nebraska
STREETS SPECIAL REVENUE FUND
MAJOR FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | | | |
|--|--------------------|-----------------|--------------|------------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| | | | | 2016 Actual |
| Revenues | | | | |
| Taxes | | | | |
| Sales tax | \$ 630,000 | \$ 630,000 | \$ 636,565 | \$ 6,565 |
| Intergovernmental: | | | | |
| Local shared revenue | 25,000 | 25,000 | - | (25,000) |
| State shared revenue | 1,779,011 | 1,779,011 | 1,782,115 | 3,104 |
| Federal grants | 250,000 | 250,000 | 233,229 | (16,771) |
| Total Intergovernmental | 2,054,011 | 2,054,011 | 2,015,344 | (38,667) |
| Charges for services | 23,989 | 23,989 | 24,098 | 109 |
| Miscellaneous | 32,000 | 32,000 | 55,290 | 23,290 |
| Total Revenues | 2,740,000 | 2,740,000 | 2,731,297 | (8,703) |
| Expenditures | | | | |
| Personal services | 802,061 | 802,061 | 785,486 | 16,575 |
| Other services and charges | 82,800 | 82,800 | 62,353 | 20,447 |
| Supplies | 274,500 | 274,500 | 187,090 | 87,410 |
| Capital outlay | 2,508,755 | 2,508,755 | 1,863,051 | 645,704 |
| Total Expenditures | 3,668,116 | 3,668,116 | 2,897,980 | 770,136 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ (928,116) | \$ (928,116) | \$ (166,683) | \$ 761,433 |
| | | | | \$ 240,117 |

See independent auditor's report.

SUPPLEMENTARY INFORMATION

City of Beatrice
GENERAL FUND
BALANCE SHEET
September 30, 2017

With comparative totals for September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 370,965 | \$ 1,446,030 |
| Investments | 1,211,648 | 1,003,159 |
| Cash on deposit - county treasurer | 95,979 | 205,197 |
| Accounts receivable | 552,885 | 510,634 |
| Taxes receivable | 111,661 | 106,253 |
| Due from other governments | 440,893 | 448,194 |
| Total Assets | <u>\$ 2,784,031</u> | <u>\$ 3,719,467</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | |
| Liabilities | | |
| Accounts payable | <u>\$ 513,211</u> | <u>\$ 253,382</u> |
| Deferred Inflows of Resources | | |
| Unavailable revenues | <u>399,156</u> | <u>310,325</u> |
| Fund Balance | | |
| Assigned for subsequent years' expenditures | 674,023 | 1,141,943 |
| Unassigned | <u>1,197,641</u> | <u>2,013,817</u> |
| Total Fund Balance | <u>1,871,664</u> | <u>3,155,760</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | <u>\$ 2,784,031</u> | <u>\$ 3,719,467</u> |

See independent auditor's report.

City of Beatrice, Nebraska
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | | | | 2016 |
|---|--------------------|------------------|------------------|------------------------------------|------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Taxes | | | | | |
| Property tax | \$ 1,923,839 | \$ 1,923,839 | \$ 1,874,822 | \$ (49,017) | \$ 1,815,932 |
| Homestead exemption allocation | 125,000 | 125,000 | 138,112 | 13,112 | 135,316 |
| Property tax credit | 60,000 | 60,000 | 97,847 | 37,847 | 88,802 |
| Interest on delinquent taxes | 6,000 | 6,000 | 5,781 | (219) | 5,312 |
| City sales tax | 2,282,000 | 2,282,000 | 2,296,259 | 14,259 | 2,333,597 |
| Utilities occupation tax | 650,000 | 650,000 | 555,380 | (94,620) | 573,926 |
| Beer and liquor occupation tax | 20,000 | 20,000 | 17,595 | (2,405) | 19,158 |
| Insurance company occupation tax | 75 | 75 | - | (75) | - |
| Lodging occupation tax | 90,000 | 90,000 | 91,528 | 1,528 | 114,398 |
| Miscellaneous occupation tax | 4,000 | 4,000 | 3,005 | (995) | 2,975 |
| Total Taxes | 5,160,914 | 5,160,914 | 5,080,329 | (80,585) | 5,089,416 |
| Licenses and Permits | | | | | |
| Bicycle licenses | 100 | 100 | 35 | (65) | 25 |
| Pet licenses | 6,000 | 6,000 | 4,602 | (1,398) | 4,621 |
| Plumbers' licenses | 300 | 300 | 610 | 310 | 1,823 |
| Building permits | 100,000 | 100,000 | 164,565 | 64,565 | 114,385 |
| Plumbing permits | 4,000 | 4,000 | 7,015 | 3,015 | 3,855 |
| Mechanical permits | 1,500 | 1,500 | 2,137 | 637 | 1,006 |
| Miscellaneous permits | 5,000 | 5,000 | 3,413 | (1,587) | 5,348 |
| Total Licenses and Permits | 116,900 | 116,900 | 182,377 | 65,477 | 131,063 |
| Intergovernmental | | | | | |
| Motor vehicle tax | 220,000 | 220,000 | 234,616 | 14,616 | 228,071 |
| County library aid | 24,000 | 24,000 | 24,000 | - | 23,000 |
| Interlocal 911 dispatch aid | 468,000 | 468,000 | 517,106 | 49,106 | 465,199 |
| County ambulance service | 190,000 | 190,000 | 180,000 | (10,000) | 180,000 |
| Intergovernmental-school officer | 51,000 | 51,000 | 49,658 | (1,342) | 47,247 |
| Other intergovernmental | 7,000 | 7,000 | 7,000 | - | 7,000 |
| Municipal equalization funds | 539,682 | 539,682 | 547,190 | 7,508 | 515,903 |
| Victim assistance grants | 95,958 | 95,958 | 69,010 | (26,948) | 87,414 |
| Library state aid | 2,700 | 2,700 | 2,130 | (570) | 2,280 |
| Pro-Rate motor vehicle | 5,500 | 5,500 | 6,265 | 765 | 5,879 |
| Other federal grants | - | - | 30,016 | 30,016 | 71,194 |
| Federal - COPS grants | 37,000 | 37,000 | 44,233 | 7,233 | 30,256 |
| Federal funds police assistance | 9,829 | 9,829 | 7,504 | (2,325) | 7,335 |
| Hazard mitigation grant | - | - | - | - | 93,877 |
| CDBG downtown revitalization | - | - | 29,600 | 29,600 | - |
| Total Intergovernmental | 1,650,669 | 1,650,669 | 1,748,328 | 97,659 | 1,764,655 |
| Charges for Services | | | | | |
| Publication cost income | 500 | 500 | 483 | (17) | 523 |
| Management and budget miscellaneous charges | 1,500 | 1,500 | 713 | (787) | 801 |
| Accounting services | 34,950 | 34,950 | 34,986 | 36 | 34,200 |
| BASWA management services | 23,760 | 23,760 | 23,764 | 4 | 23,072 |
| Administration and legal services | 258,300 | 258,300 | 266,240 | 7,940 | 255,462 |

See independent auditor's report.

City of Beatrice, Nebraska
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
For the year ended September 30, 2017
With comparative totals for September 30, 2016

2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2016 Actual |
|---|---------------------|---------------------|---------------------|------------------------------------|---------------------|
| Charges for Services (Continued) | | | | | |
| CDBG administration fees | \$ 1,000 | \$ 1,000 | \$ 2,056 | \$ 1,056 | \$ - |
| Recycling agreement fees | - | - | 3,710 | 3,710 | - |
| Restitution - fees and damages | 2,500 | 2,500 | 200 | (2,300) | 748 |
| Inspection miscellaneous charges | 1,000 | 1,000 | 2,158 | 1,158 | 2,414 |
| Recover demolition charges | 5,000 | 5,000 | 20,605 | 15,605 | 7,139 |
| Police charges | 3,000 | 3,000 | 2,325 | (675) | 3,432 |
| Fire charges | 11,400 | 11,400 | 10,920 | (480) | 11,137 |
| Ambulance charges | 1,779,000 | 1,779,000 | 1,826,951 | 47,951 | 1,789,566 |
| Ambulance contracted adjustments | (540,000) | (540,000) | (621,628) | (81,628) | (573,306) |
| Public safety miscellaneous charges | 27,000 | 27,000 | 38,073 | 11,073 | 26,692 |
| Stop program charges | 1,500 | 1,500 | 1,520 | 20 | 2,160 |
| Land use agreements | 16,800 | 16,800 | 17,645 | 845 | 16,350 |
| Auditorium use fee | 28,000 | 28,000 | 27,035 | (965) | 26,842 |
| Water park admissions | 78,000 | 78,000 | 85,501 | 7,501 | 83,616 |
| Water park concessions and sales | 31,000 | 31,000 | 31,917 | 917 | 30,169 |
| Swim lessons | 5,000 | 5,000 | 3,968 | (1,032) | 4,901 |
| Mowing fees | 10,000 | 10,000 | 7,800 | (2,200) | 3,307 |
| Camping receipts | 41,000 | 41,000 | 42,558 | 1,558 | 52,151 |
| Farm income | 25,000 | 25,000 | 16,641 | (8,359) | 16,637 |
| Public properties miscellaneous charges | 5,000 | 5,000 | 2,210 | (2,790) | 506 |
| Library use fees | 7,500 | 7,500 | 4,474 | (3,026) | 5,990 |
| Library copying fees | 500 | 500 | 3,200 | 2,700 | 3,471 |
| Library miscellaneous charges | 2,000 | 2,000 | 1,822 | (178) | 1,460 |
| Interlibrary loan revenue | 200 | 200 | - | (200) | - |
| Parking fines and rents | 1,400 | 1,400 | 1,075 | (325) | 1,165 |
| School fines and fees | 2,300 | 2,300 | 1,070 | (1,230) | 1,600 |
| Total Charges for Services | <u>1,864,110</u> | <u>1,864,110</u> | <u>1,859,992</u> | <u>(4,118)</u> | <u>1,832,205</u> |
| Interest | | | | | |
| Interest earnings | 6,000 | 6,000 | 19,661 | 13,661 | 8,093 |
| Miscellaneous | | | | | |
| Lease income - BASWA | 59,000 | 59,000 | 59,410 | 410 | 57,680 |
| Donations | - | - | - | - | 27,000 |
| Donations - Beatrice plus program | 30,000 | 30,000 | 26,546 | (3,454) | 27,760 |
| Police donations | 1,500 | 1,500 | 3,306 | 1,806 | 24,548 |
| Fire donations | 1,000 | 1,000 | 4,608 | 3,608 | 4,380 |
| Water park donations | 1,500 | 1,500 | 1,804 | 304 | 2,230 |
| Public properties donations | 20,000 | 20,000 | 5,450 | (14,550) | 39,134 |
| Library donations | 8,000 | 8,000 | 17,952 | 9,952 | 6,537 |
| Library donations - foundation | 29,000 | 29,000 | 19,723 | (9,277) | 20,146 |
| Sidewalk program | - | - | 3,361 | 3,361 | 2,701 |
| Total Miscellaneous | <u>150,000</u> | <u>150,000</u> | <u>142,160</u> | <u>(7,840)</u> | <u>212,116</u> |
| Total Revenues | <u>\$ 8,948,593</u> | <u>\$ 8,948,593</u> | <u>\$ 9,032,847</u> | <u>\$ 84,254</u> | <u>\$ 9,037,548</u> |

See independent auditor's report.

City of Beatrice, Nebraska
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | | | Variance Positive (Negative) | 2016 Actual |
|-----------------------------|--------------------|-----------------|------------|------------------------------------|----------------|
| | Original Budget | Final Budget | Actual | | |
| General Government | | | | | |
| Management and Budget | | | | | |
| Personal services | \$ 704,946 | \$ 704,946 | \$ 710,474 | \$ (5,528) | \$ 715,906 |
| Other services and charges | 103,775 | 103,775 | 107,842 | (4,067) | 121,488 |
| Supplies | 5,900 | 5,900 | 5,817 | 83 | 6,520 |
| Capital outlay | 1,500 | 1,500 | 64,062 | (62,562) | 142,959 |
| Contingency | 288,000 | 1,738,000 | 1,652,151 | 85,849 | 176,563 |
| Contractual services | 142,865 | 142,865 | 117,388 | 25,477 | 232,913 |
| Total Management and Budget | 1,246,986 | 2,696,986 | 2,657,734 | 39,252 | 1,396,349 |
| Inspection | | | | | |
| Personal services | 156,297 | 156,297 | 161,769 | (5,472) | 156,720 |
| Other services and charges | 70,125 | 70,125 | 64,600 | 5,525 | 64,603 |
| Supplies | 4,000 | 4,000 | 3,107 | 893 | 2,575 |
| Total Inspection | 230,422 | 230,422 | 229,476 | 946 | 223,898 |
| Total General Government | 1,477,408 | 2,927,408 | 2,887,210 | 40,198 | 1,620,247 |
| Public Safety | | | | | |
| Police | | | | | |
| Personal services | 2,766,152 | 2,766,152 | 2,812,900 | (46,748) | 2,732,044 |
| Other services and charges | 229,530 | 271,530 | 273,289 | (1,759) | 234,364 |
| Supplies | 83,900 | 83,900 | 58,560 | 25,340 | 58,898 |
| Capital outlay | 41,908 | 41,908 | 43,172 | (1,264) | 72,124 |
| Contractual services | 60,000 | 60,000 | 60,000 | - | 60,000 |
| Contingencies | 1,500 | 1,500 | 1,850 | (350) | 1,400 |
| Total Police | 3,182,990 | 3,224,990 | 3,249,771 | (24,781) | 3,158,830 |
| Fire and Ambulance | | | | | |
| Personal services | 2,166,725 | 2,166,725 | 2,322,682 | (155,957) | 2,261,936 |
| Other services and charges | 252,650 | 302,650 | 313,257 | (10,607) | 251,880 |
| Supplies | 129,900 | 129,900 | 102,101 | 27,799 | 98,820 |
| Capital outlay | 11,550 | 11,550 | 12,383 | (833) | 14,006 |
| Total Fire | 2,560,825 | 2,610,825 | 2,750,423 | (139,598) | 2,626,642 |
| Total Public Safety | 5,743,815 | 5,835,815 | 6,000,194 | (164,379) | 5,785,472 |

See independent auditor's report.

City of Beatrice, Nebraska
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | | | | |
|--|---------------------|----------------------|---------------------|------------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2016 Totals |
| Culture and Recreation | | | | | |
| Public Properties | | | | | |
| Personal services | \$ 406,892 | \$ 406,892 | \$ 419,762 | \$ (12,870) | \$ 405,395 |
| Other services and charges | 105,315 | 105,315 | 93,507 | 11,808 | 102,325 |
| Supplies | 144,750 | 144,750 | 133,646 | 11,104 | 130,300 |
| Capital outlay | 48,850 | 48,850 | 24,701 | 24,149 | 182,135 |
| Contractual services | 55,000 | 55,000 | 48,260 | 6,740 | 48,236 |
| Total Public Properties | <u>760,807</u> | <u>760,807</u> | <u>719,876</u> | <u>40,931</u> | <u>868,391</u> |
| Library | | | | | |
| Personal services | 337,269 | 337,269 | 306,673 | 30,596 | 346,975 |
| Other services and charges | 50,740 | 50,740 | 51,241 | (501) | 47,889 |
| Supplies | 10,650 | 10,650 | 8,287 | 2,363 | 10,521 |
| Capital outlay | 110,500 | 110,500 | 108,071 | 2,429 | 93,204 |
| Total Library | <u>509,159</u> | <u>509,159</u> | <u>474,272</u> | <u>34,887</u> | <u>498,589</u> |
| Total Culture and Recreation | <u>1,269,966</u> | <u>1,269,966</u> | <u>1,194,148</u> | <u>75,818</u> | <u>1,366,980</u> |
| Total Expenditures | <u>8,491,189</u> | <u>10,033,189</u> | <u>10,081,552</u> | <u>(48,363)</u> | <u>8,772,699</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 457,404 | (1,084,596) | (1,048,705) | 35,891 | 264,849 |
| Other Financing Sources (Uses) | | | | | |
| Insurance proceeds | 2,000 | 2,000 | - | (2,000) | 149,528 |
| Bond proceeds | - | - | - | - | 44,542 |
| Sale of capital assets | 2,000 | 2,000 | 4,283 | 2,283 | 405 |
| Transfers from other funds | 70,000 | 70,000 | 70,082 | 82 | 70,029 |
| Transfers to other funds | (706,500) | (706,500) | (309,756) | 396,744 | (360,398) |
| Total Other Financing Sources (Uses) | <u>(632,500)</u> | <u>(632,500)</u> | <u>(235,391)</u> | <u>397,109</u> | <u>(95,894)</u> |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ (175,096)</u> | <u>\$(1,717,096)</u> | <u>(1,284,096)</u> | <u>\$ 433,000</u> | <u>168,955</u> |
| Fund Balance, Beginning of Year | | | <u>3,155,760</u> | | <u>2,986,805</u> |
| Fund Balance, End of Year | | | <u>\$ 1,871,664</u> | | <u>\$ 3,155,760</u> |

See independent auditor's report.

City of Beatrice, Nebraska
STREETS SPECIAL REVENUE FUND
BALANCE SHEET
September 30, 2017
With comparative totals for September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|--|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 2,110,344 | \$ 2,248,347 |
| Accounts receivable | 194,526 | 1,141 |
| Due from other governments | <u>257,960</u> | <u>255,023</u> |
| Total Assets | <u>\$ 2,562,830</u> | <u>\$ 2,504,511</u> |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | |
| Liabilities | | |
| Accounts payable | <u>\$ 482,757</u> | <u>\$ 264,526</u> |
| Deferred Inflows of Resources | | |
| Unavailable revenues | <u>6,771</u> | <u>-</u> |
| Fund Balance | | |
| Restricted for Streets | <u>2,073,302</u> | <u>2,239,985</u> |
| Total Liabilities and Fund Balance | <u>\$ 2,562,830</u> | <u>\$ 2,504,511</u> |

See independent auditor's report.

City of Beatrice, Nebraska
STREETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | | | Variance Positive (Negative) | 2016 Actual |
|-----------------------------------|--------------------|-----------------|--------------|------------------------------------|----------------|
| | Original Budget | Final Budget | Actual | | |
| Revenues | | | | | |
| Taxes | | | | | |
| Sales tax | \$ 630,000 | \$ 630,000 | \$ 636,565 | \$ 6,565 | \$ 645,899 |
| Intergovernmental | | | | | |
| Local shared revenue | 25,000 | 25,000 | - | (25,000) | - |
| State shared revenue | 1,779,011 | 1,779,011 | 1,782,115 | 3,104 | 1,698,387 |
| Federal grants | 250,000 | 250,000 | 233,229 | (16,771) | 962 |
| Total Intergovernmental | 2,054,011 | 2,054,011 | 2,015,344 | (38,667) | 1,699,349 |
| Charges for services | 23,989 | 23,989 | 24,098 | 109 | 48,877 |
| Miscellaneous | 32,000 | 32,000 | 55,290 | 23,290 | - |
| Total Revenues | 2,740,000 | 2,740,000 | 2,731,297 | (8,703) | 2,394,125 |
| Expenditures | | | | | |
| Personal Services | | | | | |
| Salaries | 552,144 | 552,144 | 533,911 | 18,233 | 518,688 |
| Social security | 34,400 | 34,400 | 34,734 | (334) | 33,651 |
| Retirement | 25,517 | 25,517 | 22,952 | 2,565 | 22,836 |
| Health and life insurance | 162,000 | 162,000 | 162,250 | (250) | 152,199 |
| Workmen's compensation | 28,000 | 28,000 | 31,639 | (3,639) | 27,011 |
| Total Personal Services | 802,061 | 802,061 | 785,486 | 16,575 | 754,385 |
| Other Services and Charges | | | | | |
| Insurance | 19,000 | 19,000 | 18,896 | 104 | 16,537 |
| Maintenance and repairs | 36,000 | 36,000 | 18,426 | 17,574 | 21,317 |
| Rentals | 16,000 | 16,000 | 14,434 | 1,566 | 16,588 |
| Training and transportation | 3,800 | 3,800 | 750 | 3,050 | 928 |
| Communications | 3,000 | 3,000 | 2,928 | 72 | 2,934 |
| Miscellaneous | 5,000 | 5,000 | 6,919 | (1,919) | 2,902 |
| Total Other Services and Charges | 82,800 | 82,800 | 62,353 | 20,447 | 61,206 |
| Supplies | | | | | |
| Operating supplies | 108,500 | 108,500 | 73,400 | 35,100 | 52,791 |
| Repairs and maintenance supplies | 166,000 | 166,000 | 113,690 | 52,310 | 136,964 |
| Total Supplies | 274,500 | 274,500 | 187,090 | 87,410 | 189,755 |
| Capital Outlay | | | | | |
| Buildings | - | - | - | - | 27,500 |
| Improvements other than buildings | 2,081,005 | 2,081,005 | 1,438,132 | 642,873 | 893,819 |
| Machinery and equipment | 427,750 | 427,750 | 424,919 | 2,831 | 227,343 |
| Total Capital Outlay | 2,508,755 | 2,508,755 | 1,863,051 | 645,704 | 1,148,662 |
| Total Expenditures | \$ 3,668,116 | \$ 3,668,116 | \$ 2,897,980 | \$ 770,136 | \$ 2,154,008 |

See independent auditor's report.

City of Beatrice, Nebraska
STREETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | | | | |
|--|---------------------|---------------------|---------------------|------------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2016 Actual |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures | <u>\$ (928,116)</u> | <u>\$ (928,116)</u> | (166,683) | <u>\$ 761,433</u> | 240,117 |
| Fund Balance, Beginning of Year | | | <u>2,239,985</u> | | <u>1,999,868</u> |
| Fund Balance, End of Year | | | <u>\$ 2,073,302</u> | | <u>\$ 2,239,985</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | | | | 2016 |
|--|-----------------------------|--------------------------|------------------------------|--|---------------------|
| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total Nonmajor Governmental Funds | Total |
| Assets | | | | | |
| Cash and cash equivalents | \$ 1,124,136 | \$ 66,070 | \$ 297,683 | \$ 1,487,889 | \$ 1,000,434 |
| Cash on deposit - county treasurer | - | 7,163 | - | 7,163 | 17,293 |
| Accounts receivable | - | - | 356 | 356 | 222,641 |
| Due from other funds | - | - | - | - | 115,363 |
| Taxes receivable | - | 16,279 | - | 16,279 | 15,481 |
| Interest receivable | - | 9,110 | - | 9,110 | 14,554 |
| Assessments receivable | - | 10,895 | - | 10,895 | 25,708 |
| Loans receivable | 837,393 | - | - | 837,393 | 1,023,497 |
| In-lieu-of assessments | - | 10,105 | - | 10,105 | 10,105 |
| Total Assets | <u>\$ 1,961,529</u> | <u>\$ 119,622</u> | <u>\$ 298,039</u> | <u>\$ 2,379,190</u> | <u>\$ 2,445,076</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 12,228 | \$ - | \$ 64,978 | \$ 77,206 | \$ 95,383 |
| Due to other funds | - | - | - | - | 115,363 |
| Accrued interest payable | - | 2,122 | - | 2,122 | 2,122 |
| Total Liabilities | <u>12,228</u> | <u>2,122</u> | <u>64,978</u> | <u>79,328</u> | <u>212,868</u> |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenue | - | 42,352 | - | 42,352 | 62,789 |
| Fund Balance | | | | | |
| Restricted for: | | | | | |
| Economic development | 1,380,437 | - | - | 1,380,437 | 1,254,631 |
| Library capital improvements | - | - | 40,406 | 40,406 | 1,943 |
| Debt service | - | 74,332 | - | 74,332 | 72,452 |
| Revolving loan fund | 360,070 | - | - | 360,070 | 355,789 |
| Storm water management | 71,502 | - | - | 71,502 | 60,935 |
| E-911 public safety | 57,035 | - | - | 57,035 | 20,321 |
| Committed for: | | | | | |
| Library capital improvements | - | - | 40,937 | 40,937 | 40,917 |
| Public safety equipment | - | - | 125,797 | 125,797 | 204,005 |
| Community betterment | 80,257 | - | - | 80,257 | 9,859 |
| Assigned for: | | | | | |
| Subsequent years' expenditures | - | - | 25,921 | 25,921 | 70,510 |
| Debt service | - | 816 | - | 816 | 78,057 |
| Total Fund Balance | <u>1,949,301</u> | <u>75,148</u> | <u>233,061</u> | <u>2,257,510</u> | <u>2,169,419</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | <u>\$ 1,961,529</u> | <u>\$ 119,622</u> | <u>\$ 298,039</u> | <u>\$ 2,379,190</u> | <u>\$ 2,445,076</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the year ended September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | | | | 2016 |
|--|-----------------------------|--------------------------|------------------------------|--|---------------------|
| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total Nonmajor Governmental Funds | Total |
| Revenues | | | | | |
| Taxes | | | | | |
| Property tax | \$ - | \$ 194,783 | \$ - | \$ 194,783 | \$ 191,451 |
| Sales tax | 250,000 | - | - | 250,000 | 250,000 |
| Intergovernmental | 19,732 | 576 | 237,298 | 257,606 | 502,490 |
| Charges for services | 106,796 | - | - | 106,796 | 110,084 |
| Keno proceeds | 85,619 | - | - | 85,619 | 78,192 |
| Special assessments | - | 14,814 | - | 14,814 | 142,077 |
| Interest | 6,882 | 6,949 | 20 | 13,851 | 103,236 |
| Donations and other revenue | 69,962 | - | 233,727 | 303,689 | 268,554 |
| Total Revenues | <u>538,991</u> | <u>217,122</u> | <u>471,045</u> | <u>1,227,158</u> | <u>1,646,084</u> |
| Expenditures | | | | | |
| General government | 189,539 | - | - | 189,539 | 186,456 |
| Capital outlay | 252,689 | 99,004 | 732,655 | 1,084,348 | 1,757,819 |
| Debt Service: | | | | | |
| Principal | - | 190,000 | - | 190,000 | 190,000 |
| Interest | - | 3,479 | - | 3,479 | 1,235 |
| Bond issuance cost | - | - | - | - | 6,675 |
| MFO payments - other entities | - | - | 132,460 | 132,460 | 131,810 |
| Total Expenditures | <u>442,228</u> | <u>292,483</u> | <u>865,115</u> | <u>1,599,826</u> | <u>2,273,995</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>96,763</u> | <u>(75,361)</u> | <u>(394,070)</u> | <u>(372,668)</u> | <u>(627,911)</u> |
| Other Financing Sources (Uses) | | | | | |
| Sale of capital assets | 221,085 | - | - | 221,085 | 40,000 |
| Proceeds from long-term debt | - | - | - | - | 530,458 |
| Transfers from other funds | - | - | 309,756 | 309,756 | 482,870 |
| Transfers to other funds | (70,082) | - | - | (70,082) | (192,501) |
| Total Other Financing Sources (Uses) | <u>151,003</u> | <u>-</u> | <u>309,756</u> | <u>460,759</u> | <u>860,827</u> |
| Net Change in Fund Balance | <u>247,766</u> | <u>(75,361)</u> | <u>(84,314)</u> | <u>88,091</u> | <u>232,916</u> |
| Fund Balance, Beginning of Year | <u>1,701,535</u> | <u>150,509</u> | <u>317,375</u> | <u>2,169,419</u> | <u>1,936,503</u> |
| Fund Balance, End of Year | <u>\$ 1,949,301</u> | <u>\$ 75,148</u> | <u>\$ 233,061</u> | <u>\$ 2,257,510</u> | <u>\$ 2,169,419</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 September 30, 2017
 with comparative totals for September 30, 2016

| | 2017 | | | | | 2016 |
|------------------------------------|-------------------------|---|------------------|------------------|------------------------------|---------------------|
| | Economic Development | Community Development Block Grant | Keno | 911 Surcharge | Storm Water Management | Total |
| Assets | | | | | | |
| Cash and cash equivalents | \$ 726,457 | \$ 179,850 | \$ 83,306 | \$ 57,035 | \$ 77,488 | \$ 1,124,136 |
| Accounts receivable | - | - | - | - | - | - |
| Loans receivable | 657,173 | 180,220 | - | - | - | 837,393 |
| Total Assets | <u>\$ 1,383,630</u> | <u>\$ 360,070</u> | <u>\$ 83,306</u> | <u>\$ 57,035</u> | <u>\$ 77,488</u> | <u>\$ 1,961,529</u> |
| Liabilities and Fund Balance | | | | | | |
| Accounts payable | \$ 3,193 | \$ - | \$ 3,049 | \$ - | \$ 5,986 | \$ 12,228 |
| Fund Balance | | | | | | |
| Restricted for: | | | | | | |
| Economic development | 1,380,437 | - | - | - | - | 1,380,437 |
| Revolving loan fund | - | 360,070 | - | - | - | 360,070 |
| Storm water management | - | - | - | - | 71,502 | 71,502 |
| E911 public safety | - | - | - | 57,035 | - | 57,035 |
| Committed for: | | | | | | |
| Community betterment | - | - | 80,257 | - | - | 80,257 |
| Total Fund Balance | <u>1,380,437</u> | <u>360,070</u> | <u>80,257</u> | <u>57,035</u> | <u>71,502</u> | <u>1,949,301</u> |
| Total Liabilities and Fund Balance | <u>\$ 1,383,630</u> | <u>\$ 360,070</u> | <u>\$ 83,306</u> | <u>\$ 57,035</u> | <u>\$ 77,488</u> | <u>\$ 1,961,529</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 For the year ended September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | | | | | | |
|--|-------------------------|---|------------------|------------------|------------------------------|---------------------|---------------------|
| | Economic Development | Community Development Block Grant | Keno | 911 Surcharge | Storm Water Management | Total | 2016 Total |
| Revenues | | | | | | | |
| Taxes | | | | | | | |
| Sales tax | \$ 250,000 | \$ - | \$ - | \$ - | \$ - | \$ 250,000 | \$ 250,000 |
| Intergovernmental | - | - | - | - | 19,732 | 19,732 | 23,825 |
| Charges for services | - | - | - | 106,796 | - | 106,796 | 110,084 |
| Keno proceeds | - | - | 85,619 | - | - | 85,619 | 78,192 |
| Interest earnings | 545 | 6,337 | - | - | - | 6,882 | 17,256 |
| Other revenue | 69,962 | - | - | - | - | 69,962 | 38,235 |
| Total Revenues | <u>320,507</u> | <u>6,337</u> | <u>85,619</u> | <u>106,796</u> | <u>19,732</u> | <u>538,991</u> | <u>517,592</u> |
| Expenditures | | | | | | | |
| General government | 163,097 | 2,056 | 15,221 | - | 9,165 | 189,539 | 186,456 |
| Capital outlay | 252,689 | - | - | - | - | 252,689 | 215,988 |
| Total Expenditures | <u>415,786</u> | <u>2,056</u> | <u>15,221</u> | <u>-</u> | <u>9,165</u> | <u>442,228</u> | <u>402,444</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (95,279) | 4,281 | 70,398 | 106,796 | 10,567 | 96,763 | 115,148 |
| Other Financing Sources (Uses) | | | | | | | |
| Sale of capital assets | 221,085 | - | - | - | - | 221,085 | 40,000 |
| Transfers to other funds | - | - | - | (70,082) | - | (70,082) | (192,501) |
| Total Other Financing Uses | <u>221,085</u> | <u>-</u> | <u>-</u> | <u>(70,082)</u> | <u>-</u> | <u>151,003</u> | <u>(152,501)</u> |
| Net Change in Fund Balance | 125,806 | 4,281 | 70,398 | 36,714 | 10,567 | 247,766 | (37,353) |
| Fund Balance, Beginning of Year | <u>1,254,631</u> | <u>355,789</u> | <u>9,859</u> | <u>20,321</u> | <u>60,935</u> | <u>1,701,535</u> | <u>1,738,888</u> |
| Fund Balance, End of Year | <u>\$ 1,380,437</u> | <u>\$ 360,070</u> | <u>\$ 80,257</u> | <u>\$ 57,035</u> | <u>\$ 71,502</u> | <u>\$ 1,949,301</u> | <u>\$ 1,701,535</u> |

See independent auditor's report.

City of Beatrice, Nebraska
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | | | | |
|--|---------------------|---------------------|---------------------|------------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2016 Actual |
| Revenues | | | | | |
| Taxes | | | | | |
| Sales tax | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ - | \$ 250,000 |
| Interest earnings | 4,000 | 4,000 | 545 | (3,455) | 1,655 |
| Loans/rents revenue | 20,000 | 20,000 | 69,962 | 49,962 | 38,235 |
| Total Revenues | <u>274,000</u> | <u>274,000</u> | <u>320,507</u> | <u>46,507</u> | <u>289,890</u> |
| Expenditures | | | | | |
| Economic development | 150,000 | 150,000 | 163,097 | (13,097) | 160,599 |
| Capital outlay | <u>1,829,783</u> | <u>1,829,783</u> | <u>252,689</u> | <u>1,577,094</u> | <u>170,988</u> |
| Total Expenditures | <u>1,979,783</u> | <u>1,979,783</u> | <u>415,786</u> | <u>1,563,997</u> | <u>331,587</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(1,705,783)</u> | <u>(1,705,783)</u> | <u>(95,279)</u> | <u>1,610,504</u> | <u>(41,697)</u> |
| Other Financing Sources | | | | | |
| Sale of capital assets | 20,000 | 20,000 | 221,085 | 201,085 | 40,000 |
| Bond proceeds | <u>977,878</u> | <u>977,878</u> | <u>-</u> | <u>(977,878)</u> | <u>-</u> |
| Total Other Financing Sources | <u>997,878</u> | <u>997,878</u> | <u>221,085</u> | <u>(776,793)</u> | <u>40,000</u> |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures | <u>\$ (707,905)</u> | <u>\$ (707,905)</u> | <u>125,806</u> | <u>\$ 833,711</u> | <u>(1,697)</u> |
| Fund Balance, Beginning of Year | | | <u>1,254,631</u> | | <u>1,256,328</u> |
| Fund Balance, End of Year | | | <u>\$ 1,380,437</u> | | <u>\$ 1,254,631</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL

For the year ended September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | | | |
|--|---------------------|---------------------|-------------------|------------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| Revenues | | | | |
| Interest earnings | \$ 50 | \$ 50 | \$ 151 | \$ 101 |
| Other revenue | 5,737 | 5,737 | 6,186 | 449 |
| Total Revenues | <u>5,787</u> | <u>5,787</u> | <u>6,337</u> | <u>550</u> |
| Expenditures | | | | |
| Administration | - | - | 2,056 | (2,056) |
| Re-use loans | 185,799 | 185,799 | - | 185,799 |
| Total Expenditures | <u>185,799</u> | <u>185,799</u> | <u>2,056</u> | <u>183,745</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ (180,012)</u> | <u>\$ (180,012)</u> | 4,281 | <u>\$ 184,295</u> |
| Fund Balance, Beginning of Year | | | <u>355,789</u> | <u>340,188</u> |
| Fund Balance, End of Year | | | <u>\$ 360,070</u> | <u>\$ 355,789</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 KENO/LOTTERY SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the year ended September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | | | | |
|---|--------------------|------------------|------------------|------------------------------------|-----------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2016 Actual |
| Revenues | | | | | |
| Keno/lottery proceeds | \$ 70,000 | \$ 92,000 | \$ 85,619 | \$ (6,381) | \$ 78,192 |
| Expenditures | | | | | |
| Other services and charges | 12,500 | 16,500 | 15,221 | 1,279 | 14,002 |
| Excess of Revenues Over Expenditures | 57,500 | 75,500 | 70,398 | (5,102) | 64,190 |
| Other Financing Uses | | | | | |
| Transfers to other funds | - | - | - | - | (122,472) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses | <u>\$ 57,500</u> | <u>\$ 75,500</u> | 70,398 | <u>\$ (5,102)</u> | (58,282) |
| Fund Balance, Beginning of Year | | | 9,859 | | 68,141 |
| Fund Balance, End of Year | | | <u>\$ 80,257</u> | | <u>\$ 9,859</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 911 SURCHARGE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the year ended September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | | | | |
|---|--------------------|------------------|------------------|------------------------------------|------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2016 Actual |
| Revenues | | | | | |
| 911 service surcharge | \$ 48,000 | \$ 48,000 | \$ 36,312 | \$ (11,688) | 40,041 |
| E911 wireless surcharge | 70,000 | 70,000 | 70,484 | 484 | 70,043 |
| Total Revenues | <u>118,000</u> | <u>118,000</u> | <u>106,796</u> | <u>(11,204)</u> | <u>110,084</u> |
| Expenditures | | | | | |
| Capital outlay | - | - | - | - | 45,000 |
| Excess of Revenues Over Expenditures | <u>118,000</u> | <u>118,000</u> | <u>106,796</u> | <u>(11,204)</u> | <u>65,084</u> |
| Other Financing Uses | | | | | |
| Transfers to other funds | <u>(70,000)</u> | <u>(70,000)</u> | <u>(70,082)</u> | <u>(82)</u> | <u>(70,029)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Uses | <u>\$ 48,000</u> | <u>\$ 48,000</u> | 36,714 | <u>\$ (11,286)</u> | (4,945) |
| Fund Balance, Beginning of Year | | | <u>20,321</u> | | <u>25,266</u> |
| Fund Balance, End of Year | | | <u>\$ 57,035</u> | | <u>\$ 20,321</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 STORM WATER MANAGEMENT PLAN SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL

For the year ended September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | | | |
|--|--------------------|--------------------|------------------|------------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| Revenues | | | | 2016 Totals |
| Intergovernmental | \$ 25,000 | \$ 25,000 | \$ 19,732 | \$ (5,268) |
| Total Revenues | <u>25,000</u> | <u>25,000</u> | <u>19,732</u> | <u>(5,268)</u> |
| Expenditures | | | | |
| Personal services | 2,000 | 2,000 | - | 2,000 |
| Other services and charges | 25,000 | 25,000 | 9,165 | 15,835 |
| Supplies | 10,000 | 10,000 | - | 10,000 |
| Total Expenditures | <u>37,000</u> | <u>37,000</u> | <u>9,165</u> | <u>27,835</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ (12,000)</u> | <u>\$ (12,000)</u> | 10,567 | <u>\$ 22,567</u> |
| Fund Balance, Beginning of Year | | | <u>60,935</u> | <u>48,965</u> |
| Fund Balance, End of Year | | | <u>\$ 71,502</u> | <u>\$ 60,935</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 NONMAJOR DEBT SERVICE FUNDS
 COMBINING BALANCE SHEET
 September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | | | | 2016 |
|--|-----------------------|---------------------|-------------------------|-------------------|-------------------|
| | General Obligation | Bonded Districts | Unbonded Assessments | Total | Total |
| Assets | | | | | |
| Cash and cash equivalents | \$ 65,254 | \$ - | \$ 816 | \$ 66,070 | \$ 132,279 |
| Cash on deposit - county treasurer | 7,163 | - | - | 7,163 | 17,293 |
| Taxes receivable | 16,279 | - | - | 16,279 | 15,481 |
| Assessments receivable: | | | | | |
| Current | - | - | 1,145 | 1,145 | 1,988 |
| Delinquent | - | - | 9,750 | 9,750 | 21,788 |
| Deferred | - | - | - | - | 1,932 |
| Accrued interest receivable | - | - | 9,110 | 9,110 | 14,554 |
| In-lieu-of assessments | - | 10,105 | - | 10,105 | 10,105 |
| Total Assets | <u>\$ 88,696</u> | <u>\$ 10,105</u> | <u>\$ 20,821</u> | <u>\$ 119,622</u> | <u>\$ 215,420</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | | | | |
| Liabilities | | | | | |
| Accrued interest payable | \$ 2,122 | \$ - | \$ - | \$ 2,122 | \$ 2,122 |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenue | 12,242 | 10,105 | 20,005 | 42,352 | 62,789 |
| Fund Balance | | | | | |
| Restricted for debt service | 74,332 | - | - | 74,332 | 72,452 |
| Assigned for debt service | - | - | 816 | 816 | 78,057 |
| Total Fund Balance | 74,332 | - | 816 | 75,148 | 150,509 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | <u>\$ 88,696</u> | <u>\$ 10,105</u> | <u>\$ 20,821</u> | <u>\$ 119,622</u> | <u>\$ 215,420</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 NONMAJOR DEBT SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the year ended September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | | | | 2016 |
|--|-----------------------|---------------------|-------------------------|------------------|-------------------|
| | General Obligation | Bonded Districts | Unbonded Assessments | Total | Totals |
| Revenues | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 194,783 | \$ - | \$ - | \$ 194,783 | \$ 191,451 |
| Intergovernmental revenues | 576 | - | - | 576 | 554 |
| Special assessments | - | - | 14,814 | 14,814 | 142,077 |
| Interest on assessments | - | - | 6,949 | 6,949 | 85,959 |
| Total Revenues | <u>195,359</u> | <u>-</u> | <u>21,763</u> | <u>217,122</u> | <u>420,041</u> |
| Expenditures | | | | | |
| Capital projects: | | | | | |
| Principal and interest on registered warrants | - | - | - | - | 151,347 |
| Streets and highways | - | - | 55,290 | 55,290 | - |
| Public infrastructure | - | - | 24,971 | 24,971 | - |
| Other services and charges | - | - | 18,743 | 18,743 | - |
| Debt service: | | | | | |
| Interest | 3,479 | - | - | 3,479 | 1,235 |
| Principal | 190,000 | - | - | 190,000 | 190,000 |
| Total Expenditures | <u>193,479</u> | <u>-</u> | <u>99,004</u> | <u>292,483</u> | <u>342,582</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>1,880</u> | <u>-</u> | <u>(77,241)</u> | <u>(75,361)</u> | <u>77,459</u> |
| Fund Balance, Beginning of Year | <u>72,452</u> | <u>-</u> | <u>78,057</u> | <u>150,509</u> | <u>73,050</u> |
| Fund Balance, End of Year | <u>\$ 74,332</u> | <u>\$ -</u> | <u>\$ 816</u> | <u>\$ 75,148</u> | <u>\$ 150,509</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 GENERAL OBLIGATION DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the year ended September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | | | |
|--|--------------------|-----------------|------------------|------------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| Revenues | | | | |
| Property taxes | \$ 193,592 | \$ 193,592 | \$ 194,783 | \$ 1,191 |
| Intergovernmental revenues | 500 | 500 | 576 | 76 |
| Total Revenues | <u>194,092</u> | <u>194,092</u> | <u>195,359</u> | <u>1,267</u> |
| Expenditures | | | | |
| Debt Service: | | | | |
| Interest | 4,092 | 4,092 | 3,479 | 613 |
| Principal | 190,000 | 190,000 | 190,000 | - |
| Total Expenditures | <u>194,092</u> | <u>194,092</u> | <u>193,479</u> | <u>613</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ -</u> | <u>\$ -</u> | 1,880 | <u>\$ 1,880</u> |
| Fund Balance, Beginning of Year | | | <u>72,452</u> | <u>71,682</u> |
| Fund Balance, End of Year | | | <u>\$ 74,332</u> | <u>\$ 72,452</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 UNBONDED ASSESSMENTS DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL

For the year ended September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | | | | 2016 |
|--|--------------------|------------------|---------------|------------------------------------|------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Revenues | | | | | |
| Special assessments | \$ 35,316 | \$ 35,316 | \$ 14,814 | \$ (20,502) | \$ 142,077 |
| Interest on assessments | 47,600 | 47,600 | 6,949 | (40,651) | 85,959 |
| Total Revenues | <u>82,916</u> | <u>82,916</u> | <u>21,763</u> | <u>(61,153)</u> | <u>228,036</u> |
| Expenditures | | | | | |
| Interest on registered warrants | - | - | - | - | 19,478 |
| Principal on registered warrants | - | - | - | - | 131,869 |
| Streets and highways | - | - | 55,290 | (55,290) | - |
| Public infrastructure | - | - | 24,971 | (24,971) | - |
| Other services and charges | - | - | 18,743 | (18,743) | - |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>99,004</u> | <u>(99,004)</u> | <u>151,347</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ 82,916</u> | <u>\$ 82,916</u> | (77,241) | <u>\$ (160,157)</u> | 76,689 |
| Fund Balance, Beginning of Year | | | <u>78,057</u> | | <u>1,368</u> |
| Fund Balance, End of Year | | | <u>\$ 816</u> | | <u>\$ 78,057</u> |

See independent auditor's report.

City of Beatrice, Nebraska
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | | | | 2016 |
|------------------------------------|------------------------------------|--|-------------------------|-------------------|-------------------|
| | Library Capital Improvements | Public Safety Capital Improvements | Capital Improvements | Total | Total |
| Assets | | | | | |
| Cash and cash equivalents | \$ 40,937 | \$ 125,797 | \$ 130,949 | \$ 297,683 | \$ 130,822 |
| Accounts receivable | - | 356 | - | 356 | 213,865 |
| Due from other funds | - | - | - | - | 115,363 |
| Total Assets | <u>\$ 40,937</u> | <u>\$ 126,153</u> | <u>\$ 130,949</u> | <u>\$ 298,039</u> | <u>\$ 460,050</u> |
| Liabilities and Fund Balance | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ 356 | \$ 64,622 | \$ 64,978 | \$ 27,312 |
| Due to other funds | - | - | - | - | 115,363 |
| Total Liabilities | <u>-</u> | <u>356</u> | <u>64,622</u> | <u>64,978</u> | <u>142,675</u> |
| Fund Balance | | | | | |
| Restricted for: | | | | | |
| Library capital improvements | - | - | 40,406 | 40,406 | 1,943 |
| Committed for: | | | | | |
| Library capital improvements | 40,937 | - | - | 40,937 | 40,917 |
| Public safety equipment | - | 125,797 | - | 125,797 | 204,005 |
| Assigned for: | | | | | |
| Subsequent years' expenditure | - | - | 25,921 | 25,921 | 70,510 |
| Total Fund Balance | <u>40,937</u> | <u>125,797</u> | <u>66,327</u> | <u>233,061</u> | <u>317,375</u> |
| Total Liabilities and Fund Balance | <u>\$ 40,937</u> | <u>\$ 126,153</u> | <u>\$ 130,949</u> | <u>\$ 298,039</u> | <u>\$ 460,050</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 NONMAJOR CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the year ended September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | | | | 2016 |
|---|------------------------------------|--|-------------------------|-------------------|-------------------|
| | Library Capital Improvements | Public Safety Capital Improvements | Capital Improvements | Total | Total |
| Revenues | | | | | |
| Intergovernmental | \$ - | \$ 237,298 | \$ - | \$ 237,298 | \$ 478,111 |
| Interest | 20 | - | - | 20 | 21 |
| Donations and other revenue | - | - | 233,727 | 233,727 | 230,319 |
| Total Revenues | <u>20</u> | <u>237,298</u> | <u>233,727</u> | <u>471,045</u> | <u>708,451</u> |
| Expenditures | | | | | |
| Capital projects | - | 192,135 | 540,520 | 732,655 | 1,390,484 |
| MFO payments - other entities | - | 132,460 | - | 132,460 | 131,810 |
| Debt service | | | | | |
| Bond issuance cost | - | - | - | - | 6,675 |
| Total Expenditures | <u>-</u> | <u>324,595</u> | <u>540,520</u> | <u>865,115</u> | <u>1,528,969</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>20</u> | <u>(87,297)</u> | <u>(306,793)</u> | <u>(394,070)</u> | <u>(820,518)</u> |
| Other Financing Sources | | | | | |
| Bond and lease proceeds | - | - | - | - | 530,458 |
| Transfers from other funds | - | 9,089 | 300,667 | 309,756 | 482,870 |
| Total Other Financing Sources | <u>-</u> | <u>9,089</u> | <u>300,667</u> | <u>309,756</u> | <u>1,013,328</u> |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>20</u> | <u>(78,208)</u> | <u>(6,126)</u> | <u>(84,314)</u> | <u>192,810</u> |
| Fund Balances, Beginning of Year | <u>40,917</u> | <u>204,005</u> | <u>72,453</u> | <u>317,375</u> | <u>124,565</u> |
| Fund Balances, End of Year | <u>\$ 40,937</u> | <u>\$ 125,797</u> | <u>\$ 66,327</u> | <u>\$ 233,061</u> | <u>\$ 317,375</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 LIBRARY CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the year ended September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | | | |
|--|--------------------|--------------------|------------------|------------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| Revenues | | | | 2016 Actual |
| Interest | \$ 50 | \$ 50 | \$ 20 | \$ (30) |
| Total Revenues | <u>50</u> | <u>50</u> | <u>20</u> | <u>(30)</u> |
| Expenditures | | | | |
| Capital outlay | 20,000 | 20,000 | - | 20,000 |
| Total Expenditures | <u>20,000</u> | <u>20,000</u> | <u>-</u> | <u>20,000</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ (19,950)</u> | <u>\$ (19,950)</u> | 20 | <u>\$ 19,970</u> |
| Fund Balance, Beginning of Year | | | <u>40,917</u> | <u>40,896</u> |
| Fund Balance, End of Year | | | <u>\$ 40,937</u> | <u>\$ 40,917</u> |

See independent auditor's report.

City of Beatrice, Nebraska
PUBLIC SAFETY CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | | | | |
|--|---------------------|---------------------|-------------------|------------------------------------|-------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2016 Actual |
| Revenues | | | | | |
| Intergovernmental | \$ 219,450 | \$ 239,450 | \$ 237,298 | \$ (2,152) | \$ 222,750 |
| Total Revenues | <u>219,450</u> | <u>239,450</u> | <u>237,298</u> | <u>(2,152)</u> | <u>222,750</u> |
| Expenditures | | | | | |
| Capital Projects | | | | | |
| Fire facility improvements | 117,506 | 117,506 | 118,668 | (1,162) | 6,155 |
| Police equipment | 18,250 | 20,659 | 19,497 | 1,162 | 193,464 |
| Fire equipment | 80,000 | 100,000 | 53,970 | 46,030 | 310,106 |
| MFO payments - other entities | 130,500 | 132,460 | 132,460 | - | 131,810 |
| Debt service | | | | | |
| Bond issuance cost | - | - | - | - | 6,675 |
| Total Expenditures | <u>346,256</u> | <u>370,625</u> | <u>324,595</u> | <u>46,030</u> | <u>648,210</u> |
| Deficiency of Revenues Under Expenditures | <u>(126,806)</u> | <u>(131,175)</u> | <u>(87,297)</u> | <u>43,878</u> | <u>(425,460)</u> |
| Other Financing Sources | | | | | |
| Bond proceeds | - | - | - | - | 530,458 |
| Transfers from other funds | 10,000 | 10,000 | 9,089 | (911) | 57,465 |
| Total Other Financing Sources | <u>10,000</u> | <u>10,000</u> | <u>9,089</u> | <u>(911)</u> | <u>587,923</u> |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures | <u>\$ (116,806)</u> | <u>\$ (121,175)</u> | <u>(78,208)</u> | <u>\$ 42,967</u> | <u>162,463</u> |
| Fund Balance, Beginning of Year | | | <u>204,005</u> | | <u>41,542</u> |
| Fund Balance, End of Year | | | <u>\$ 125,797</u> | | <u>\$ 204,005</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the year ended September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | | | |
|--|--------------------|-----------------|-----------|------------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| | | | | 2016 Actual |
| Revenues | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - |
| Donations and other revenue | 104,600 | 104,600 | 233,727 | 129,127 |
| Total Revenues | 104,600 | 104,600 | 233,727 | 129,127 |
| Expenditures | | | | |
| Capital Projects | | | | |
| Public building improvements | 110,000 | 110,000 | 69,666 | 40,334 |
| Police facility improvements | 8,000 | 8,000 | - | 8,000 |
| Library renovation | 30,000 | 30,000 | 44,955 | (14,955) |
| Trail improvements | 264,000 | 264,000 | 85,678 | 178,322 |
| Park other improvements | 137,400 | 137,400 | 132,189 | 5,211 |
| Playground improvements | - | - | - | - |
| Ball field improvements | - | - | 29,491 | (29,491) |
| Beatrice Plus projects | 28,800 | 28,800 | - | 28,800 |
| Lodging tax projects | 87,500 | 87,500 | 24,476 | 63,024 |
| Skateboard park equipment | - | - | - | - |
| Public properties equipment | 45,000 | 45,000 | 36,536 | 8,464 |
| Computer equipment | 90,400 | 90,400 | 117,529 | (27,129) |
| Total Expenditures | 801,100 | 801,100 | 540,520 | 260,580 |
| Deficiency of Revenues Under Expenditures | (696,500) | (696,500) | (306,793) | 389,707 |
| Other Financing Sources | | | | |
| Transfers from other funds | 696,500 | 696,500 | 300,667 | (395,833) |
| Total Other Financing Sources | 696,500 | 696,500 | 300,667 | (395,833) |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures | \$ - | \$ - | (6,126) | \$ (6,126) |
| Fund Balance, Beginning of Year | | | 72,453 | 42,127 |
| Fund Balance, End of Year | | | \$ 66,327 | \$ 72,453 |

See independent auditor's report.

City of Beatrice, Nebraska
ELECTRIC ENTERPRISE FUND
BALANCE SHEET
September 30, 2017

With comparative totals for September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|--|---------------------|---------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 2,442,003 | \$ 2,572,786 |
| Accounts receivable | 1,264,047 | 1,076,484 |
| Unbilled and accrued revenues | 653,145 | 648,079 |
| Materials and supplies inventories | 648,887 | 692,765 |
| Prepaid expenses | 5,753 | 5,527 |
| Interest receivable | 27,976 | 17,887 |
| Total Current Assets | <u>5,041,811</u> | <u>5,013,528</u> |
| Noncurrent Assets | | |
| Investments | <u>2,400,000</u> | <u>2,575,000</u> |
| Restricted cash and cash equivalents | | |
| Customer deposits | <u>94,781</u> | <u>101,987</u> |
| Total Restricted Cash and Cash Equivalents | <u>94,781</u> | <u>101,987</u> |
| Restricted investments | | |
| Debt service reserve account | 79,275 | 79,275 |
| Customer deposits | <u>280,000</u> | <u>280,000</u> |
| Total Restricted Investments | <u>359,275</u> | <u>359,275</u> |
| Capital Assets | | |
| Land and land rights | 65,058 | 54,585 |
| Construction in progress | 5,421 | - |
| Buildings and improvements | 1,397,318 | 1,388,299 |
| Improvements other than building | 29,361,575 | 27,932,049 |
| Machinery and equipment | <u>3,296,567</u> | <u>3,204,203</u> |
| | 34,125,939 | 32,579,136 |
| Less accumulated depreciation | <u>(19,396,512)</u> | <u>(18,326,471)</u> |
| Net Capital Assets | <u>14,729,427</u> | <u>14,252,665</u> |
| Total Noncurrent Assets | <u>17,583,483</u> | <u>17,288,927</u> |
| Total Assets | <u>\$22,625,294</u> | <u>\$22,302,455</u> |

See independent auditor's report.

City of Beatrice, Nebraska
ELECTRIC ENTERPRISE FUND
BALANCE SHEET - CONTINUED
September 30, 2017
With comparative totals for September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|---------------------------------------|---------------------|---------------------|
| Liabilities and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 1,310,008 | \$ 1,340,664 |
| Accrued compensated absences | 138,572 | 126,951 |
| Accrued payroll | 53,939 | 28,829 |
| Sales tax payable | 634 | 78 |
| Accrued interest | 2,251 | 2,389 |
| Other accrued liabilities | 11,755 | 1,607 |
| Customer deposits | 374,520 | 381,845 |
| Current portion of long-term debt | 63,000 | 63,000 |
| Total Current Liabilities | <u>1,954,679</u> | <u>1,945,363</u> |
| Noncurrent Liabilities | | |
| Compensated absences | 264,503 | 258,343 |
| Revenue bonds, net of current portion | 400,750 | 463,750 |
| Total noncurrent liabilities | <u>665,253</u> | <u>722,093</u> |
| Total Liabilities | <u>2,619,932</u> | <u>2,667,456</u> |
| Net Position | | |
| Net investment in capital assets | 14,265,677 | 13,725,915 |
| Restricted for debt service | 77,024 | 76,886 |
| Unrestricted | 5,662,661 | 5,832,198 |
| Total Net Position | <u>20,005,362</u> | <u>19,634,999</u> |
| Total Liabilities and Net Position | <u>\$22,625,294</u> | <u>\$22,302,455</u> |

See independent auditor's report.

City of Beatrice, Nebraska
ELECTRIC ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL

For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | | | | |
|------------------------------------|--------------------|-----------------|---------------|------------------------------------|----------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2016 Totals |
| Operating Revenues | | | | | |
| Charges for services | \$ 17,755,000 | \$ 17,755,000 | \$ 16,235,194 | \$ (1,519,806) | \$ 15,672,130 |
| Operating Expenses | | | | | |
| Electric energy purchased | 13,222,000 | 13,222,000 | 12,078,081 | 1,143,919 | 11,459,679 |
| Operating and maintenance expense | 1,234,467 | 1,234,467 | 1,098,375 | 136,092 | 1,044,437 |
| Customer accounting expenses | 255,825 | 255,825 | 243,168 | 12,657 | 279,077 |
| Engineering services | 290,721 | 290,721 | 308,033 | (17,312) | 303,200 |
| Administrative and general expense | 806,232 | 806,232 | 876,780 | (70,548) | 813,840 |
| Municipal expenses | 511,500 | 511,500 | 593,043 | (81,543) | 583,974 |
| Depreciation | 1,030,000 | 1,030,000 | 1,134,350 | (104,350) | 1,081,436 |
| Total operating expenses | 17,350,745 | 17,350,745 | 16,331,830 | 1,018,915 | 15,565,643 |
| Operating Income | 404,255 | 404,255 | (96,636) | (500,891) | 106,487 |
| Nonoperating Revenues (Expenses) | | | | | |
| Interest income | 26,100 | 26,100 | 52,629 | 26,529 | 34,669 |
| Miscellaneous | 147,500 | 147,500 | 281,291 | 133,791 | 381,454 |
| Interest expense | (7,937) | (7,937) | (7,799) | 138 | (8,250) |
| Total Nonoperating Revenues | 165,663 | 165,663 | 326,121 | 160,458 | 407,873 |
| Income Before Contributions | 569,918 | 569,918 | 229,485 | (340,433) | 514,360 |
| Capital Contributions | - | - | 140,878 | 140,878 | - |
| Change in Net Position | \$ 569,918 | \$ 569,918 | 370,363 | \$ (199,555) | 514,360 |
| Net Position, Beginning of Year | | | 19,634,999 | | 19,120,639 |
| Net Position, End of Year | | | \$ 20,005,362 | | \$ 19,634,999 |

See independent auditor's report.

City of Beatrice, Nebraska
ELECTRIC ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | 2016 |
|---|---------------------|---------------------|
| Cash Flows From Operating Activities | | |
| Cash received from customers | \$16,042,565 | \$15,627,422 |
| Cash paid to suppliers for goods and services | (13,776,863) | (13,178,657) |
| Cash paid to employees for services | (1,361,351) | (1,334,603) |
| Net cash provided by operating activities | 904,351 | 1,114,162 |
| Cash Flows From Noncapital Financing Activities | | |
| Other miscellaneous receipts | 281,291 | 381,454 |
| Cash Flows From Capital and Related Financing Activities | | |
| Principal payments on long-term debt | (63,000) | (63,000) |
| Interest paid on long-term debt | (7,937) | (8,362) |
| Capital contributions | 140,878 | - |
| Purchases of capital assets | (1,611,112) | (1,666,051) |
| Net cash used in capital and related financing activities | (1,541,171) | (1,737,413) |
| Cash Flows From Investing Activities | | |
| Sales of investments | 175,000 | - |
| Purchases of investments | - | (200,000) |
| Interest received | 42,540 | 28,492 |
| Net cash provided by (used in) investing activities | 217,540 | (171,508) |
| Net Change in Cash and Cash Equivalents | (137,989) | (413,305) |
| Cash and Cash Equivalents, Beginning of Year | 2,674,773 | 3,088,078 |
| Cash and Cash Equivalents, End of Year | <u>\$ 2,536,784</u> | <u>\$ 2,674,773</u> |
| Composition of Cash and Cash Equivalents | | |
| Cash and cash equivalents | \$ 2,442,003 | \$ 2,572,786 |
| Restricted cash and cash equivalents | 94,781 | 101,987 |
| Total cash and cash equivalents | <u>\$ 2,536,784</u> | <u>\$ 2,674,773</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities | | |
| Operating Income (Loss) | \$ (96,636) | \$ 106,487 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Depreciation | 1,134,350 | 1,081,436 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (187,563) | (25,308) |
| Unbilled and accrued revenues | (5,066) | (19,400) |
| Materials and supplies inventory | 43,878 | (38,973) |
| Prepaid expenses | (226) | (309) |
| Accounts payable | (30,656) | 41,715 |
| Compensated absences | 17,781 | 17,087 |
| Customer and development deposits | (7,325) | 4,150 |
| Other accrued liabilities | 35,814 | (52,723) |
| Total adjustments | 1,000,987 | 1,007,675 |
| Net cash provided by operating activities | <u>\$ 904,351</u> | <u>\$ 1,114,162</u> |

See independent auditor's report.

City of Beatrice, Nebraska
WATER ENTERPRISE FUND
BALANCE SHEET
September 30, 2017

With comparative totals for September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|------------------------------------|---------------------|---------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,288,354 | \$ 1,060,488 |
| Accounts receivable | 207,321 | 159,426 |
| Unbilled and accrued revenues | 146,573 | 135,808 |
| Materials and supplies inventories | 275,960 | 254,210 |
| Prepaid expenses | 5,038 | 4,617 |
| Interest receivable | 2,297 | 1,328 |
| Total Current Assets | <u>1,925,543</u> | <u>1,615,877</u> |
| Noncurrent Assets | | |
| Restricted Investments | | |
| Debt service reserve account | 136,968 | 137,603 |
| Capital Assets | | |
| Land and land rights | 55,458 | 55,458 |
| Buildings and improvements | 125,563 | 125,563 |
| Improvements other than building | 17,808,962 | 16,797,576 |
| Machinery and equipment | 1,053,441 | 966,806 |
| | <u>19,043,424</u> | <u>17,945,403</u> |
| Less accumulated depreciation | (12,142,903) | (11,700,698) |
| Net Capital Assets | <u>6,900,521</u> | <u>6,244,705</u> |
| Total Noncurrent Assets | <u>7,037,489</u> | <u>6,382,308</u> |
| Total Assets | <u>\$ 8,963,032</u> | <u>\$ 7,998,185</u> |

See independent auditor's report.

City of Beatrice, Nebraska
WATER ENTERPRISE FUND
BALANCE SHEET - CONTINUED
September 30, 2017
With comparative totals for September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|---------------------------------------|----------------------------|----------------------------|
| Liabilities and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 40,204 | \$ 39,660 |
| Accrued compensated absences | 82,729 | 78,308 |
| Accrued payroll | 24,994 | 13,175 |
| Accrued interest | 4,496 | 4,861 |
| Other accrued liabilities | 4,695 | 734 |
| Current portion of long-term debt | <u>113,220</u> | <u>113,220</u> |
| Total Current Liabilities | <u>270,338</u> | <u>249,958</u> |
| Noncurrent Liabilities | | |
| Compensated absences | 171,347 | 165,964 |
| Revenue bonds, net of current portion | <u>661,570</u> | <u>774,790</u> |
| Total Long-term Liabilities | <u>832,917</u> | <u>940,754</u> |
| Total Liabilities | <u>1,103,255</u> | <u>1,190,712</u> |
| Net Position | | |
| Net investment in capital assets | 6,125,731 | 5,356,695 |
| Restricted for debt service | 132,472 | 132,742 |
| Unrestricted | <u>1,601,574</u> | <u>1,318,036</u> |
| Total Net Position | <u>7,859,777</u> | <u>6,807,473</u> |
| Total Liabilities and Net Position | <u><u>\$ 8,963,032</u></u> | <u><u>\$ 7,998,185</u></u> |

See independent auditor's report.

City of Beatrice, Nebraska
WATER ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL

For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | | | | |
|------------------------------------|--------------------|-------------------|---------------------|------------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2016 Totals |
| Operating Revenues | | | | | |
| Charges for services | \$ 2,861,500 | \$ 2,861,500 | \$ 2,862,930 | \$ 1,430 | \$ 2,717,237 |
| Operating Expenses | | | | | |
| Operating and maintenance expense | 1,142,196 | 1,142,196 | 1,000,888 | 141,308 | 1,037,496 |
| Customer accounting expenses | 102,951 | 102,951 | 129,025 | (26,074) | 102,747 |
| Engineering services | 30,000 | 30,000 | 30,750 | (750) | 30,000 |
| Administrative and general expense | 444,925 | 444,925 | 401,186 | 43,739 | 391,156 |
| Municipal expenses | 49,500 | 49,500 | 50,746 | (1,246) | 48,134 |
| Depreciation | 545,000 | 545,000 | 518,390 | 26,610 | 509,747 |
| Total operating expenses | <u>2,314,572</u> | <u>2,314,572</u> | <u>2,130,985</u> | <u>183,587</u> | <u>2,119,280</u> |
| Operating Income | 546,928 | 546,928 | 731,945 | 185,017 | 597,957 |
| Nonoperating Revenues (Expenses) | | | | | |
| Interest income | 4,500 | 4,500 | 6,731 | 2,231 | 5,685 |
| Gain on disposal of capital asset | - | - | 16,000 | 16,000 | - |
| Miscellaneous | 76,012 | 76,012 | 169,903 | 93,891 | 116,886 |
| Interest expense | <u>(16,004)</u> | <u>(16,004)</u> | <u>(15,640)</u> | <u>364</u> | <u>(16,826)</u> |
| Total nonoperating revenues | <u>64,508</u> | <u>64,508</u> | <u>176,994</u> | <u>112,486</u> | <u>105,745</u> |
| Income Before Contributions | 611,436 | 611,436 | 908,939 | 297,503 | 703,702 |
| Capital Contributions | <u>-</u> | <u>-</u> | <u>143,365</u> | <u>143,365</u> | <u>-</u> |
| Change in Net Position | <u>\$ 611,436</u> | <u>\$ 611,436</u> | 1,052,304 | <u>\$ 440,868</u> | 703,702 |
| Net Position, Beginning of Year | | | <u>6,807,473</u> | | <u>6,103,771</u> |
| Net Position, End of Year | | | <u>\$ 7,859,777</u> | | <u>\$ 6,807,473</u> |

See independent auditor's report.

City of Beatrice, Nebraska
WATER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | 2016 |
|--|----------------------------|----------------------------|
| Cash Flows From Operating Activities | | |
| Cash received from customers | \$ 2,804,270 | \$ 2,691,606 |
| Cash paid to suppliers for goods and services | (854,660) | (827,158) |
| Cash paid to employees for services | (753,978) | (789,186) |
| Net cash provided by operating activities | <u>1,195,632</u> | <u>1,075,262</u> |
| Cash Flows From Noncapital Financing Activities | | |
| Other miscellaneous receipts | <u>169,903</u> | <u>116,886</u> |
| Cash Flows From Capital and Related Financing Activities | | |
| Principal payments on long-term debt | (113,220) | (111,600) |
| Interest paid on long-term debt | (16,005) | (17,110) |
| Capital contributions | 143,365 | - |
| Proceeds from disposal of capital asset | 16,000 | - |
| Purchases of capital assets | (1,174,206) | (1,024,434) |
| Net cash used in capital and related financing activities | <u>(1,144,066)</u> | <u>(1,153,144)</u> |
| Cash Flows From Investing Activities | | |
| Interest received | <u>6,397</u> | <u>3,692</u> |
| Net cash provided by investing activities | <u>6,397</u> | <u>3,692</u> |
| Net Change in Cash and Cash Equivalents | 227,866 | 42,696 |
| Cash and Cash Equivalents, Beginning of Year | <u>1,060,488</u> | <u>1,017,792</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 1,288,354</u></u> | <u><u>\$ 1,060,488</u></u> |
| Composition of Cash and Cash Equivalents | | |
| Cash and cash equivalents | <u>\$ 1,288,354</u> | <u>\$ 1,060,488</u> |
| Total cash and cash equivalents | <u><u>\$ 1,288,354</u></u> | <u><u>\$ 1,060,488</u></u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | |
| Operating income | \$ 731,945 | \$ 597,957 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 518,390 | 509,747 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (47,895) | (36,431) |
| Unbilled and accrued receivable | (10,765) | 10,800 |
| Materials and supplies inventory | (21,750) | (7,810) |
| Prepaid expenses | (421) | (119) |
| Accounts payable | 544 | 29,328 |
| Compensated absences | 9,804 | (7,731) |
| Other accrued liabilities | 15,780 | (20,479) |
| Total adjustments | <u>463,687</u> | <u>477,305</u> |
| Net cash provided by operating activities | <u><u>\$ 1,195,632</u></u> | <u><u>\$ 1,075,262</u></u> |

See independent auditor's report.

City of Beatrice, Nebraska
WATER POLLUTION CONTROL ENTERPRISE FUND
BALANCE SHEET
September 30, 2017
With comparative totals for September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|----------------------------------|---------------------|---------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 2,092,962 | \$ 1,639,485 |
| Accounts receivable | 108,749 | 100,726 |
| Unbilled and accrued revenues | 115,300 | 105,441 |
| Prepaid expenses | 3,063 | 2,898 |
| Interest receivable | 9,705 | 3,588 |
| Total Current Assets | <u>2,329,779</u> | <u>1,852,138</u> |
| Noncurrent Assets | | |
| Investments | 950,000 | 600,000 |
| Restricted Investments | | |
| Debt service reserve account | 188,321 | 189,647 |
| Capital Assets | | |
| Land and land rights | 16,588 | 16,588 |
| Buildings and improvements | 9,554,830 | 9,507,791 |
| Improvements other than building | 9,125,103 | 8,800,171 |
| Machinery and equipment | 2,181,783 | 2,164,820 |
| | <u>20,878,304</u> | <u>20,489,370</u> |
| Less accumulated depreciation | <u>(14,832,661)</u> | <u>(14,301,024)</u> |
| Net Capital Assets | 6,045,643 | 6,188,346 |
| Total Noncurrent Assets | <u>7,183,964</u> | <u>6,977,993</u> |
| Total Assets | <u>\$ 9,513,743</u> | <u>\$ 8,830,131</u> |

See independent auditor's report.

City of Beatrice, Nebraska
WATER POLLUTION CONTROL ENTERPRISE FUND
BALANCE SHEET - CONTINUED
September 30, 2017
With comparative totals for September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|---------------------------------------|---------------------|---------------------|
| Liabilities and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 75,913 | \$ 166,503 |
| Accrued compensated absences | 40,395 | 35,965 |
| Accrued payroll | 14,282 | 7,936 |
| Accrued interest | 6,613 | 7,206 |
| Other accrued liabilities | 2,026 | 442 |
| Current portion of long-term debt | 158,780 | 158,780 |
| Total Current Liabilities | <u>298,009</u> | <u>376,832</u> |
| Noncurrent Liabilities | | |
| Compensated absences | 46,051 | 44,984 |
| Revenue bonds, net of current portion | 887,680 | 1,046,460 |
| Total Noncurrent Liabilities | <u>933,731</u> | <u>1,091,444</u> |
| Total Liabilities | <u>1,231,740</u> | <u>1,468,276</u> |
| Net Position | | |
| Net investment in capital assets | 4,999,183 | 4,983,106 |
| Restricted for debt service | 181,708 | 182,441 |
| Unrestricted | 3,101,112 | 2,196,308 |
| Total Net Position | <u>8,282,003</u> | <u>7,361,855</u> |
| Total Liabilities and Net Position | <u>\$ 9,513,743</u> | <u>\$ 8,830,131</u> |

See independent auditor's report.

City of Beatrice, Nebraska
WATER POLLUTION CONTROL ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | | | | |
|------------------------------------|--------------------|-------------------|---------------------|------------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2016 Totals |
| Operating Revenues | | | | | |
| Charges for services | \$ 2,315,000 | \$ 2,315,000 | \$ 2,315,112 | \$ 112 | \$ 2,046,952 |
| Operating Expenses | | | | | |
| Operating and maintenance expense | 590,058 | 590,058 | 584,480 | 5,578 | 593,855 |
| Customer accounting expenses | 62,383 | 62,383 | 84,339 | (21,956) | 64,761 |
| Engineering services | 30,000 | 30,000 | 30,750 | (750) | 30,000 |
| Administrative and general expense | 256,888 | 256,888 | 263,054 | (6,166) | 257,481 |
| Municipal expenses | 20,000 | 20,000 | 22,116 | (2,116) | 20,326 |
| Depreciation | 560,000 | 560,000 | 531,637 | 28,363 | 554,489 |
| Total operating expenses | <u>1,519,329</u> | <u>1,519,329</u> | <u>1,516,376</u> | <u>2,953</u> | <u>1,520,912</u> |
| Operating Income | 795,671 | 795,671 | 798,736 | 3,065 | 526,040 |
| Nonoperating Revenues (Expenses) | | | | | |
| Interest income | 7,500 | 7,500 | 20,223 | 12,723 | 13,303 |
| Miscellaneous | 49,500 | 49,500 | 57,086 | 7,586 | 58,291 |
| Interest expense | (23,635) | (23,635) | (23,042) | 593 | (24,965) |
| Total nonoperating revenues | <u>33,365</u> | <u>33,365</u> | <u>54,267</u> | <u>20,902</u> | <u>46,629</u> |
| Income Before Contributions | 829,036 | 829,036 | 853,003 | 23,967 | 572,669 |
| Capital Contributions | <u>-</u> | <u>-</u> | <u>67,145</u> | <u>67,145</u> | <u>-</u> |
| Change in Net Position | <u>\$ 829,036</u> | <u>\$ 829,036</u> | 920,148 | <u>\$ 91,112</u> | 572,669 |
| Net Position, Beginning of Year | | | <u>7,361,855</u> | | <u>6,789,186</u> |
| Net Position, End of Year | | | <u>\$ 8,282,003</u> | | <u>\$ 7,361,855</u> |

See independent auditor's report.

City of Beatrice, Nebraska
WATER POLLUTION CONTROL ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | 2016 |
|--|---------------------|---------------------|
| Cash Flows From Operating Activities | | |
| Cash received from customers | \$ 2,297,230 | \$ 2,036,509 |
| Cash paid to suppliers for goods and services | (591,167) | (351,774) |
| Cash paid to employees for services | (470,900) | (470,325) |
| Net cash provided by operating activities | <u>1,235,163</u> | <u>1,214,410</u> |
| Cash Flows From Noncapital Financing Activities | | |
| Other miscellaneous receipts | <u>57,086</u> | <u>58,291</u> |
| Cash Flows From Capital and Related Financing Activities | | |
| Principal payments on long-term debt | (158,780) | (155,400) |
| Interest paid on long-term debt | (23,635) | (25,420) |
| Capital contributions | 67,145 | - |
| Purchases of capital assets | (388,934) | (556,632) |
| Net cash used in capital and related financing activities | <u>(504,204)</u> | <u>(737,452)</u> |
| Cash Flows From Investing Activities | | |
| Purchases of investments | (350,000) | (450,000) |
| Interest received | 15,432 | 8,072 |
| Net cash used in investing activities | <u>(334,568)</u> | <u>(441,928)</u> |
| Net Change in Cash and Cash Equivalents | 453,477 | 93,321 |
| Cash and Restricted Cash, Beginning of Year | 1,639,485 | 1,546,164 |
| Cash and Restricted Cash, End of Year | <u>\$ 2,092,962</u> | <u>\$ 1,639,485</u> |
| Composition of Cash and Cash Equivalents | | |
| Cash and cash equivalents | <u>\$ 2,092,962</u> | <u>\$ 1,639,485</u> |
| Total cash and cash equivalents | <u>\$ 2,092,962</u> | <u>\$ 1,639,485</u> |
| Reconciliation of Operating Income to Net Cash | | |
| Provided by Operating Activities | | |
| Operating income | \$ 798,736 | \$ 526,040 |
| Adjustments to reconcile operating income to net cash provided | | |
| by operating activities: | | |
| Depreciation | 531,637 | 554,489 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (8,023) | (2,552) |
| Unbilled and accrued revenues | (9,859) | (7,891) |
| Prepaid expenses | (165) | (154) |
| Accounts payable | (90,590) | 155,073 |
| Compensated absences | 5,497 | 446 |
| Other accrued liabilities | 7,930 | (11,041) |
| Total adjustments | <u>436,427</u> | <u>688,370</u> |
| Net cash provided by operating activities | <u>\$ 1,235,163</u> | <u>\$ 1,214,410</u> |

See independent auditor's report.

City of Beatrice, Nebraska
BASWA ENTERPRISE FUND
BALANCE SHEET
September 30, 2017

With comparative totals for September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|---|--------------------------------|--------------------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 336,846 | \$ 145,158 |
| Accounts receivable | 231,412 | 137,392 |
| Total Current Assets | <u>568,258</u> | <u>282,550</u> |
| Noncurrent Assets | | |
| Restricted investments | | |
| Debt service reserve account | 352,838 | 187,673 |
| Closure/post-closure maintenance account | 1,616,399 | 1,598,177 |
| Total Restricted Assets | <u>1,969,237</u> | <u>1,785,850</u> |
| Property, Plant and Equipment | | |
| Buildings and improvements other than buildings | 7,678,368 | 5,363,810 |
| Machinery and equipment | 1,877,847 | 1,119,122 |
| Total Property, Plant and Equipment | <u>9,556,215</u> | <u>6,482,932</u> |
| Less: accumulated depreciation | <u>(4,484,329)</u> | <u>(4,300,460)</u> |
| Net Property, Plant and Equipment | <u>5,071,886</u> | <u>2,182,472</u> |
| Total Noncurrent Assets | <u>7,041,123</u> | <u>3,968,322</u> |
| Total Assets and Deferred Outflows | <u><u>\$ 7,609,381</u></u> | <u><u>\$ 4,250,872</u></u> |

See independent auditor's report.

City of Beatrice, Nebraska
 BASWA ENTERPRISE FUND
 BALANCE SHEET - CONTINUED
 September 30, 2017
 With comparative totals for September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|--|---------------------|---------------------|
| Liabilities and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 268,682 | \$ 55,742 |
| Compensated absences | 14,425 | 10,139 |
| Accrued payroll | 6,919 | 6,772 |
| Accrued interest payable | 22,561 | 535 |
| Current maturities of lease obligation | 151,062 | - |
| Current maturities of bonds payable | <u>260,000</u> | <u>200,000</u> |
| Total Current Liabilities | 723,649 | 273,188 |
| Noncurrent Liabilities | | |
| Revenue bonds payable, net of current portion | 1,615,000 | 625,000 |
| Lease obligation | 621,438 | - |
| Estimated current cost of closure and post-closure | <u>4,170,000</u> | <u>3,679,000</u> |
| Total Noncurrent Liabilities | 6,406,438 | 4,304,000 |
| Total Liabilities | <u>7,130,087</u> | <u>4,577,188</u> |
| Net Position | | |
| Net investment in capital assets | 2,424,386 | 1,357,472 |
| Restricted for debt service | 330,277 | 187,138 |
| Unrestricted | <u>(2,275,369)</u> | <u>(1,870,926)</u> |
| Net Position | 479,294 | (326,316) |
| Total Liabilities and Net Position | <u>\$ 7,609,381</u> | <u>\$ 4,250,872</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 BASWA ENTERPRISE FUND
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 BUDGET AND ACTUAL
 For the year ended September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | | | | |
|--|--------------------|-------------------|-------------------|------------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2016 Actual |
| Operating Revenues | | | | | |
| Other government user fees | \$ 94,505 | \$ 94,505 | \$ 94,505 | \$ - | \$ 94,505 |
| Gate fees | 395,000 | 395,000 | 1,411,986 | 1,016,986 | 456,483 |
| Garbage service fees | 729,300 | 729,300 | 740,880 | 11,580 | 676,683 |
| Recycling income | 2,500 | 2,500 | 2,270 | (230) | 8,750 |
| Total Operating Revenues | <u>1,221,305</u> | <u>1,221,305</u> | <u>2,249,641</u> | <u>1,028,336</u> | <u>1,236,421</u> |
| Operating Expenses | | | | | |
| Personal services | 255,784 | 255,784 | 261,363 | (5,579) | 249,099 |
| Other services and charges | 210,140 | 210,140 | 267,468 | (57,328) | 281,793 |
| Supplies | 115,700 | 115,700 | 96,575 | 19,125 | 133,836 |
| Contractual services | 108,174 | 108,174 | 118,967 | (10,793) | 103,146 |
| Depreciation and amortization | 250,000 | 250,000 | 204,492 | 45,508 | 183,107 |
| Landfill closure and post-closure care | 200,000 | 200,000 | 491,000 | (291,000) | 392,000 |
| Total Operating Expenses | <u>1,139,798</u> | <u>1,139,798</u> | <u>1,439,865</u> | <u>(300,067)</u> | <u>1,342,981</u> |
| Operating Income | <u>81,507</u> | <u>81,507</u> | <u>809,776</u> | <u>728,269</u> | <u>(106,560)</u> |
| Nonoperating Revenues (Expenses) | | | | | |
| Miscellaneous income | 85,500 | 85,500 | - | - | - |
| Loss on disposal of capital asset | - | - | (1,139) | (1,139) | (261,308) |
| Interest earnings | 15,350 | 15,350 | 23,764 | 8,414 | 15,832 |
| Interest expense | - | - | (26,791) | (26,791) | (31,870) |
| Total Nonoperating Revenues (Expenses) | <u>100,850</u> | <u>100,850</u> | <u>(4,166)</u> | <u>(19,516)</u> | <u>(277,346)</u> |
| Change in Net Position | <u>\$ 182,357</u> | <u>\$ 182,357</u> | <u>805,610</u> | <u>\$ 708,753</u> | <u>(383,906)</u> |
| Net Position, Beginning of Year | | | <u>(326,316)</u> | | <u>57,590</u> |
| Net Position, End of Year | | | <u>\$ 479,294</u> | | <u>\$ (326,316)</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 BASWA ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 For the year ended September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | 2016 |
|--|----------------------------|--------------------------|
| Cash Flows from Operating Activities | | |
| Cash received from customers | \$ 2,155,621 | \$ 1,259,083 |
| Cash paid to suppliers for goods and services | (265,637) | (466,202) |
| Cash paid to employees for services | (261,363) | (249,099) |
| Net cash provided by operating activities | <u>1,628,621</u> | <u>543,782</u> |
| Cash Flows from Capital and Related Financing Activities | | |
| Bond principal repayments | (200,000) | (170,000) |
| Note payable repayments | - | (4,290) |
| Net transfer to bond refunding agent | - | (45,000) |
| Interest expenditures | (4,765) | (49,063) |
| Bond and lease proceeds | 2,022,500 | - |
| Proceeds from sale of capital assets | 2,138 | 85,000 |
| Capital expenditures | (3,097,183) | (253,959) |
| Net cash used in capital and related financing activities | <u>(1,277,310)</u> | <u>(437,312)</u> |
| Cash Flows from Investing Activities | | |
| Interest received | 23,764 | 15,832 |
| Purchase of investments | (183,387) | (174,549) |
| Net cash used in investing activities | <u>(159,623)</u> | <u>(158,717)</u> |
| Net Change in Cash and Cash Equivalents | 191,688 | (52,247) |
| Cash and Cash Equivalents, Beginning of Year | <u>145,158</u> | <u>197,405</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 336,846</u></u> | <u><u>\$ 145,158</u></u> |
| Cash and Cash Equivalents Consist of: | | |
| Cash and cash equivalents | <u><u>\$ 336,846</u></u> | <u><u>\$ 145,158</u></u> |
| Reconciliation of Net Income to Net Cash | | |
| Provided by Operating Activities | | |
| Operating income | \$ 809,776 | \$ (106,560) |
| Adjustments to reconcile operating income to net cash provided | | |
| by operating activities: | | |
| Depreciation and amortization | 204,492 | 183,107 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (94,020) | 22,662 |
| Accounts payable | 212,940 | 46,361 |
| Accrued expenses | 4,433 | 6,212 |
| Closure / post-closure liabilities | 491,000 | 392,000 |
| Total adjustments | <u>818,845</u> | <u>650,342</u> |
| Net cash provided by operating activities | <u><u>\$ 1,628,621</u></u> | <u><u>\$ 543,782</u></u> |
| Supplemental Disclosure for NonCash Capital Activities: | | |
| Trade-in value for purchase of capital asset | \$ - | \$ 42,500 |

See independent auditor's report.

City of Beatrice, Nebraska
 BEATRICE SANITATION ENTERPRISE FUND
 BALANCE SHEET
 September 30, 2017
 With comparative totals for September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|------------------------------------|-------------------------|--------------------------|
| Assets | | |
| Current Assets | | |
| Cash | \$ 34,220 | \$ 45,131 |
| Accounts receivable | <u>47,950</u> | <u>63,981</u> |
| Total Assets | <u><u>\$ 82,170</u></u> | <u><u>\$ 109,112</u></u> |
| Liabilities and Net Position | | |
| Liabilities | | |
| Accounts payable | <u>\$ 82,170</u> | <u>\$ 109,112</u> |
| Net Position | | |
| Unrestricted | <u>-</u> | <u>-</u> |
| Total Liabilities and Net Position | <u><u>\$ 82,170</u></u> | <u><u>\$ 109,112</u></u> |

See independent auditor's report.

City of Beatrice, Nebraska
 BEATRICE SANITATION ENTERPRISE FUND
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 BUDGET AND ACTUAL
 For the year ended September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | | | | |
|---------------------------------|--------------------|-----------------|--------------|------------------------------------|----------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2016 Totals |
| Operating Revenues | | | | | |
| Garbage service fees | \$ 1,311,700 | \$ 1,326,700 | \$ 1,322,624 | \$ (4,076) | \$ 1,265,834 |
| Operating Expenses | | | | | |
| Bad debt expense | 1,000 | 1,000 | 1,236 | (236) | 1,195 |
| Garbage disposal contract | 711,300 | 711,300 | 709,133 | 2,167 | 669,402 |
| Garbage hauler contract | 599,400 | 614,400 | 612,255 | 2,145 | 595,237 |
| Total Operating Expenses | 1,311,700 | 1,326,700 | 1,322,624 | 4,076 | 1,265,834 |
| Change in Net Position | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net Position, Beginning of Year | | | <u>\$ -</u> | | <u>\$ -</u> |
| Net Position, End of Year | | | <u>\$ -</u> | | <u>\$ -</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 BEATRICE SANITATION ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 For the year ended September 30, 2017
 With comparative totals for September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|--|---------------------------|---------------------------|
| Cash Flows From Operating Activities | | |
| Cash received from customers | \$ 1,338,655 | \$ 1,258,918 |
| Cash paid to supplies for goods and services | <u>(1,349,566)</u> | <u>(1,295,462)</u> |
| Net Change in Cash and Cash Equivalents | (10,911) | (36,544) |
| Cash and Cash Equivalents, Beginning of Year | <u>45,131</u> | <u>81,675</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 34,220</u></u> | <u><u>\$ 45,131</u></u> |
| Reconciliation of Operating Income to Net Cash | | |
| Provided by (Used in) Operating Activities | | |
| Operating income | \$ - | \$ - |
| Adjustments to reconcile operating income to net cash provided | | |
| by operating (used in) activities: | | |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 16,031 | (6,916) |
| Accounts payable | <u>(26,942)</u> | <u>(29,628)</u> |
| Total adjustments | <u>(10,911)</u> | <u>(36,544)</u> |
| Net cash provided by (used in) operating activities | <u><u>\$ (10,911)</u></u> | <u><u>\$ (36,544)</u></u> |

See independent auditor's report.

City of Beatrice, Nebraska
INTERNAL SERVICE FUND
SELF-INSURED GROUP INSURANCE FUND
STATEMENT OF NET POSITION
September 30, 2017
With comparative totals for September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|------------------------------------|-------------------|-------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 181,991 | \$ 310,284 |
| Accounts receivable | <u>87,996</u> | <u>-</u> |
| Total Assets | <u>\$ 269,987</u> | <u>\$ 310,284</u> |
| Liabilities and Net Position | | |
| Liabilities | | |
| Current Liabilities | | |
| Claims incurred but not reported | <u>\$ 176,415</u> | <u>\$ 96,753</u> |
| Net Position | | |
| Unrestricted | <u>93,572</u> | <u>213,531</u> |
| Total Liabilities and Net Position | <u>\$ 269,987</u> | <u>\$ 310,284</u> |

See independent auditor's report.

City of Beatrice, Nebraska
INTERNAL SERVICE FUND
SELF-INSURED GROUP INSURANCE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL

For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | 2017 | | | | |
|---------------------------------------|--------------------|------------------|------------------|------------------------------------|-------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2016 Actual |
| Operating Revenues | | | | | |
| Charges for services, including COBRA | \$ 2,598,400 | \$ 2,598,400 | \$ 2,722,614 | \$ 124,214 | \$ 2,521,849 |
| Reinsurance coverage reimbursements | 50,000 | 250,000 | 157,594 | (92,406) | 5,578 |
| Total Operating Revenues | <u>2,648,400</u> | <u>2,848,400</u> | <u>2,880,208</u> | <u>31,808</u> | <u>2,527,427</u> |
| Operating Expenses | | | | | |
| Health insurance claims paid | 1,968,200 | 2,298,200 | 2,327,570 | (29,370) | 1,900,757 |
| Insurance premiums | 378,500 | 378,500 | 379,470 | (970) | 365,293 |
| Payflex expenditures | 189,000 | 189,000 | 191,275 | (2,275) | 186,638 |
| Other services and charges | 113,000 | 113,000 | 102,152 | 10,848 | 99,412 |
| Total Operating Expenses | <u>2,648,700</u> | <u>2,978,700</u> | <u>3,000,467</u> | <u>(21,767)</u> | <u>2,552,100</u> |
| Operating Loss | <u>(300)</u> | <u>(130,300)</u> | <u>(120,259)</u> | <u>10,041</u> | <u>(24,673)</u> |
| Nonoperating Revenues | | | | | |
| Interest | <u>100</u> | <u>300</u> | <u>300</u> | <u>-</u> | <u>305</u> |
| Change in Net Position | <u>(200)</u> | <u>(130,000)</u> | <u>(119,959)</u> | <u>10,041</u> | <u>(24,368)</u> |
| Net Position, Beginning of Year | | | <u>213,531</u> | | <u>237,899</u> |
| Net Position, End of Year | | | <u>\$ 93,572</u> | | <u>\$ 213,531</u> |

See independent auditor's report.

City of Beatrice, Nebraska
INTERNAL SERVICE FUND
SELF-INSURED GROUP INSURANCE FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2017
With comparative totals for September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|---|----------------------------|---------------------------|
| Cash Flows From Operating Activities | | |
| Receipts from customers and users | \$ 2,792,212 | \$ 2,553,756 |
| Payments to suppliers | <u>(2,920,805)</u> | <u>(2,602,698)</u> |
| Net cash used in operating activities | (128,593) | (48,942) |
| Cash Flows From Investing Activities | | |
| Interest received | <u>300</u> | <u>305</u> |
| Net Change in Cash and Cash Equivalents | <u>(128,293)</u> | <u>(48,637)</u> |
| Cash and Cash Equivalents, Beginning of Year | <u>310,284</u> | <u>358,921</u> |
| Cash and Cash Equivalents, End of Year | <u><u>181,991</u></u> | <u><u>310,284</u></u> |
| Reconciliation of Operating Loss to Net Cash | | |
| Used in Operating Activities: | | |
| Operating loss | (120,259) | (24,673) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (87,996) | 26,329 |
| Claims incurred but not reported | <u>79,662</u> | <u>(50,598)</u> |
| Total adjustments | <u>(8,334)</u> | <u>(24,269)</u> |
| Net cash provided by (used in) operating activities | <u><u>\$ (128,593)</u></u> | <u><u>\$ (48,942)</u></u> |

See independent auditor's report.

City of Beatrice, Nebraska
 EMPLOYEES' RETIREMENT SYSTEM PENSION TRUST FUND
 COMBINING STATEMENT OF NET POSITION
 September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | | | | | 2016 |
|---|---------------------|---------------------|-----------------------|-----------------------------|----------------------|----------------------|
| | Firefighters | Police | General Government | Board of Public Works | Total | Total |
| Assets | | | | | | |
| Investments with fiscal agent: | | | | | | |
| Guaranteed interest accounts | \$ 1,687,665 | \$ 1,025,241 | \$ 1,230,437 | \$ 3,758,911 | \$ 7,702,254 | \$ 7,374,138 |
| Publicly traded mutual funds | 4,505,585 | 2,516,766 | 2,150,454 | 3,826,184 | 12,998,989 | 11,343,599 |
| Total Assets | <u>\$ 6,193,250</u> | <u>\$ 3,542,007</u> | <u>\$ 3,380,891</u> | <u>\$ 7,585,095</u> | <u>\$ 20,701,243</u> | <u>\$ 18,717,737</u> |
| Net Position | | | | | | |
| Net position restricted for pensions | <u>\$ 6,193,250</u> | <u>\$ 3,542,007</u> | <u>\$ 3,380,891</u> | <u>\$ 7,585,095</u> | <u>\$ 20,701,243</u> | <u>\$ 18,717,737</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 EMPLOYEES' RETIREMENT SYSTEM PENSION TRUST FUND
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 For the year ended September 30, 2017
 With comparative totals for the year ended September 30, 2016

| | 2017 | | | | | 2016 |
|---|---------------------|---------------------|-----------------------|--------------------------------|----------------------|----------------------|
| | Firefighters | Police | General Government | Board of Public Works | Total | Actual |
| Additions: | | | | | | |
| Contributions: | | | | | | |
| Employer | \$ 146,941 | \$ 83,258 | \$ 88,992 | \$ 161,486 | \$ 480,677 | \$ 504,327 |
| Employee | 102,370 | 91,982 | 90,027 | 174,616 | 458,995 | 422,818 |
| Total Contributions | 249,311 | 175,240 | 179,019 | 336,102 | 939,672 | 927,145 |
| Investment Income: | | | | | | |
| Net appreciation in fair value of investments | 685,901 | 383,482 | 299,423 | 673,771 | 2,042,577 | 1,410,335 |
| Total Additions | 935,212 | 558,722 | 478,442 | 1,009,873 | 2,982,249 | 2,337,480 |
| Deductions: | | | | | | |
| Benefit payments | 708,267 | 13,701 | 244,226 | 32,099 | 998,293 | 831,923 |
| Administrative costs | 100 | 100 | 225 | 25 | 450 | 1,350 |
| Total Deductions | 708,367 | 13,801 | 244,451 | 32,124 | 998,743 | 833,273 |
| Change in Net Position | 226,845 | 544,921 | 233,991 | 977,749 | 1,983,506 | 1,504,207 |
| Net Position Restricted for Pensions, Beginning of Year | 5,966,405 | 2,997,086 | 3,146,900 | 6,607,346 | 18,717,737 | 17,213,530 |
| Net Position Restricted for Pensions, End of Year | <u>\$ 6,193,250</u> | <u>\$ 3,542,007</u> | <u>\$ 3,380,891</u> | <u>\$ 7,585,095</u> | <u>\$ 20,701,243</u> | <u>\$ 18,717,737</u> |

See independent auditor's report.

City of Beatrice, Nebraska
PENSION TRUST FUND - EMPLOYEES' RETIREMENT SYSTEM
COMBINING SCHEDULE OF CASH FLOWS
For the year ended September 30, 2017
With comparative totals for the year ended September 30, 2016

| | 2017 | | | | | 2016 |
|---|--------------|------------|--------------------|-----------------------|--------------|--------------|
| | Firefighters | Police | General Government | Board of Public Works | Total | Total |
| Cash Flows From Operating Activities | | | | | | |
| Cash contributions received | \$ 249,311 | \$ 175,240 | \$ 179,019 | \$ 336,102 | \$ 939,672 | \$ 927,145 |
| Cash terminations/retirements paid | (708,267) | (13,701) | (244,226) | (32,099) | (998,293) | (831,923) |
| Other operating charges paid | (100) | (100) | (225) | (25) | (450) | (1,350) |
| Net Cash Provided by (Used in) Operating Activities | (459,056) | 161,439 | (65,432) | 303,978 | (59,071) | 93,872 |
| Cash Flows From Investing Activities | | | | | | |
| Net (purchases) sales of investments | 459,056 | (161,439) | 65,432 | (303,978) | 59,071 | (93,872) |
| Net Cash Provided by (Used in) Investing Activities | 459,056 | (161,439) | 65,432 | (303,978) | 59,071 | (93,872) |
| 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 (Used in) Operating Activities | | | | | | |
| Operating income | \$ 226,845 | \$ 544,921 | \$ 233,991 | \$ 977,749 | \$ 1,983,506 | \$ 1,504,207 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities: | | | | | | |
| Net appreciation in fair value of investments | (685,901) | (383,482) | (299,423) | (673,771) | (2,042,577) | (1,410,335) |
| Net Cash Provided by (Used In) Operating Activities | \$ (459,056) | \$ 161,439 | \$ (65,432) | \$ 303,978 | \$ (59,071) | \$ 93,872 |

See independent auditor's report.

City of Beatrice, Nebraska
 COMPONENT UNITS
 COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS
 September 30, 2017¹

| | Beatrice Airport Authority | Beatrice Community Redevelopment Authority | Beatrice Public Library Foundation | Total Component Units |
|---|----------------------------------|---|---|-----------------------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 391,125 | \$ - | \$ 69,927 | \$ 461,052 |
| Cash on deposit - county treasurer | 8,421 | - | - | 8,421 |
| Accounts receivable | 16,487 | - | - | 16,487 |
| Taxes receivable | 14,270 | - | - | 14,270 |
| Inventories | 51,844 | - | - | 51,844 |
| Total Current Assets | <u>482,147</u> | <u>-</u> | <u>69,927</u> | <u>552,074</u> |
| Noncurrent Assets | | | | |
| Investments | - | - | 1,335,698 | 1,335,698 |
| Restricted Assets | | | | |
| Cash and cash equivalents | 97,028 | 18,861 | 116,268 | 232,157 |
| Cash on deposit - county treasurer | - | 21,229 | - | 21,229 |
| Investments | - | - | 132,933 | 132,933 |
| Total Restricted Assets | <u>97,028</u> | <u>40,090</u> | <u>249,201</u> | <u>386,319</u> |
| Capital Assets | | | | |
| Land | 1,321,356 | - | - | 1,321,356 |
| Capital assets, net of accumulated depreciation | 5,469,337 | - | 48,598 | 5,517,935 |
| Net capital assets | <u>6,790,693</u> | <u>-</u> | <u>48,598</u> | <u>6,839,291</u> |
| Total Noncurrent Assets | <u>6,887,721</u> | <u>40,090</u> | <u>1,633,497</u> | <u>8,561,308</u> |
| Total Assets | <u>\$ 7,369,868</u> | <u>\$ 40,090</u> | <u>\$ 1,703,424</u> | <u>\$ 9,113,382</u> |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts payable | \$ 23,226 | \$ - | \$ - | \$ 23,226 |
| Accrued interest payable | 1,461 | - | - | 1,461 |
| Accrued compensated absences | 15,944 | - | - | 15,944 |
| Due to developer | - | 40,090 | - | 40,090 |
| Current maturities of long-term debt | 150,000 | - | - | 150,000 |
| Total Current Liabilities | <u>190,631</u> | <u>40,090</u> | <u>-</u> | <u>230,721</u> |
| Noncurrent Liabilities, Net of Current Portion | | | | |
| Compensated absences | 56,144 | - | - | 56,144 |
| Long-term debt | 110,000 | - | - | 110,000 |
| Total Noncurrent Liabilities | <u>166,144</u> | <u>-</u> | <u>-</u> | <u>166,144</u> |
| Total Liabilities | <u>356,775</u> | <u>40,090</u> | <u>-</u> | <u>396,865</u> |
| Net Position | | | | |
| Net investment in capital assets | 6,516,301 | - | 48,598 | 6,564,899 |
| Restricted for debt service | 95,567 | - | - | 95,567 |
| Restricted for Library Foundation | - | - | 255,769 | 255,769 |
| Unrestricted net position | 401,225 | - | 1,399,057 | 1,800,282 |
| Total Net Position | <u>7,013,093</u> | <u>-</u> | <u>1,703,424</u> | <u>8,716,517</u> |
| Total Liabilities and Net Position | <u>\$ 7,369,868</u> | <u>\$ 40,090</u> | <u>\$ 1,703,424</u> | <u>\$ 9,113,382</u> |

1: Beatrice Library Foundation, Inc.'s financial information is as of its fiscal year end July 31, 2017.

CITY OF BEATRICE, NEBRASKA
COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS
For the year ended September 30, 2017¹

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position Component Units | | |
|--|----------------------------|---|----------------------------------|---|---|---------------------|
| | Charges for Services | Capital Grants and Contributions | Beatrice Airport Authority | Beatrice Community Redevelopment Authority | Beatrice Public Library Foundation, Inc. | Total |
| Expenses | | | | | | |
| <u>Functions/Programs</u> | | | | | | |
| Beatrice Airport Authority: | | | | | | |
| Airport operations | \$ 705,126 | \$ 395,604 | \$ 68,937 | \$ (240,585) | \$ - | \$ (240,585) |
| Interest on long-term debt | 5,605 | - | - | (5,605) | - | (5,605) |
| Total Beatrice Airport Authority | <u>710,731</u> | <u>395,604</u> | <u>68,937</u> | <u>(246,190)</u> | <u>-</u> | <u>(246,190)</u> |
| Beatrice Community Redevelopment Authority: | | | | | | |
| Community development | 329,655 | - | - | (329,655) | - | (329,655) |
| Total Beatrice Community Redevelopment Authority | <u>329,655</u> | <u>-</u> | <u>-</u> | <u>(329,655)</u> | <u>-</u> | <u>(329,655)</u> |
| Beatrice Public Library Foundation, Inc.: | | | | | | |
| Foundation operations | 89,560 | - | - | - | (89,560) | (89,560) |
| Total Component Units | <u>\$ 1,129,946</u> | <u>\$ 395,604</u> | <u>\$ 68,937</u> | <u>(246,190)</u> | <u>(89,560)</u> | <u>(665,405)</u> |
| General Revenues | | | | | | |
| Property tax | | | 229,636 | - | - | 229,636 |
| Tax increment financing | | | - | 329,655 | - | 329,655 |
| Miscellaneous revenues | | | 60,403 | - | 4,587 | 64,990 |
| Investment earnings | | | 188 | - | 73,111 | 73,299 |
| Total General Revenues | | | <u>290,227</u> | <u>329,655</u> | <u>77,698</u> | <u>697,580</u> |
| Change in Net Position | | | 44,037 | - | (11,862) | 32,175 |
| Net Position, Beginning of Year | | | 6,969,056 | - | 1,715,286 | 8,684,342 |
| Net Position, End of Year | | | <u>\$ 7,013,093</u> | <u>\$ -</u> | <u>\$ 1,703,424</u> | <u>\$ 8,716,517</u> |

1: Beatrice Library Foundation, Inc.'s financial information is for its fiscal year ended July 31, 2017.

See independent auditor's report.

City of Beatrice, Nebraska
 COMPONENT UNIT
 BEATRICE AIRPORT AUTHORITY
 STATEMENT OF NET POSITION
 September 30, 2017
 With comparative totals for September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 391,125 | \$ 296,882 |
| Cash on deposit - county treasurer | 8,421 | 22,623 |
| Accounts receivable | 16,487 | 87,431 |
| Taxes receivable | 14,270 | 14,204 |
| Inventories | 51,844 | 47,762 |
| Total Current Assets | <u>482,147</u> | <u>468,902</u> |
| Noncurrent Assets | | |
| Restricted Assets | | |
| Cash and cash equivalents - debt service | 97,028 | 90,240 |
| Total Restricted Assets | <u>97,028</u> | <u>90,240</u> |
| Capital Assets | | |
| Land | 1,321,356 | 1,321,356 |
| Capital assets, net of accumulated depreciation | 5,469,337 | 5,535,091 |
| Total Capital Assets | <u>6,790,693</u> | <u>6,856,447</u> |
| Total Noncurrent Assets | <u>6,887,721</u> | <u>6,946,687</u> |
| Total Assets | <u>\$ 7,369,868</u> | <u>\$ 7,415,589</u> |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | \$ 16,367 | \$ 2,291 |
| Accrued wages payable | 6,859 | 6,629 |
| Accrued interest payable | 1,461 | 2,124 |
| Current portion of compensated absences | 15,944 | 15,218 |
| Current maturities of long-term debt | 150,000 | 105,000 |
| Total Current Liabilities | <u>190,631</u> | <u>131,262</u> |
| Noncurrent Liabilities, Net of Current Portion | | |
| Compensated absences | 56,144 | 55,271 |
| Long-term debt | 110,000 | 260,000 |
| Total Noncurrent Liabilities | <u>166,144</u> | <u>315,271</u> |
| Total Liabilities | <u>356,775</u> | <u>446,533</u> |
| Net Position | | |
| Net investment in capital assets | 6,516,301 | 6,575,447 |
| Restricted for debt service | 95,567 | 88,116 |
| Unrestricted net position | 401,225 | 305,493 |
| Total net position | <u>7,013,093</u> | <u>6,969,056</u> |
| Total Liabilities and Net Position | <u>\$ 7,369,868</u> | <u>\$ 7,415,589</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 COMPONENT UNIT
 BEATRICE AIRPORT AUTHORITY
 STATEMENT OF ACTIVITIES
 For the year ended September 30, 2017
 With comparative totals for the year ended September 30, 2016

| | 2017 | 2016 |
|--|----------------------------|----------------------------|
| Operating Revenues | | |
| Property taxes | \$ 229,636 | \$ 251,050 |
| Rent and use fees | 182,801 | 185,410 |
| Charges for services | - | 5,402 |
| Gas, oil, and jet fuel sales | 149,079 | 166,720 |
| Farm income | 63,724 | 58,513 |
| Interest income | 188 | 214 |
| Other income | 60,403 | 11,945 |
| Total Operating Revenues | <u>685,831</u> | <u>679,254</u> |
| Operating Expenses | | |
| Airport operations | 705,126 | 654,310 |
| Aircraft repair shop | - | 2,670 |
| Interest on long-term debt | 5,605 | 7,339 |
| Total Operating Expenses | <u>710,731</u> | <u>664,319</u> |
| Income (Loss) Before Capital Contributions | (24,900) | 14,935 |
| Capital Contributions | <u>68,937</u> | <u>1,287,146</u> |
| Change in Net Position | 44,037 | 1,302,081 |
| Net Position, Beginning of Year | <u>6,969,056</u> | <u>5,666,975</u> |
| Net Position, End of Year | <u><u>\$ 7,013,093</u></u> | <u><u>\$ 6,969,056</u></u> |

See independent auditor's report.

City of Beatrice, Nebraska
 COMPONENT UNIT
 BEATRICE COMMUNITY REDEVELOPMENT AUTHORITY
 STATEMENT OF NET POSITION
 September 30, 2017
 With comparative totals for September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|------------------------------------|------------------|------------------|
| Assets | | |
| Restricted Assets | | |
| Cash and cash equivalents | \$ 18,861 | \$ 6,394 |
| Cash on deposit - county treasurer | 21,229 | 19,055 |
| Total Assets | <u>\$ 40,090</u> | <u>\$ 25,449</u> |
| | | |
| Liabilities | | |
| Current Liabilities | | |
| Due to developer | <u>\$ 40,090</u> | <u>\$ 25,449</u> |
| Total Liabilities | <u>40,090</u> | <u>25,449</u> |
| | | |
| Net Position | | |
| Unrestricted | <u>-</u> | <u>-</u> |
| | | |
| Total Liabilities and Net Position | <u>\$ 40,090</u> | <u>\$ 25,449</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 COMPONENT UNIT
 BEATRICE COMMUNITY REDEVELOPMENT AUTHORITY
 STATEMENT OF ACTIVITIES
 For the year ended September 30, 2017
 With comparative totals for the year ended September 30, 2016

| | <u>2017</u> | <u>2016</u> |
|---------------------------------|--------------------|--------------------|
| Operating Revenues | | |
| Tax increment financing | \$ 329,655 | \$ 346,836 |
| Total Operating Revenues | <u>329,655</u> | <u>346,836</u> |
| Operating Expenses | | |
| Developer TIF payments | 316,481 | 346,836 |
| Refund to county treasurer | 13,174 | - |
| Total Operating Expenses | <u>329,655</u> | <u>346,836</u> |
| Change in Net Position | <u>-</u> | <u>-</u> |
| Net Position, Beginning of Year | <u>-</u> | <u>-</u> |
| Net Position, End of Year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

See independent auditor's report.

City of Beatrice, Nebraska
 COMPONENT UNIT
 BEATRICE PUBLIC LIBRARY FOUNDATION, INC.
 STATEMENT OF NET POSITION
 July 31, 2017
 With comparative totals for July 31, 2016

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 69,927 | \$ 323,957 |
| Total Current Assets | <u>69,927</u> | <u>323,957</u> |
| Noncurrent Assets | | |
| Investments | 1,335,698 | 1,026,748 |
| Cash and cash equivalents - restricted | 116,268 | 186,242 |
| Investments - restricted | 132,933 | 129,741 |
| Capital assets (net of accumulated depreciation of \$-0- in 2017 and 2016) | 48,598 | 48,598 |
| Total Noncurrent Assets | <u>1,633,497</u> | <u>1,391,329</u> |
| Total Assets | <u>\$ 1,703,424</u> | <u>\$ 1,715,286</u> |
| Liabilities | | |
| Current Liabilities | | |
| Accrued liabilities | \$ - | \$ - |
| Total Liabilities | <u>-</u> | <u>-</u> |
| Net Position | | |
| Net investment in capital assets | 48,598 | 48,598 |
| Restricted for Library Foundation | 255,769 | 322,616 |
| Unrestricted net position | 1,399,057 | 1,344,072 |
| Total Net Position | <u>1,703,424</u> | <u>1,715,286</u> |
| Total Liabilities and Net Position | <u>\$ 1,703,424</u> | <u>\$ 1,715,286</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 COMPONENT UNIT
 BEATRICE PUBLIC LIBRARY FOUNDATION, INC.
 STATEMENT OF ACTIVITIES
 For the year ended July 31, 2017
 With comparative totals for the year ended July 31, 2016

| | <u>2017</u> | <u>2016</u> |
|---------------------------------|---------------------|---------------------|
| Support and Revenue | | |
| Gifts and bequests | \$ 4,587 | \$ 2,535 |
| Investment income | 39,479 | 54,512 |
| Gain (loss) on sale of assets | 5,793 | (17,186) |
| Unrealized gain on assets | 27,839 | 2,682 |
| Miscellaneous contributions | - | 6,252 |
| Total Support and Revenue | <u>77,698</u> | <u>48,795</u> |
| Expenses | | |
| Professional fees | 14,267 | 12,736 |
| Real estate taxes | - | 603 |
| Other rental expenses | 241 | 200 |
| Depreciation | - | 238 |
| Supplies and miscellaneous | 207 | 1,843 |
| Library support | 74,635 | 281,905 |
| Seminar and travel expense | 210 | - |
| Total Expenses | <u>89,560</u> | <u>297,525</u> |
| Change in Net Position | (11,862) | (248,730) |
| Net Position, Beginning of Year | <u>1,715,286</u> | <u>1,964,016</u> |
| Net Position, End of Year | <u>\$ 1,703,424</u> | <u>\$ 1,715,286</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 COMPONENT UNIT
 BEATRICE PUBLIC LIBRARY FOUNDATION, INC.
 STATEMENT OF CASH FLOWS
 For the year ended July 31, 2017
 With comparative totals for the year ended July 31, 2016

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Change in net position | \$ (11,862) | \$ (248,730) |
| Adjustments to change in net position to cash used in operating activities: | | |
| Depreciation | - | 238 |
| Gain (loss) on sale of assets | (5,793) | 17,186 |
| Unrealized (gain) loss on assets | (27,839) | (2,682) |
| Decrease in accrued taxes | - | (915) |
| Total adjustments | <u>(33,632)</u> | <u>13,827</u> |
| Net cash used in operating activities | <u>(45,494)</u> | <u>(234,903)</u> |
| Cash Flows from Investment Activities | | |
| Sale of investments | 198,962 | 20,972 |
| Purchase of investments | <u>(477,472)</u> | <u>(37,324)</u> |
| Net cash used in investing activities | <u>(278,510)</u> | <u>(16,352)</u> |
| Net Decrease in Cash and Cash Equivalents | (324,004) | (251,255) |
| Cash and Cash Equivalents, Beginning of Year | <u>510,199</u> | <u>761,454</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 186,195</u> | <u>\$ 510,199</u> |
| Cash and Cash Equivalents Consist of: | | |
| Cash and cash equivalents | 69,927 | 323,957 |
| Cash and cash equivalents - restricted | <u>116,268</u> | <u>186,242</u> |
| | <u>\$ 186,195</u> | <u>\$ 510,199</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULES BY SOURCE
 September 30, 2017
 With comparative totals for September 30, 2016

| | 2017 | 2016 |
|---|----------------------|----------------------|
| GOVERNMENTAL FUNDS CAPITAL ASSETS | | |
| Land | \$ 4,574,523 | \$ 3,000,260 |
| Buildings | 9,103,220 | 8,936,968 |
| Improvements other than buildings | 4,967,041 | 4,887,437 |
| Machinery and equipment | 11,485,158 | 10,952,036 |
| Infrastructure | 31,350,231 | 29,796,943 |
| Total | <u>\$ 61,480,173</u> | <u>\$ 57,573,644</u> |
| INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE | | |
| General obligation bonds | \$ 5,981,882 | \$ 5,850,717 |
| Federal and state grants | 10,325,474 | 10,057,394 |
| General fund revenues | 39,628,916 | 36,269,600 |
| Donations | 5,543,901 | 5,395,933 |
| Total Investment in Governmental Funds Capital Assets | <u>\$ 61,480,173</u> | <u>\$ 57,573,644</u> |

Note:

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

City of Beatrice, Nebraska
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 September 30, 2017
 With comparative totals for September 30, 2016

| Function and Activity | 2017 | | | | | | 2016 Totals |
|--|---------------------|----------------------------------|---|-------------------------------|----------------------|----------------------|----------------------|
| | Land | Buildings and Improvements | Improvements Other Than Buildings | Machinery and Equipment | Infrastructure | Total | |
| GENERAL GOVERNMENT | | | | | | | |
| Management and budget | \$ 175,272 | \$ - | \$ - | \$ 327,101 | \$ - | \$ 502,373 | \$ 464,094 |
| Legal | - | - | - | 5,692 | - | 5,692 | 5,692 |
| Inspection | - | - | - | 57,043 | - | 57,043 | 56,644 |
| Total General Government | 175,272 | - | - | 389,836 | - | 565,108 | 526,430 |
| PUBLIC SAFETY | | | | | | | |
| Police | 76,500 | - | 147,480 | 2,774,982 | - | 2,998,962 | 2,865,801 |
| Fire | - | - | - | 4,085,988 | - | 4,085,988 | 4,026,020 |
| Total Public Safety | 76,500 | - | 147,480 | 6,860,970 | - | 7,084,950 | 6,891,821 |
| CULTURE AND RECREATION | | | | | | | |
| Public properties | 4,222,173 | 4,658,744 | 4,737,357 | 1,303,809 | - | 14,922,083 | 13,147,845 |
| Library | 100,578 | 3,987,687 | 82,204 | 759,693 | - | 4,930,162 | 4,859,588 |
| Total Culture and Recreation | 4,322,751 | 8,646,431 | 4,819,561 | 2,063,502 | - | 19,852,245 | 18,007,433 |
| STREETS AND TRAILS | - | 456,789 | - | 2,147,509 | 30,363,365 | 32,967,663 | 31,137,753 |
| STORM WATER MANAGEMENT | - | - | - | 23,341 | 986,866 | 1,010,207 | 1,010,207 |
| TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS | <u>\$ 4,574,523</u> | <u>\$ 9,103,220</u> | <u>\$ 4,967,041</u> | <u>\$ 11,485,158</u> | <u>\$ 31,350,231</u> | <u>\$ 61,480,173</u> | <u>\$ 57,573,644</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 September 30, 2017

| Function and Activity | Governmental Funds Capital Assets 10/1/16 | Additions | Deductions | Governmental Funds Capital Assets 9/30/17 |
|--|--|---------------------|---------------------|--|
| GENERAL GOVERNMENT | | | | |
| Management and budget | \$ 464,094 | \$ 233,928 | \$ (195,649) | \$ 502,373 |
| Legal | 5,692 | - | - | 5,692 |
| Inspection | 56,644 | 399 | - | 57,043 |
| Total General Government | 526,430 | 234,327 | (195,649) | 565,108 |
| PUBLIC SAFETY | | | | |
| Police | 2,865,801 | 133,454 | (293) | 2,998,962 |
| Fire | 4,026,020 | 59,968 | - | 4,085,988 |
| Total Public Safety | 6,891,821 | 193,422 | (293) | 7,084,950 |
| CULTURE AND RECREATION | | | | |
| Public properties | 13,147,845 | 1,922,662 | (148,424) | 14,922,083 |
| Library | 4,859,588 | 90,257 | (19,683) | 4,930,162 |
| Total Culture and Recreation | 18,007,433 | 2,012,919 | (168,107) | 19,852,245 |
| STREETS AND TRAILS | 31,137,753 | 1,961,009 | (131,099) | 32,967,663 |
| STORM WATER MANAGEMENT | 1,010,207 | - | - | 1,010,207 |
| TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS | <u>\$57,573,644</u> | <u>\$ 4,401,677</u> | <u>\$ (495,148)</u> | <u>\$61,480,173</u> |

See independent auditor's report.

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

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

1 – 5

Revenue Capacity

These tables contain information to help the reader assess the City's most significant local revenue source, property taxes.

6 – 9

Debt Capacity

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

10 – 13

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

14 – 15

Operating Information

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

16 – 18

SECTION 3

STATISTICAL SECTION

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

Table 1

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Governmental Activities | | | | | | | | | | |
| Net Investment in capital assets | \$ 24,951,333 | \$ 25,645,880 | \$ 25,415,415 | \$ 26,471,016 | \$ 28,220,897 | \$ 28,702,717 | \$ 28,986,067 | \$ 29,927,397 | \$ 30,825,043 | \$ 33,303,732 |
| Restricted | 3,486,512 | 3,184,634 | 3,323,885 | 2,860,602 | 2,494,379 | 3,151,861 | 3,076,005 | 3,750,366 | 4,003,388 | 4,050,739 |
| Unrestricted | 1,487,967 | 1,468,328 | 1,715,179 | 2,125,443 | 2,007,117 | 2,313,002 | 2,693,041 | 2,982,107 | 3,192,413 | 1,744,032 |
| Total Governmental Activities Net Position | \$ 29,925,812 | \$ 30,298,842 | \$ 30,454,479 | \$ 31,457,061 | \$ 32,722,393 | \$ 34,167,580 | \$ 34,755,113 | \$ 36,659,870 | \$ 38,020,844 | \$ 39,098,503 |
| Business-type Activities | | | | | | | | | | |
| Net Investment in capital assets | \$ 24,456,255 | \$ 21,645,203 | \$ 21,604,880 | \$ 21,153,306 | \$ 22,190,417 | \$ 22,413,044 | \$ 23,166,370 | \$ 24,047,909 | \$ 25,423,188 | \$ 27,814,977 |
| Restricted | 598,152 | 643,308 | 643,769 | 467,738 | 636,926 | 635,176 | 618,842 | 629,955 | 579,207 | 721,481 |
| Unrestricted | 1,009,142 | 4,306,304 | 5,628,234 | 7,988,560 | 8,198,618 | 7,975,780 | 7,326,777 | 7,393,322 | 7,475,616 | 8,089,978 |
| Total Business-type Activities Net Position | \$ 26,063,549 | \$ 26,594,815 | \$ 27,876,883 | \$ 29,609,604 | \$ 31,025,961 | \$ 31,024,000 | \$ 31,111,989 | \$ 32,071,186 | \$ 33,478,011 | \$ 36,626,436 |
| Primary Government | | | | | | | | | | |
| Net Investment in capital assets | \$ 49,407,588 | \$ 47,291,083 | \$ 47,020,295 | \$ 47,624,322 | \$ 50,411,314 | \$ 51,115,761 | \$ 52,152,437 | \$ 53,975,306 | \$ 56,248,231 | \$ 61,118,709 |
| Restricted | 4,084,664 | 3,827,942 | 3,967,654 | 3,328,340 | 3,131,305 | 3,787,037 | 3,694,847 | 4,380,321 | 4,582,595 | 4,772,220 |
| Unrestricted | 2,497,109 | 5,774,632 | 7,343,413 | 10,114,003 | 10,205,735 | 10,288,782 | 10,019,818 | 10,375,429 | 10,668,029 | 9,834,010 |
| Total Primary Government Net Position | \$ 55,989,361 | \$ 56,893,657 | \$ 58,331,362 | \$ 61,066,665 | \$ 63,748,354 | \$ 65,191,580 | \$ 65,867,102 | \$ 68,731,056 | \$ 71,498,855 | \$ 75,724,939 |

2014 - Adjustments to prior years to recognize accrued tax revenues when the transaction occurs and recalculate compensated absences to include matching benefits

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

Table 2

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 2,279,782 | \$ 1,427,557 | \$ 1,501,214 | \$ 2,142,072 | \$ 1,850,178 | \$ 1,543,513 | \$ 3,286,519 | \$ 5,124,109 | \$ 4,257,592 | \$ 4,722,164 |
| Public Safety | 4,961,626 | 4,986,635 | 5,342,184 | 5,524,713 | 5,711,024 | 5,686,678 | 5,609,235 | 5,218,151 | 6,267,387 | 6,580,523 |
| Highways and Streets | 1,890,095 | 1,800,884 | 2,055,666 | 2,025,079 | 1,865,778 | 1,856,508 | 2,116,534 | 2,041,955 | 1,914,965 | 1,948,452 |
| Culture and Recreation | 1,625,953 | 1,423,702 | 1,494,887 | 1,418,419 | 1,269,566 | 1,349,132 | 1,422,746 | 1,609,230 | 1,772,494 | 1,604,137 |
| Interest on Long-Term Debt | 49,910 | 38,318 | 31,322 | 23,868 | 21,945 | 24,120 | 12,603 | 14,741 | 15,219 | 14,039 |
| Total Governmental Activities Expenses | 10,807,366 | 9,677,096 | 10,425,273 | 11,134,151 | 10,718,491 | 10,459,951 | 12,447,637 | 14,008,186 | 14,227,657 | 14,869,315 |
| Business-type Activities | | | | | | | | | | |
| Electric | 11,790,452 | 11,990,639 | 12,837,407 | 13,466,171 | 14,102,853 | 14,753,172 | 15,224,361 | 14,967,570 | 15,573,893 | 16,339,629 |
| Water | 1,680,952 | 1,751,778 | 1,837,721 | 1,976,606 | 1,969,687 | 2,236,224 | 2,255,678 | 2,087,499 | 2,136,106 | 2,130,625 |
| Water Pollution Control | 1,567,092 | 1,626,419 | 1,599,624 | 1,616,210 | 1,511,319 | 1,509,212 | 1,524,519 | 1,492,220 | 1,545,877 | 1,539,418 |
| Beatrice Area Solid Waste Agency | 1,649,170 | 942,608 | 956,627 | 1,025,297 | 1,384,427 | 1,285,647 | 992,209 | 977,166 | 1,636,159 | 1,467,795 |
| Sanitation | 1,208,564 | 1,174,531 | 1,190,463 | 1,185,618 | 1,233,849 | 1,252,002 | 1,295,857 | 1,284,116 | 1,265,834 | 1,322,624 |
| Total Business-type Activities Expenses | 17,896,230 | 17,485,975 | 18,421,842 | 19,269,902 | 20,202,135 | 21,036,257 | 21,292,624 | 20,808,571 | 22,157,869 | 22,800,091 |
| Total Primary Government Expenses | \$28,703,596 | \$27,163,071 | \$28,847,115 | \$30,404,053 | \$30,920,626 | \$31,496,208 | \$33,740,261 | \$34,816,757 | \$36,385,526 | \$37,669,406 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Government | \$ 284,335 | \$ 205,377 | \$ 311,477 | \$ 250,053 | \$ 272,753 | \$ 418,743 | \$ 1,744,814 | \$ 3,036,542 | \$ 2,983,118 | \$ 3,487,714 |
| Public Safety | 1,586,908 | 1,642,214 | 1,666,149 | 1,806,582 | 1,893,084 | 1,914,393 | 1,340,782 | 1,832,967 | 1,380,446 | 1,361,264 |
| Culture and Recreation | 187,454 | 212,136 | 234,027 | 212,851 | 234,840 | 228,792 | 36,988 | 223,024 | 245,400 | 244,772 |
| Other Governmental Activities | 38,457 | 26,790 | 22,865 | 50,147 | 68,552 | 28,795 | 219,903 | 29,682 | 48,877 | 24,098 |
| Operating Grants and Contributions | 1,967,155 | 1,785,458 | 1,674,225 | 1,414,084 | 1,182,509 | 1,072,697 | 1,380,090 | 1,946,512 | 1,701,014 | 1,236,279 |
| Capital Grants and Contributions | 597,350 | 290,637 | 654,092 | 2,307,752 | 2,332,445 | 1,694,873 | 1,641,055 | 2,021,762 | 2,066,183 | 2,391,685 |
| Total Governmental Activities Program Revenues | 4,661,659 | 4,162,612 | 4,562,835 | 6,041,469 | 5,984,183 | 5,358,293 | 6,363,632 | 9,090,489 | 8,425,038 | 8,745,812 |
| Business-type Activities | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Electric | 12,400,570 | 12,642,133 | 14,104,065 | 14,498,621 | 14,644,110 | 14,838,324 | 15,165,993 | 14,749,348 | 15,672,130 | 16,235,194 |
| Water | 1,487,231 | 1,577,016 | 1,728,981 | 1,969,342 | 2,281,472 | 2,230,423 | 2,360,903 | 2,321,423 | 2,717,237 | 2,862,930 |
| Water Pollution Control | 1,158,511 | 1,198,716 | 1,375,951 | 1,453,143 | 1,566,247 | 1,562,711 | 1,536,331 | 1,732,788 | 2,046,952 | 2,315,112 |
| Beatrice Area Solid Waste Agency | 1,075,120 | 1,050,149 | 1,048,397 | 1,017,931 | 1,114,194 | 1,086,095 | 1,136,396 | 1,170,237 | 1,236,421 | 2,249,641 |
| Sanitation | 1,208,564 | 1,174,531 | 1,190,463 | 1,185,618 | 1,233,849 | 1,252,002 | 1,295,857 | 1,284,116 | 1,265,834 | 1,322,624 |
| Capital Grants and Contributions | 199,650 | - | - | - | - | - | - | 80,000 | - | 351,388 |
| Total Business-type Activities Program Revenues | 17,529,646 | 17,642,545 | 19,447,857 | 20,124,655 | 20,839,872 | 20,969,555 | 21,495,480 | 21,337,912 | 22,938,574 | 25,336,889 |
| Total Primary Government Program Revenues | \$22,191,305 | \$21,805,157 | \$24,010,692 | \$26,166,124 | \$26,824,055 | \$26,327,848 | \$27,859,112 | \$30,428,401 | \$31,363,612 | \$34,082,701 |
| Net (Expense) Revenue | | | | | | | | | | |
| Governmental Activities: | \$ (6,145,707) | \$ (5,514,484) | \$ (5,862,438) | \$ (5,092,682) | \$ (4,734,308) | \$ (5,101,658) | \$ (6,084,005) | \$ (4,917,697) | \$ (5,802,619) | \$ (6,123,503) |
| Business-type Activities | (366,584) | 156,570 | 1,026,015 | 854,753 | 637,737 | (66,702) | 202,856 | 529,341 | 780,705 | 2,536,798 |
| Total Primary Government Net (Expense) | \$ (6,512,291) | \$ (5,357,914) | \$ (4,836,423) | \$ (4,237,929) | \$ (4,096,571) | \$ (5,168,360) | \$ (5,881,149) | \$ (4,388,356) | \$ (5,021,914) | \$ (3,586,705) |

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

Table 2

**General Revenues and Other Changes
in Net Position**

Governmental Activities:

| | | | | | | | | | | |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Taxes | \$ 5,110,376 | \$ 4,960,225 | \$ 5,237,019 | \$ 5,242,141 | \$ 5,460,446 | \$ 5,583,425 | \$ 5,762,423 | \$ 6,033,958 | \$ 6,181,178 | \$ 6,160,210 |
| Unrestricted Intergovernmental | 587,786 | 566,172 | 561,813 | 597,411 | 393,613 | 659,517 | 689,779 | 607,292 | 750,407 | 788,647 |
| Miscellaneous Revenues | 447,468 | 278,455 | 146,476 | 238,004 | 136,136 | 298,578 | 221,673 | 172,350 | 104,455 | 218,493 |
| Unrestricted Investment Earnings | 114,399 | 82,662 | 72,767 | 17,708 | 9,445 | 5,325 | 6,231 | 8,854 | 111,634 | 33,812 |
| Gain (loss) on Sale of Capital Assets | (6,511) | - | - | - | - | - | (7,074) | - | 15,919 | - |
| Total Governmental Activities | 6,253,518 | 5,887,514 | 6,018,075 | 6,095,264 | 5,999,640 | 6,546,845 | 6,673,032 | 6,822,454 | 7,163,593 | 7,201,162 |

Business-type Activities:

| | | | | | | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Miscellaneous Revenues | 277,591 | 321,312 | 196,031 | 810,950 | 727,763 | 368,806 | 195,737 | 371,470 | 556,631 | 508,280 |
| Investment Earnings | 98,880 | 53,384 | 60,022 | 67,018 | 50,857 | 43,348 | 44,801 | 58,918 | 69,489 | 103,347 |
| Special Items | - | - | - | - | - | (191,485) | - | - | - | - |
| (Loss) Gain on Sale of Capital Assets | (4,897) | - | - | - | - | (57,757) | - | (532) | - | - |
| Total Business-type Activities | 371,574 | 374,696 | 256,053 | 877,968 | 778,620 | 162,912 | 240,538 | 429,856 | 626,120 | 611,627 |
| Total Primary Government | \$ 6,625,092 | \$ 6,262,210 | \$ 6,274,128 | \$ 6,973,232 | \$ 6,778,260 | \$ 6,709,757 | \$ 6,913,570 | \$ 7,252,310 | \$ 7,789,713 | \$ 7,812,789 |

Change in Net Position

| | | | | | | | | | | |
|---------------------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities | \$ 107,811 | \$ 373,030 | \$ 155,637 | \$ 1,002,582 | \$ 1,265,332 | \$ 1,445,187 | \$ 589,027 | \$ 1,904,757 | \$ 1,360,974 | \$ 1,077,659 |
| Business-type Activities | 4,990 | 531,266 | 1,282,068 | 1,732,721 | 1,416,357 | 96,210 | 443,394 | 959,197 | 1,406,825 | 3,148,425 |
| Change in accounting principle | - | - | - | - | - | (98,171) | - | - | - | - |
| Total Primary Government | \$ 112,801 | \$ 904,296 | \$ 1,437,705 | \$ 2,735,303 | \$ 2,681,689 | \$ 1,443,226 | \$ 1,032,421 | \$ 2,863,954 | \$ 2,767,799 | \$ 4,226,084 |

2013 - Implementation of GASB 65

2014 - Adjustments to Prior Years to recognize accrued tax revenues when the transaction occurs and recalculate compensated absences to include matching benefits

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

Table 3

| <u>FISCAL YEAR</u> | | <u>PROPERTY TAX</u> | <u>SALES TAX</u> | <u>UTILITY OCC. TAX</u> | <u>OTHER OCC. TAX</u> | <u>TOTAL</u> |
|------------------------|-----|-------------------------|----------------------|-----------------------------|---------------------------|--------------|
| 2008 | (1) | \$ 1,724,779 | \$ 2,629,801 | \$ 736,406 | \$ 19,390 | \$ 5,110,376 |
| 2009 | (2) | 1,698,740 | 2,478,365 | 713,816 | 69,304 | 4,960,225 |
| 2010 | | 1,783,347 | 2,629,559 | 729,054 | 95,059 | 5,237,019 |
| 2011 | | 1,757,256 | 2,687,099 | 695,828 | 101,958 | 5,242,141 |
| 2012 | | 1,862,937 | 2,863,615 | 627,735 | 106,159 | 5,460,446 |
| 2013 | | 1,881,463 | 2,848,579 | 629,911 | 106,474 | 5,466,427 |
| 2014 | | 1,980,617 | 3,082,267 | 647,380 | 113,482 | 5,823,746 |
| 2015 | | 2,137,814 | 3,186,767 | 607,257 | 121,563 | 6,053,401 |
| 2016 | | 2,236,813 | 3,229,496 | 573,926 | 136,531 | 6,176,766 |
| 2017 | | 2,311,345 | 3,182,824 | 555,380 | 112,128 | 6,161,677 |

Note:

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

(1) Property tax increase due to new debt service levy for Public Safety Tax Anticipation Notes

(2) Sales Tax revenues reduced by \$175,532 in state tax incentive refunds; Miscellaneous occupation tax increased due to the new 3% lodging occupation tax

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

Table 4

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Restricted | \$ 128,019 | \$ 48,584 | \$ 21,354 | \$ 52,588 | \$ 63,979 | \$ 28,800 | \$ - | \$ - | \$ - | \$ - |
| Assigned For: | | | | | | | | | | |
| subsequent years' expenditures | 629,500 | 592,106 | 716,164 | 734,960 | 644,444 | 734,986 | 817,938 | 1,079,813 | 1,141,943 | 674,023 |
| Unassigned | 1,210,485 | 1,129,331 | 1,057,315 | 849,366 | 786,619 | 1,157,311 | 1,860,437 | 1,906,992 | 2,013,817 | 1,197,641 |
| Total General Fund | <u>\$ 1,968,004</u> | <u>\$ 1,770,021</u> | <u>\$ 1,794,833</u> | <u>\$ 1,636,914</u> | <u>\$ 1,495,042</u> | <u>\$ 1,921,097</u> | <u>\$ 2,678,375</u> | <u>\$ 2,986,805</u> | <u>\$ 3,155,760</u> | <u>\$ 1,871,664</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted For: | | | | | | | | | | |
| Restricted for Economic Development | \$ 901,586 | \$ 1,066,772 | \$ 1,227,426 | \$ 1,030,152 | \$ 896,621 | \$ 1,016,166 | \$ 1,128,265 | \$ 1,256,328 | \$ 1,254,631 | \$ 1,380,437 |
| Restricted for Library Capital | - | - | - | - | - | - | 10,112 | 8,641 | 1,943 | 40,406 |
| Restricted for Debt Service | 450,392 | 235,800 | 212,370 | 212,845 | 171,982 | 177,277 | 69,182 | 71,682 | 72,452 | 74,332 |
| Restricted for CDBG Revolving Loans | 1,654,085 | 1,593,105 | 1,555,418 | 1,523,666 | 1,290,461 | 1,249,361 | 622,605 | 340,188 | 355,789 | 360,070 |
| Restricted for E911 Public Safety | (4,065) | (2,095) | 7,699 | 41,351 | 71,336 | 92,446 | 36,758 | 25,266 | 20,321 | 57,035 |
| Restricted for Storm Water Management | 11,086 | 31,680 | 72 | 21,438 | 36,900 | 41,726 | 56,048 | 48,965 | 60,935 | 71,502 |
| Restricted for Streets | (3,304) | 160,092 | 411,516 | 378,019 | 401,241 | 546,085 | 1,171,626 | 1,999,868 | 2,239,985 | 2,073,302 |
| Committed For: | | | | | | | | | | |
| Committed for Community Betterment | 191,405 | 204,863 | 162,712 | 209,771 | 50,355 | 4,046 | 17,326 | 68,141 | 9,859 | 80,257 |
| Committed for Library Capital | 80,739 | 81,705 | 93,416 | 82,405 | 145,349 | 211,822 | 40,876 | 40,896 | 40,917 | 40,937 |
| Committed for Public Safety | 304,799 | 158,668 | 206,202 | 255,576 | 292,892 | 198,964 | 69,600 | 41,542 | 204,005 | 125,797 |
| Committed for Capital Project | - | - | - | 267,233 | - | - | - | - | - | - |
| Assigned For: | | | | | | | | | | |
| Debt service | - | - | - | - | - | - | 13,879 | 1,368 | 78,057 | 816 |
| Subsequent Years' Expenditures | - | - | - | - | 122,678 | 159,728 | - | 33,486 | 70,510 | 25,921 |
| Unassigned, Reported In: | | | | | | | | | | |
| Debt Service Funds | (214,234) | (129,833) | (53,427) | (16,416) | (146,182) | (10,394) | - | - | - | - |
| Capital Projects funds | 91,430 | - | - | - | - | - | - | - | - | - |
| Total All Other Governmental Funds | <u>\$ 3,463,919</u> | <u>\$ 3,400,757</u> | <u>\$ 3,823,404</u> | <u>\$ 4,006,040</u> | <u>\$ 3,333,633</u> | <u>\$ 3,687,227</u> | <u>\$ 3,236,277</u> | <u>\$ 3,936,371</u> | <u>\$ 4,409,404</u> | <u>\$ 4,330,812</u> |

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

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

2011 - For comparison purposes restated the fund balances from 2005 thru 2010 per the new definitions

2014 - Adjustments to Prior Years to recognize accrued tax revenues when the transaction occurs

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

Table 5

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014(a) | 2015 | 2016 | 2017(b) |
|--|--------------------|---------------------|-------------------|------------------|---------------------|-------------------|--------------------|---------------------|-------------------|-----------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 5,110,376 | \$ 4,960,225 | \$ 5,237,019 | \$ 5,242,141 | \$ 5,460,446 | \$ 5,466,427 | \$ 5,823,746 | \$ 6,053,401 | \$ 6,176,766 | \$ 6,161,677 |
| Licenses & Permits | 103,070 | 80,819 | 173,182 | 108,465 | 105,128 | 78,920 | 114,685 | 122,002 | 131,063 | 182,377 |
| Intergovernmental and Grants | 2,827,669 | 2,494,643 | 2,801,411 | 4,254,245 | 2,430,097 | 3,191,033 | 2,794,328 | 3,822,758 | 3,966,494 | 4,021,278 |
| Charges for Services (1) | 1,974,053 | 1,990,050 | 2,043,066 | 2,170,302 | 2,344,477 | 1,847,614 | 1,758,473 | 1,884,249 | 1,991,166 | 1,990,886 |
| Keno Proceeds | 113,062 | 89,668 | 75,178 | 83,401 | 79,132 | 62,296 | 73,188 | 81,618 | 78,192 | 85,619 |
| Special Assessments | 60,611 | 85,724 | 63,252 | 25,794 | 133,879 | 118,261 | 40,723 | 41,789 | 142,077 | 14,814 |
| Interest | 135,906 | 112,125 | 72,767 | 62,518 | 34,114 | 43,664 | 48,928 | 20,287 | 111,329 | 33,512 |
| Donations and Misc Revenue | 594,879 | 236,872 | 146,778 | 165,542 | 644,084 | 464,741 | 1,006,947 | 807,558 | 480,670 | 501,139 |
| Total revenues | 10,919,626 | 10,050,126 | 10,612,653 | 12,112,408 | 11,231,357 | 11,272,956 | 11,661,018 | 12,833,662 | 13,077,757 | 12,991,302 |
| Expenditures | | | | | | | | | | |
| General Government | 2,230,741 | 1,356,912 | 1,473,498 | 2,827,461 | 1,823,715 | 1,403,472 | 1,682,858 | 2,507,695 | 1,663,744 | 3,012,687 |
| Public Safety (1) | 4,732,030 | 4,697,661 | 4,975,019 | 5,148,150 | 5,234,146 | 4,888,595 | 5,024,814 | 5,173,814 | 5,699,342 | 5,944,639 |
| Highways and Streets | 1,101,521 | 1,069,722 | 1,263,739 | 1,224,442 | 1,154,538 | 1,086,835 | 1,067,619 | 1,047,157 | 1,005,346 | 1,034,929 |
| Culture and Recreation | 1,314,275 | 1,030,637 | 1,013,450 | 1,040,086 | 942,577 | 926,500 | 908,159 | 984,968 | 1,091,641 | 1,061,376 |
| Debt Service: | | | | | | | | | | |
| Principal | 230,000 | 375,000 | 360,148 | 305,444 | 270,000 | 140,000 | 290,000 | 185,000 | 190,000 | 190,000 |
| Interest | 49,910 | 38,318 | 31,322 | 23,868 | 21,945 | 18,140 | 5,050 | 2,068 | 1,235 | 3,479 |
| Bond Issuance Costs | 10,199 | - | - | - | - | 5,980 | - | - | 6,675 | - |
| Capital Outlay | 1,913,167 | 1,616,144 | 921,519 | 1,393,246 | 2,485,269 | 2,434,862 | 2,676,626 | 2,773,458 | 3,410,909 | 3,199,788 |
| MFO Payments to Other Entities | 124,292 | 126,877 | 126,499 | 124,994 | 113,445 | 108,923 | 106,438 | 110,679 | 131,810 | 132,460 |
| Total Expenditures | 11,706,135 | 10,311,271 | 10,165,194 | 12,087,691 | 12,045,635 | 11,013,307 | 11,761,564 | 12,784,839 | 13,200,702 | 14,579,358 |
| Excess of Revenues over (under) Expenditures | (786,509) | (261,145) | 447,459 | 24,717 | (814,278) | 259,649 | (100,546) | 48,823 | (122,945) | (1,588,056) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers In | 473,865 | 448,856 | 228,934 | 371,548 | 715,163 | 374,263 | 384,542 | 515,680 | 552,899 | 379,838 |
| Transfers Out | (473,865) | (448,856) | (228,934) | (371,548) | (715,163) | (374,263) | (384,542) | (515,680) | (552,899) | (379,838) |
| Grant write-off | (87,857) | - | - | - | - | - | - | - | - | - |
| Insurance Proceeds | - | - | - | - | - | - | - | 504,436 | 149,528 | - |
| Bond and Lease Proceeds | 819,329 | - | - | - | - | 520,000 | - | 452,665 | 575,000 | - |
| Sale of Capital Assets | - | - | - | - | - | - | 20,000 | 2,600 | 40,405 | 225,368 |
| Total Other Financing Sources (Uses) | 731,472 | - | - | - | - | 520,000 | 20,000 | 959,701 | 764,933 | 225,368 |
| Net Change in Fund Balances | \$ (55,037) | \$ (261,145) | \$ 447,459 | \$ 24,717 | \$ (814,278) | \$ 779,649 | \$ (80,546) | \$ 1,008,524 | \$ 641,988 | \$ (1,362,688) |
| Debt Service as a percentage of noncapital expenditures | 2.9% | 5.3% | 4.3% | 3.4% | 3.2% | 1.9% | 3.7% | 1.9% | 2.0% | 1.9% |

(1) Software change nets the contracted adjustments to the ambulance services revenue directly to Charges for Services revenue; prior years recorded as an expenditure

(a) 2014 - Adjustments to prior years to recognize accrued tax revenues when the transaction occurs

(b) 2017 - General Government expenditures include approximately \$1.6 million for contaminated property clean-up

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

Table 6

| FISCAL YEAR | ASSESSED VALUE (1) | PERSONAL PROPERTY ASSESSED VALUE | TOTAL ASSESSED VALUATION | TOTAL DIRECT TAX RATE | RATIO OF ASSESSED TO EST. ACTUAL |
|------------------------|-------------------------------|---|---|--------------------------------------|---|
| 2008 | \$ 486,617,931 | \$ 15,869,700 | \$ 502,487,631 | 0.343520 | 1 |
| 2009 | 525,995,213 | 18,150,178 | 544,145,391 | 0.315224 | 1 |
| 2010 | 532,301,625 | 25,190,566 | 557,492,191 | 0.325815 | 1 |
| 2011 | 530,661,631 | 15,296,532 | 545,958,163 | 0.325839 | 1 |
| 2012 | 528,758,221 | 13,937,124 | 542,695,345 | 0.345840 | 1 |
| 2013 | 531,508,050 | 12,657,956 | 544,166,006 | 0.345840 | 1 |
| 2014 | 552,634,425 | 22,369,755 | 575,004,180 | 0.345707 | 1 |
| 2015 | 553,844,505 | 22,185,562 | 576,030,067 | 0.370223 | 1 |
| 2016 | 569,474,021 | 24,054,950 | 593,528,971 | 0.380223 | 1 |
| 2017 | 574,189,141 | 30,867,026 | 605,056,167 | 0.384337 | 1 |

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

Table 7

| <u>FISCAL YEAR</u> | <u>CITY OF BEATRICE</u> | <u>SCHOOL DIST. #15</u> | <u>GAGE COUNTY</u> | <u>SPECIAL TAX DIST.</u> | <u>AIRPORT</u> | <u>TOTAL TAX RATE</u> |
|------------------------|-----------------------------|-----------------------------|------------------------|------------------------------|----------------|---------------------------|
| 2008 | 0.34352 | 1.161632 | 0.373835 | 0.142877 | 0.041529 | 2.063393 |
| 2009 | 0.315224 | 1.13984 | 0.410005 | 0.144141 | 0.040084 | 2.049294 |
| 2010 | 0.325815 | 1.135029 | 0.412199 | 0.14144 | 0.034099 | 2.048582 |
| 2011 | 0.325839 | 1.165588 | 0.409978 | 0.133048 | 0.034819 | 2.069272 |
| 2012 | 0.34584 | 1.163807 | 0.392833 | 0.134298 | 0.034847 | 2.071625 |
| 2013 | 0.34584 | 1.163216 | 0.394647 | 0.134189 | 0.034422 | 2.072314 |
| 2014 | 0.345707 | 1.159466 | 0.369361 | 0.123545 | 0.044156 | 2.042235 |
| 2015 | 0.370223 | 1.160844 | 0.338379 | 0.109881 | 0.0396 | 2.018927 |
| 2016 | 0.380223 | 1.135307 | 0.297766 | 0.122644 | 0.042898 | 1.978838 |
| 2017 | 0.384337 | 1.082016 | 0.288082 | 0.120706 | 0.038347 | 1.913488 |

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

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

Table 7a

| <u>FISCAL YEAR</u> | <u>CITY OF BEATRICE</u> | <u>STATE OF NEBRASKA</u> | <u>TOTAL TAX RATE</u> |
|-------------------------------|------------------------------------|-------------------------------------|----------------------------------|
| 2008 | 1.50% | 5.50% | 7.00% |
| 2009 | 1.50% | 5.50% | 7.00% |
| 2010 | 1.50% | 5.50% | 7.00% |
| 2011 | 1.50% | 5.50% | 7.00% |
| 2012 | 1.50% | 5.50% | 7.00% |
| 2013 | 1.50% | 5.50% | 7.00% |
| 2014 | 1.50% | 5.50% | 7.00% |
| 2015 | 1.50% | 5.50% | 7.00% |
| 2016 | 1.50% | 5.50% | 7.00% |
| 2017 | 1.50% | 5.50% | 7.00% |

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

**CITY OF BEATRICE, NEBRASKA
PRINCIPAL TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

Table 8

| TAXPAYER | TYPE OF BUSINESS | 2017 | | | 2008 | | |
|------------------------------------|------------------------------------|-----------------------|------|------------------------------------|------------------------------|------|------------------------------------|
| | | ASSESSED VALUATION | Rank | %OF TOTAL ASSESSED VALUATION | (a) ASSESSED VALUATION | Rank | %OF TOTAL ASSESSED VALUATION |
| Flint Hills Resources Beatrice LLC | (1) manufacturing | \$ 18,741,740 | 1 | 3.10% | --- | --- | --- |
| Exmark Manufacturing Co | (2) manufacturing | 6,926,180 | 2 | 1.14% | --- | --- | --- |
| EIP Beatrice Owner, LLC | (2) manufacturing | 6,910,460 | 3 | 1.14% | --- | --- | --- |
| Farmers Co-op Elevator | grain/feed elevator | 6,494,490 | 4 | 1.07% | 2,568,325 | 6 | 0.51% |
| Wal-Mart Stores | shopping mall | 6,400,000 | 5 | 1.06% | 6,840,855 | 3 | 1.36% |
| Worldlawn Power Equipment | manufacturing | 5,904,610 | 6 | 0.98% | --- | --- | --- |
| Equinox, Stanley & Judy Meyer | shopping mall plus other | 4,408,655 | 7 | 0.73% | 2,345,290 | 8 | 0.47% |
| Beatrice Hospitality LLC | hotel | 4,283,070 | 8 | 0.71% | 2,903,170 | 5 | 0.58% |
| Accuma Corp | (2) manufacturing | 3,717,360 | 9 | 0.61% | --- | --- | --- |
| Southwick Enterprises, Michael | (1) medical/retail mall plus other | 3,293,595 | 10 | 0.54% | --- | --- | --- |
| Beatrice Biodiesel LLC | manufacturing | --- | --- | --- | 21,958,325 | 1 | 4.37% |
| KH Beatrice, LLC | manufacturing | --- | --- | --- | 13,020,425 | 2 | 2.59% |
| Beatrice Retirement Inc. | retirement homes | --- | --- | --- | 3,451,635 | 4 | 0.69% |
| Sea Breeze Land Development | manufacturing | --- | --- | --- | 2,484,380 | 7 | 0.49% |
| LTC Properties | retirement home/assisted | --- | --- | --- | 2,170,000 | 9 | 0.43% |
| Homestead Village | retirement home/complex | --- | --- | --- | 2,072,110 | 10 | 0.41% |
| | | <u>\$ 67,080,160</u> | | <u>11.09%</u> | <u>\$ 59,814,515</u> | | <u>11.90%</u> |

Source: Gage County Assessor

(1) Currently under Tax Increment Financing

(2) Added in 2014 due to annexation

**CITY OF BEATRICE, NEBRASKA
NET TAXABLE SALES BY BUSINESS CLASSIFICATION
CURRENT YEAR AND TEN YEARS AGO**

Table 8a

| Business Classification | Calendar Year 2016 | | | Calendar Year 2007 | | |
|--------------------------------|------------------------------|-------------|---|------------------------------|-------------|---|
| | Net Taxable Sales | Rank | % of Total Net Taxable Sales | Net Taxable Sales | Rank | % of Total Net Taxable Sales |
| Retail Trade | \$ 92,671,470 | 1 | 49.0% | \$ 76,640,921 | 1 | 46.1% |
| Accommodation & Food Services | 24,945,093 | 2 | 13.2% | 18,760,985 | 3 | 11.3% |
| Utilities | 22,092,894 | 3 | 11.7% | 23,461,346 | 2 | 14.1% |
| Manufacturing | 16,444,126 | 4 | 8.7% | 2,416,706 | 7 | 1.5% |
| Wholesale Trade | 8,775,818 | 5 | 4.6% | 11,399,834 | 4 | 6.9% |
| Information | 5,337,211 | 6 | 2.8% | 10,049,100 | 5 | 6.0% |
| Construction | 2,056,680 | 7 | 1.1% | 5,847,608 | 6 | 3.5% |
| Other | 16,955,365 | --- | 9.0% | 17,617,183 | --- | 10.6% |
| Total | 189,278,657 | | 100.0% | 166,193,683 | | 100.0% |

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

Source:

Nebraska Department of Revenue Net Taxable Sales by Classification available by County only.

Nebraska Department of Revenue annual report of total Net Taxable Sales for Beatrice within Gage County.

For the reporting purposes of this table the % of Beatrice sales within Gage County has been applied for 2016 that percentage was 90.03% as compared to 87.02% in 2007

**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. | SUBSEQUENT YEARS TAX COLL. | TOTAL TAX COLL. TO DATE | % TOTAL TAX COLL. OF LEVY |
|------------------------|---------------------------|---------------------------------------|--------------------------------|---|--|--|
| 2008 | \$ 1,726,146 | \$ 1,665,902 | 96.51% | \$ 70,215 | \$ 1,736,117 | 100.6% |
| 2009 | 1,715,278 | 1,635,184 | 95.33% | 77,716 | 1,712,900 | 99.9% |
| 2010 | 1,816,392 | 1,714,589 | 94.40% | 66,886 | 1,781,475 | 98.1% |
| 2011 | 1,778,950 | 1,704,384 | 95.81% | 65,904 | 1,770,288 | 99.5% |
| 2012 | 1,876,856 | 1,810,704 | 96.48% | 69,077 | 1,879,781 | 100.2% |
| 2013 | 1,881,944 | 1,823,811 | 96.91% | 57,362 | 1,881,173 | 100.0% |
| 2014 | 1,987,832 | 1,931,893 | 97.19% | 53,079 | 1,984,972 | 99.9% |
| 2015 | 2,132,597 | 2,099,464 | 98.45% | 54,185 | 2,153,649 | 101.0% |
| 2016 | 2,256,734 | 2,197,652 | 97.38% | 55,688 | 2,253,340 | 99.8% |
| 2017 | 2,325,455 | 2,269,795 | 97.61% | - | 2,269,795 | 97.6% |

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

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

Table 10

| FISCAL YEAR | Governmental Activities | | | | Business-type Activities | | | | Total Primary Government | % Personal Income | Per Capita |
|----------------|--------------------------------|------------------|---------------------|-------------------|-----------------------------|---------------------------|---------------------------|-------------------|--------------------------------|-------------------------|---------------|
| | General Obligation Bonds | General Notes | Warrants Payable | Capital Leases | Utility Revenue Bonds | Utility State Notes | BASWA Revenue Bonds | Capital Leases | | | |
| 2008(a) | \$ 1,435,000 | \$ 160,592 | \$ 312,960 | \$ 106,372 | \$ 875,000 | \$ 1,933,752 | \$ 655,000 | \$ 41,635 | \$ 5,520,311 | 1.24% | 440.99 |
| 2009(b) | 1,120,000 | 100,592 | 247,235 | 56,146 | 2,815,000 | 1,818,086 | 445,000 | 22,946 | 6,625,005 | 1.35% | 529.15 |
| 2010 | 815,000 | 45,444 | 207,261 | 7,667 | 2,480,000 | 1,797,287 | 225,000 | 3,356 | 5,581,015 | 1.12% | 438.66 |
| 2011(c) | 555,000 | - | 185,771 | 4,727 | 2,265,000 | 1,670,041 | 1,655,000 | 200,911 | 6,536,450 | 1.36% | 524.64 |
| 2012(d) | 285,000 | - | 390,471 | 1,594 | 3,845,000 | 90,394 | 1,520,000 | 151,259 | 6,283,718 | 1.17% | 504.35 |
| 2013(e) | 665,000 | - | 262,815 | - | 3,615,000 | 86,178 | 1,360,000 | 103,851 | 6,092,844 | 1.16% | 488.64 |
| 2014 | 375,000 | - | 185,626 | - | 3,280,000 | 81,874 | 1,200,000 | 54,878 | 5,177,378 | 0.88% | 408.67 |
| 2015(f) | 190,000 | - | 131,869 | 444,132 | 2,950,000 | - | 1,040,000 | 4,290 | 4,760,291 | 0.82% | 375.74 |
| 2016(g) | 575,000 | - | - | 347,633 | 2,620,000 | - | 825,000 | - | 4,367,633 | 0.74% | 344.75 |
| 2017(h) | 385,000 | - | - | 247,729 | 2,285,000 | - | 1,875,000 | 772,500 | 5,565,229 | 0.93% | 439.28 |

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

See the Schedule of Demographic and Economic Statistics for population data.

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

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

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

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

(e) Issued Public Safety Tax Anticipation Bonds in the amount of \$520,000 and Combined Utilities Advance Refunding Bonds in the amount of \$2,040,000 to call \$1,970,000 in outstanding Utilities Bonds

(f) Issued Capital Leases for purchase of street equipment and installation of ballfield lighting

(g) Issued BASWA Revenue Refunding Bonds in the amount of \$825,000 and Public Safety Tax Anticipation Bonds in the amount of \$575,000

(h) Issued BASWA Revenue Bonds in the amount of \$1,250,000 and a capital lease in the amount of \$772,500 for the purchase of a compactor

CITY OF BEATRICE, NEBRASKA
RATIOS OF 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 |
|------------------------|-----|---------------------------------------|---|--|--------------------------------|--|--|
| 2008 | (a) | \$ 502,487,631 | \$ 1,435,000 | \$ 450,392 | \$ 984,608 | 0.20% | 78.66 |
| 2009 | | 544,145,391 | 1,120,000 | 235,800 | 884,200 | 0.16% | 70.62 |
| 2010 | | 557,492,191 | 815,000 | 212,370 | 602,630 | 0.11% | 47.37 |
| 2011 | | 545,958,163 | 555,000 | 212,845 | 342,155 | 0.06% | 27.46 |
| 2012 | | 542,695,345 | 285,000 | 171,982 | 113,018 | 0.02% | 9.07 |
| 2013 | (b) | 544,166,006 | 665,000 | 177,277 | 487,723 | 0.09% | 39.11 |
| 2014 | | 575,004,180 | 375,000 | 69,182 | 305,818 | 0.05% | 24.14 |
| 2015 | | 576,030,067 | 190,000 | 71,682 | 118,318 | 0.02% | 9.34 |
| 2016 | (c) | 593,528,971 | 575,000 | 72,452 | 502,548 | 0.08% | 39.67 |
| 2017 | | 605,056,167 | 385,000 | 74,332 | 310,668 | 0.05% | 24.52 |

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

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

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

(c) Public Safety Tax Anticipation Bonds issued September 2016 in the amount of \$575,000

CITY OF BEATRICE, NEBRASKA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2017

Table 12

| <u>GOVERNMENTAL UNIT</u> | <u>DEBT</u> <u>OUTSTANDING</u> | <u>PERCENT</u> <u>APPLICABLE</u> <u>TO CITY OF</u> <u>BEATRICE(1)</u> | <u>AMOUNT</u> <u>APPLICABLE</u> <u>TO CITY OF</u> <u>BEATRICE</u> |
|---|-----------------------------------|--|--|
| DEBT REPAYED WITH PROPERTY TAXES | | | |
| DIRECT: | | | |
| City of Beatrice | \$ 632,729 | 100.00% | \$ 632,729 |
| Total Direct Debt | | | <u>\$ 632,729</u> |
| OVERLAPPING: | | | |
| Airport Authority | \$ 260,000 | 100.00% | \$ 260,000 |
| School District #15 | 5,314,439 | 49.50% | 2,630,647 |
| Lower Big Blue Natural Resources District | 2,571,887 | 10.05% | 258,475 |
| Gage County | 4,393,918 | 18.74% | 823,420 |
| Total Overlapping Debt | | | <u>\$ 3,972,542</u> |
| Total Direct & Overlapping Debt | | | <u><u>\$ 4,605,271</u></u> |

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

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

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

Table 13

| FISCAL YEAR | OPERATING REVENUES | TOTAL OPERATING EXPENSES(1) | TOTAL REVENUE AVAILABLE FOR DEBT SERVICE | DEBT SERVICE REQUIREMENTS | | | |
|----------------|-----------------------|-----------------------------------|--|---------------------------|------------|------------|---------------|
| | | | | PRINCIPAL | INTEREST | TOTAL | COV- ERAGE |
| 2008 | \$ 15,046,312 | \$ 12,909,175 | \$ 2,137,137 | \$ 417,073 | \$ 112,079 | \$ 529,152 | 4.04 |
| 2009 | 15,417,865 | 13,180,984 | 2,236,881 | 450,952 | 96,897 | 547,849 | 4.08 |
| 2010 | 17,208,997 | 14,086,503 | 3,122,494 | 355,798 | 165,990 | 521,788 | 5.98 |
| 2011 | 17,921,106 | 14,887,284 | 3,033,822 | 342,246 | 142,390 | 484,636 | 6.26 |
| 2012 (a) | 18,491,829 | 15,481,231 | 3,010,598 | 149,134 | 113,777 | 262,911 | 11.45 |
| 2013 (b) | 18,631,458 | 16,300,133 | 2,331,325 | 304,217 | 205,693 | 509,910 | 4.57 |
| 2014 | 19,063,227 | 16,843,514 | 2,219,713 | 339,303 | 52,994 | 392,297 | 5.66 |
| 2015 | 18,803,559 | 16,371,801 | 2,431,758 | 411,874 | 55,733 | 467,607 | 5.20 |
| 2016 | 20,436,319 | 17,060,163 | 3,376,156 | 330,000 | 50,892 | 380,892 | 8.86 |
| 2017 | 21,413,236 | 17,794,814 | 3,618,422 | 335,000 | 47,577 | 382,577 | 9.46 |

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

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

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

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

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

Table 14

| FISCAL YEAR | POPULATION(1) | TOTAL PERSONAL INCOME | PER CAPITA PERSONAL INCOME(4) | MEDIAN AGE (1) | SCHOOL ENROLLMENT(2) | UNEMPLOYMENT RATE(3) |
|------------------------|----------------------|--------------------------------------|--|---------------------------|---------------------------------|---------------------------------|
| 2008 | 12,518 | \$ 446,767,420 | \$ 35,690 | 41.6 | 2,146 | 4.60% |
| 2009 | 12,520 | 489,632,160 | 39,108 | 42 | 2,189 | 5.90% |
| 2010 | 12,723 | 497,672,868 | 39,116 | 43 | 2,134 | 5.60% |
| 2011 | 12,459 | 481,253,793 | 38,627 | 42.6 | 2,173 | 5.00% |
| 2012 | 12,459 | 535,475,361 | 42,979 | 42.6 | 2,162 | 4.20% |
| 2013 | 12,469 | 522,999,736 | 41,944 | 42.6 | 2,154 | 4.10% |
| 2014 | 12,669 | 590,134,689 | 46,581 | 44 | 2,145 | 4.00% |
| 2015 | 12,669 | 579,252,018 | 45,722 | 43 | 2,133 | 3.00% |
| 2016 | 12,669 | 593,251,263 | 46,827 | 44 | 2,146 | 3.10% |
| 2017 | 12,669 | 599,775,798 | 47,342 | 44 | 2,133 | 5.40% |

SOURCES:

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

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

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

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

**CITY OF BEATRICE, NEBRASKA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Table 15

| Employer | Type of Activity | 2017 | | | 2008 | | |
|-------------------------------------|--------------------------------|--------------|------|------------------------------|--------------|------|------------------------------|
| | | Employees | Rank | % of County Employment | Employees | Rank | % of County Employment |
| Beatrice Community Hospital | Medical | 580 | 1 | 5.39% | 441 | 2 | 3.55% |
| Exmark Manufacturing | Manufacturing | 450 | 2 | 4.18% | 400 | 3 | 3.22% |
| Beatrice State Developmental Center | Home for mentally handicapped | 390 | 3 | 3.62% | 715 | 1 | 5.76% |
| Beatrice Public Schools | Education | 340 | 4 | 3.16% | 360 | 4 | 2.90% |
| Mosaic | Home for mentally handicapped | 309 | 5 | 2.87% | 264 | 5 | 2.13% |
| NEAPCO | Manufacturing | 300 | 6 | 2.79% | 175 | 9 | 1.41% |
| Wal-Mart Super Center | Retail | 175 | 7 | 1.63% | --- | --- | --- |
| City of Beatrice | Government | 155 | 8 | 1.44% | 139 | 10 | 1.12% |
| Good Samaritan Center | Nursing Home & Assisted Living | 125 | 9 | 1.16% | 203 | 7 | 1.64% |
| Southeast Community College | Education | 115 | 10 | 1.07% | --- | --- | --- |
| Store Kraft | Manufacturing | --- | --- | --- | 213 | 6 | 1.72% |
| Husqvarna Turf Care | Manufacturing | --- | --- | --- | 201 | 8 | 1.62% |
| | | <u>1,784</u> | | <u>17.74%</u> | <u>3,111</u> | | <u>25.07%</u> |

Source: Gage Area Growth Community Profile

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

Table 16

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| FUNCTION | | | | | | | | | | |
| General Government | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 10 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Commissioned | 22 | 22 | 21 | 21 | 22 | 21 | 21 | 21 | 22 | 22 |
| Civilians | 11 | 11 | 11 | 10 | 10 | 10 | 10 | 13 | 13 | 14 |
| Fire | | | | | | | | | | |
| Full-time Firefighters | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 24 | 24 |
| Civilians | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Culture and Recreation | 9 | 9 | 9 | 8 | 7 | 6 | 6 | 6 | 7 | 7 |
| Highways and Streets | 10 | 10 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Solid Waste Agency | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Water | 12 | 11 | 11 | 11 | 11 | 10 | 10 | 10 | 10 | 10 |
| Sewer | 7 | 7 | 7 | 7 | 7 | 6 | 6 | 6 | 6 | 6 |
| Electric | 30 | 30 | 30 | 30 | 29 | 29 | 28 | 25 | 25 | 26 |
| Total Full-Time Employees | 136 | 135 | 133 | 131 | 130 | 126 | 125 | 126 | 129 | 132 |
| | | | | | | | | | | |
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| FUNCTION | | | | | | | | | | |
| General Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Civilians | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 2 |
| Fire | | | | | | | | | | |
| Reserves | 6 | 6 | 8 | 8 | 8 | 8 | 8 | 6 | 0 | 2 |
| Culture and Recreation | 16 | 18 | 18 | 18 | 18 | 15 | 15 | 15 | 15 | 15 |
| Solid Waste Agency/WPC | 6 | 6 | 6 | 5 | 5 | 4 | 4 | 4 | 4 | 4 |
| Electric | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Part-Time Employees | 32 | 32 | 34 | 33 | 33 | 29 | 29 | 27 | 22 | 23 |
| *Part-time employment is 1020 hours/yr or less | | | | | | | | | | |
| C & R Summer Seasonal | 45 | 48 | 48 | 45 | 40 | 40 | 40 | 43 | 50 | 60 |

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

Table 17

| FUNCTION | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Government | | | | | | | | | | |
| Building Permits Issued | 227 | 471 | 395 | 454 | 458 | 442 | 399 | 493 | 381 | 388 |
| Commercial Construction Value | \$20,991,748 | \$ 2,373,880 | \$ 3,678,807 | \$19,336,559 | \$11,323,241 | \$ 2,947,834 | \$ 2,923,538 | \$ 7,907,152 | \$11,141,672 | \$11,570,361 |
| Residential Construction Value | \$ 4,715,420 | \$ 5,579,131 | \$ 2,501,790 | \$ 3,300,316 | \$ 2,072,975 | \$ 3,330,426 | \$ 3,157,487 | \$ 4,118,584 | \$ 3,796,771 | \$ 4,499,850 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Physical Arrests | 1,048 | 808 | 662 | 928 | 1,099 | 871 | 875 | 842 | 673 | 821 |
| Patrol Warnings/Citations | 3,078 | 2,507 | 2,025 | 1,699 | 1,758 | 1,424 | 1,364 | 1,462 | 1,266 | 1,696 |
| Calls for Service (1) | 23,947 | 22,230 | 22,118 | 21,472 | 22,577 | 21,280 | 20,529 | 20,937 | 23,086 | 27,564 |
| Fire | | | | | | | | | | |
| Ambulance Calls | 2,288 | 2,349 | 2,435 | 2,241 | 2,223 | 2,290 | 2,334 | 2,220 | 2,331 | 2,248 |
| Fire & Rescue Calls | 902 | 939 | 887 | 910 | 896 | 967 | 885 | 894 | 906 | 1,028 |
| Culture and recreation | | | | | | | | | | |
| Water Park Admissions | \$ 86,083 | \$ 81,453 | \$ 88,933 | \$ 83,252 | \$ 87,796 | \$ 78,088 | \$ 73,671 | \$ 76,435 | \$ 83,616 | \$ 85,501 |
| Electric | | | | | | | | | | |
| Average Daily Usage Commercial (MWH) | 283.2 | 262.7 | 282.8 | 272.7 | 264.4 | 261.8 | 220.5 | 261.6 | 281.7 | 307.1 |
| Average Daily Usage Residential (MWH) | 191.1 | 185.3 | 201.3 | 193.7 | 186.2 | 186.7 | 194.2 | 185.3 | 185.0 | 180.6 |
| Water | | | | | | | | | | |
| Average Daily Consumption (gal) | 3.40m | 3.60m | 3.36m | 3.42m | 3.93m | 3.53m | 3.38m | 2.96m | 3.63m | 3.65m |
| Water Pollution Control | | | | | | | | | | |
| Average Daily Treatment (gal) | 1.3m | 1.2m | 1.2m | 1.2m | 1.1m | 1.2m | 1.4m | 1.2m | 1.2m | 1.1m |

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

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

FY2012 Commercial building permit increase due to new nursing home construction

FY2016 Commercial building permit increase due to new hospital addition

(1) Started Dispatching for Crete on July 7, 2015, which added 2,710 to calls for service reported in FY2016 and 5,598 in FY2017

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

Table 18

| FUNCTION | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------|-------|-------|--------|--------|-------|--------|--------|--------|--------|--------|
| Public Safety | | | | | | | | | | |
| Police Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Highway & Streets | | | | | | | | | | |
| Street Lane Miles, Paved | 270.9 | 274.4 | 278.14 | 279.44 | 279.5 | 280.76 | 285.68 | 288.97 | 288.97 | 291 |
| Street Lane Miles, Unpaved | 31.5 | 31.5 | 34.15 | 34.15 | 34.45 | 35.33 | 34.25 | 34.25 | 34.25 | 34.25 |
| Storm Sewer Miles | 25 | 32 | 33 | 33.71 | 33.9 | 34.36 | 34.36 | 34.36 | 34.36 | 34.72 |
| Bridges | 11 | 9 | 9 | 9 | 9 | 9 | 11 | 11 | 11 | 11 |
| Street Lights | 1566 | 1656 | 1496 | 1513 | 1517 | 1517 | 1624 | 1617 | 1617 | 1605 |
| Culture and recreation | | | | | | | | | | |
| Number of Parks | 12 | 12 | 12 | 12 | 13 | 13 | 13 | 13 | 13 | 13 |
| Park acreage | 340 | 340 | 340 | 340 | 340 | 340 | 340 | 340 | 340 | 340 |
| Swimming Pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis Courts | 10 | 10 | 10 | 10 | 10 | 9 | 9 | 9 | 9 | 9 |
| Ballfields | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 14 | 13 |
| Library | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Senior Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water | | | | | | | | | | |
| Water Main Miles | 123 | 123 | 123 | 126 | 126 | 126 | 122 | 122.33 | 122.66 | 122.66 |
| Fire Hydrants | 659 | 668 | 673 | 703 | 703 | 705 | 703 | 708 | 714 | 723 |
| Sewer | | | | | | | | | | |
| Sanitary Sewer Miles | 128 | 128 | 128 | 129.3 | 129.3 | 94.4 | 94.73 | 94.9 | 94.9 | 95.35 |
| Treatment Plants | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Electric | | | | | | | | | | |
| Substations | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Miles 12.5KV Service | 94 | 98 | 99 | 99 | 99 | 100 | 100 | 103.24 | 106.54 | 110.84 |
| Miles 34.5KV Service | 17.1 | 17.1 | 17.1 | 17.1 | 17.1 | 17.1 | 17.1 | 17.1 | 17.1 | 17.1 |
| Miles 4.16KV Service | 92 | 88 | 88 | 88 | 88 | 87 | 87 | 84.11 | 81.69 | 77.39 |

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

2013 - new analysis made of storm sewer miles

2014 - change out of park security lights to "street lights"

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City of Beatrice, Nebraska
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2017

| Federal Grantor/ Program Title | Pass-Through Grantor | Federal CFDA Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Expenditures |
|---|--|---------------------------|---|---------------------------------------|--------------|
| Department of Housing and Urban Development | | | | | |
| Community Development Block Grants | Nebraska Department of Economic Development | 14.228 | ----- | \$ - | \$ 225,437 |
| Community Development Block Grant (2nd Street Ella-Grant) | Nebraska Department of Economic Development | 14.228 | 15-PW-010 | - | 240,000 |
| Community Development Block Grant (Downtown Revitalization) | Nebraska Department of Economic Development | 14.228 | B-14-DC-31-0001 | - | 2,100 |
| | Subtotal for Department of Housing and Urban Development | | | - | 467,537 |
| Department of Justice | | | | | |
| Crime Victim Assistance | Nebraska Commission on Law Enforcement | 16.575 | 2016-VA-GX-0067 | - | 98,031 |
| Public Safety Partnership and Community Policing Grants | US Department of Justice | 16.710 | 2015-UM-WX-0075 | - | 44,233 |
| Sex Offender Compliance Operation | US Marshalls Office | 16.xxx | M-17-D47-P-000523 | - | 1,275 |
| Bulletproof Vest Partnership Program | Office of Justice | 16.607 | 2012-BUBX12061149 | - | 1,612 |
| | Subtotal for Department of Justice | | | - | 145,151 |
| Department of Transportation | | | | | |
| Airport Improvement Program | Nebraska Department of Transportation | 20.106 | 3-31-0009-15 | - | 523 |
| Airport Improvement Program | Nebraska Department of Transportation | 20.106 | 3-31-0009-016 | - | 75,213 |
| Pipeline Hazardous Materials Safety Administration | | | | | |
| Hazardous Materials Preparedness Grant | Nebraska Department of Emergency Management | 20.703 | HM-HMP-0555-16-01-00 | - | 1,647 |
| Highway Safety Cluster: | | | | | |
| National Priority Safety Programs | Nebraska Office of Highway Safety | 20.616 | 405d-17-02-02 | - | 7,000 |
| State and Community Highway Safety | Nebraska Office of Highway Safety | 20.600 | 402-17-34-02 | - | 1,800 |
| State and Community Highway Safety | Nebraska Office of Highway Safety | 20.600 | 402-17-27-06 | - | 1,001 |
| State and Community Highway Safety | Nebraska Office of Highway Safety | 20.600 | 402-17-25-06 | - | 1,816 |
| | Subtotal for Department of Transportation | | | - | 89,000 |
| Department of Homeland Security's Federal Emergency Management Agency | | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Nebraska Department of Emergency Management | 97.036 | DR-4225-NE | - | 30,016 |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Nebraska Department of Emergency Management | 97.036 | DR-4325-NE | - | 124,536 |
| Homeland Security Grant | Nebraska Department of Emergency Management | 97.067 | EMW-2015-22-00079-S01 | - | 17,848 |
| | Subtotal for Department of Homeland Security's Federal Emergency Management Agency | | | - | 172,400 |
| Total federal expenditures | | | | \$ - | \$ 874,088 |

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

City of Beatrice, Nebraska
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2017

NOTES TO SCHEDULE

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Beatrice, Nebraska under programs of the federal government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the basic financial statements of the City of Beatrice, Nebraska.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The City administers loans under the Community Development Block Grants program (CFDA 14.228), for which the federal government imposes continuing compliance requirements on the outstanding balances. Loans outstanding at the beginning of the year are included in the federal expenditures in the Schedule. No new loans were issued for the year ended September 30, 2017. The outstanding balance of these loans totaled \$180,220 as of September 30, 2017.

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Independent Auditor's Report

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Beatrice, Nebraska (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 8, 2018, which includes a reference to other auditors who audited the financial statements of the Beatrice Public Library Foundation, as described in our report on the City's financial statements. The financial statements of the Beatrice Public Library Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Lincoln, Nebraska
March 8, 2018

Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance

Independent Auditor's Report

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

Report on Compliance for the Major Federal Program

We have audited the City of Beatrice, Nebraska's (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2017. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Beatrice, Nebraska, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

BKD, LLP

Lincoln, Nebraska
March 8, 2018

City of Beatrice, Nebraska
Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
2. The independent auditor's report on internal control over financial reporting disclosed:
Significant deficiency(ies)? ☐ Yes ☒ None reported
Material weakness(es)? ☐ Yes ☒ No
3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:
Significant deficiency(ies)? ☐ Yes ☒ None reported
Material weakness(es)? ☐ Yes ☒ No
5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No
7. The City's major program was:

| Cluster/Program | CFDA Number |
|------------------------------------|-------------|
| Community Development Block Grants | 14.228 |

City of Beatrice, Nebraska
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2017

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The City qualified as a low-risk auditee? ☒ Yes ☐ No

Findings Required to be Reported by *Government Auditing Standards*

| Reference Number | Finding |
|---------------------|---------|
|---------------------|---------|

No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

| Reference Number | Finding |
|---------------------|---------|
|---------------------|---------|

No matters are reportable.

City of Beatrice, Nebraska
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2017

| Reference Number | Summary of Finding | Status |
|-----------------------------|---------------------------|---------------|
| No matters are reportable. | | |

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